

HOUSE OF ASSEMBLY

Thursday 9 December 1982

The **SPEAKER (Hon. T.M. McRae)** took the Chair at 2 p.m. and read prayers.

STUDY TOUR REPORT

The **SPEAKER** laid on the table the report of the study tour by the Chairman and the Secretary of the Parliamentary Standing Committee on Public Works, May 1982.

PETITION: WEST LAKES SHORE KINDERGARTEN

A petition signed by 91 parents of children at West Lakes Shore Kindergarten praying that the House urge the Government to provide another full-time teacher to the West Lakes Shore Kindergarten was presented by Mr Hamilton.
Petition received.

PETITION: HEALTH CARE

A petition signed by 11 residents of South Australia praying that the House urge the Government to uphold the Commonwealth-State Hospitals Agreement until 1985, abandon the policy of 'user pays', and re-establish in this State a policy of health care according to needs financed by payment according to means was presented by Ms Lenehan.
Petition received.

PETITIONS: GRANGE VINEYARD

Petitions signed by 10 406 residents of South Australia praying that the House urge the Government to list the Grange vineyard property in its entirety on the register of State heritage items were presented by the Hons Jennifer Adamson and J.C. Bannon.
Petitions received.

MINISTERIAL STATEMENT: CAWTHORNE REPORT

The **Hon. J.D. WRIGHT (Minister of Labour)**: I seek leave to make a statement.
Leave granted.

The **Hon. J.D. WRIGHT**: Yesterday in this House the member for Davenport was granted leave to make a personal explanation. His personal explanation was to indicate to the House that he was not the source of the report leaked to the *Advertiser* and the A.B.C. on Tuesday.

He went on to say that to his knowledge three other people besides himself had copies of the report—Mr F.K. Cawthorne (who, of course, was the author of the report), myself, and the new shadow Minister of Labour (Mr Goldsworthy). The member indicated that last week he had given a copy of the report to Mr Goldsworthy on a confidential basis. I would ask the House this question: does receiving a report on a confidential basis mean it can be leaked to the press?

Members who were in the previous Parliament will recall that I asked the member for Davenport, who was then the Minister of Industrial Affairs, not to take the Cawthorne Report with him. I refer to *Hansard* of 23 September 1982 and quote as follows:

Of course, the Minister has already said that it is a private and personal report. I hope he does not take it with him when he goes. I want to look at it and I want to release it because it is public property. How much did it actually cost the taxpayers for something that they will never see if the Minister stays as Minister of Industrial Affairs?

In my industrial relations policy speech leading up to the election, I said:

As a first step, as Minister, I will release the Cawthorne Report into our industrial relations laws. This report has been kept secret, even though it was financed by the taxpayer and supposed to be independent.

The article which appeared in the *Advertiser* on 8 December raised a number of matters, and these are:

(1) The way in which my predecessor ignored the recommendations of Mr Cawthorne.

(2) A photostat copy of the Cawthorne Report was leaked to the *Advertiser* late on Tuesday 7 December.

(3) Printed copies of the report had arrived at the Department of Labour 'about the same time' as the photostat copy was leaked to the *Advertiser*.

(4) My predecessor, the member for Davenport, denied he had leaked a copy of that report.

(5) The member for Davenport reiterated his previous stated belief that the report was confidential to him.

At the outset I wish to state that the report was not provided to the *Advertiser* by any officer of the Department of Labour, either directly or indirectly. It is important that the integrity of public servants should not be questioned with respect to this matter. When the Government changed there were four copies of the report in existence: a copy retained by Mr Cawthorne; a copy held by the member for Davenport; a copy held by an officer within the department (which the member for Davenport also took with him); and the copy which I received on 12 November 1982 (which was a copy that had been unknowingly left behind as a result of my predecessor's consultations with his back-bench committee).

After receiving this fourth copy I then spoke to Mr Cawthorne for the first time and he verified it as an accurate copy. He then asked, and I agreed, that minor changes be made as a result of my decision to make the report a public document. Mr Cawthorne, over the next few days, made a number of minor amendments. These amendments, which I believe to be reasonable, were made either to remove references to people or to rearrange the way in which things were expressed. The amendments were sent to me by letter and the relevant parts were retyped. This meant that my department was the only holder of the amended version.

I arranged for the amended version to be sent to the Government Printer in order that it could be typeset and bound. The 1 000 copies have been printed and I am currently arranging their distribution. However, it was mere coincidence that the first batch of bound copies arrived in my department the day before Parliament was due to sit.

The photostat copy received by the *Advertiser* was a copy of one of the two copies taken by my predecessor. It was not a copy of the only copy held by Mr Cawthorne, nor was it a copy of the one I had forwarded to the Government Printer. This is a fact which has been verified. The member for Davenport rather surprisingly explained yesterday that he had given a copy to his Deputy Leader. Also, the member for Davenport claims he did not provide the copy to the press. I believe the member for Davenport.

The Deputy Leader of the Opposition arranged for a copy of the report to be given to the security guard on the ground floor of the *Advertiser* building. However, it is not just the matter of how the *Advertiser* received the report that needs to be stressed. It has been established that the member for Davenport has acted in a manner inconsistent with his often expressed claim that the Cawthorne Report was confidential

to him and written in a personal manner. The member for Davenport, when he was Minister, arranged for his back-bench committee to see the report (unfortunately for him, but fortunately for this State, one of the back-bench copies was not shredded). Since going into Opposition, the member for Davenport has admitted he gave a copy to the Deputy Leader. The Parliament will judge whether these are the actions of a member in possession of a confidential and personal report.

The truth of the matter is that the report is not the personal property of the member for Davenport nor was the report written in a personal manner to the member for Davenport. His behaviour in providing his Deputy Leader with a copy of the report is sufficient evidence of that. The reason he did not want the report made public was that he ignored 87 recommendations out of the 95 made in the report. The previous Minister was politically embarrassed by the content of the report.

PERSONAL EXPLANATION: CAWTHORNE REPORT

The Hon. E.R. GOLDSWORTHY (Deputy Leader of the Opposition): I seek leave to make a personal explanation.

Leave granted.

The Hon. E.R. GOLDSWORTHY: I have been misrepresented grossly by the Deputy Premier. In his Ministerial statement he made this statement:

The Deputy Leader of the Opposition arranged for a copy of the report to be given to the security guard on the ground floor of the *Advertiser* Building.

That is patently untrue. I did not make it available, and I do not know how—

Members interjecting:

The SPEAKER: Order!

The Hon. E.R. GOLDSWORTHY: I do not know how that report was made available to the *Advertiser*.

MOTION FOR ADJOURNMENT: WAGE PAUSE

The SPEAKER: I have to advise the House that I have received the following letter from the honourable Leader of the Opposition:

I desire to inform you that this day it is my intention to move that the House, at its rising, adjourn until 1 p.m. tomorrow for the purpose of discussing a matter of urgency, namely, that because South Australia is the only State not to give a clear commitment to the implementation of a wage pause this House calls on the Government to give such a commitment immediately, preferably for 12 months, and in doing so also calls on the Government to take the necessary action to implement a freeze on the salaries and allowances of all members of Parliament.

I call upon those members who support the motion to rise in their places.

Members having risen:

The SPEAKER: More than the necessary number of members having risen, the motion may be proceeded with.

Mr OLSEN (Leader of the Opposition): I move:

That the House, at its rising, adjourn until 1 p.m. tomorrow,

for the purpose of discussing a matter of urgency, namely, that because South Australia is the only State not to give a clear commitment to the implementation of a wage pause this House calls on the Government to give such a commitment immediately, preferably for 12 months, and in doing so also calls on the Government to take the necessary action to implement a freeze on the salaries and allowances of all members of Parliament.

The importance of this motion has been underlined by the release within the last few hours of the latest unemployment figures. These figures demonstrate the extent of the economic recession around Australia. The Liberal Party does not blame the present Government for the rising unemployment in South Australia: this State is the victim of a national and international economic recession. Unlike the Labor Party, which tried to blame the economic performance of the former Government for South Australia's unemployment, we recognise that this is a problem that cannot be resolved by a State Government acting on its own. We need action on a nationwide basis and a national consensus and bipartisan approach to make the action effective.

The Federal Government has proposed such action, to attack the problem which has made the impact of the international recession very much worse in Australia. I refer to the wages spiral which occurred over the past year. Average weekly ordinary time earnings have risen 17 per cent over the year to the September quarter, or about 5 per cent in real terms. Productivity has not risen and profits have fallen by 13 per cent. Many businesses have been forced to retrench staff and unemployment has risen sharply.

Those who are still in employment simply cannot go on expecting higher wages and better conditions at the expense of putting more people out of work. This particularly applies in the case of public servants who do not face the daily threat of retrenchment as many people in the private sector now do. In the present economic circumstances, job security is more important to the overwhelming majority of people in the work force. This has been recognised by a majority of Australians. A series of opinion polls has shown a national consensus, and the Flinders by-election also confirmed that people are now prepared to make a sacrifice to safeguard their own jobs and to provide opportunities for those who are at present out of work to get a job. In these circumstances, Governments have a responsibility to give a lead and all other Governments, except South Australia's, have given that lead.

While I recognise the difficulties inherent in achieving a pause, no effective action can be expected while this Government dithers and refuses to give that lead. The Premier has been given a mandate at an election. He has an opportunity to give a lead; he has a responsibility to do so, but in this matter he has failed. He has been back from the Premiers' Conference for two days. What has happened? He has claimed that the position he took at the Premiers' Conference was misinterpreted by the media. He says that this position is still being misrepresented. In yesterday's *Advertiser* the Premier was quoted as saying that South Australia had given no commitment to a pause. In yesterday's *News* he said he was seeking a pause, but this morning's *Advertiser* gave another version saying that the Premier was not seeking a pause at this stage.

This afternoon's *News* refers to further confusion with the Premier's position, and in fact states that he is seeking a pause. Which report is right—that in the *Advertiser* or that in the *News*? Where does the Premier stand? This afternoon he has the opportunity to put the record straight once and for all. We have also heard of a 12-point plan that the Premier had for economic recovery. That was never released. We have since been told of a six-point plan, but the Premier has not said how that would work either.

Members interjecting:

The SPEAKER: Order! I do not want to take valuable time from the Leader of the Opposition. I point out that this is a very serious matter: I made the judgment that it was a matter of urgency. I trust that each speaker will be heard in silence. If not, I will ensure that each speaker is heard in silence.

Mr OLSEN: The Premier has been negotiating on this matter for three weeks. The time for talking is over. Every other Government in Australia has taken action while South Australia's Premier dithers. The reasons for his reluctance to give a clear commitment are becoming more obvious by the hour. The Premier has said that he wants to talk to employers, but their position is clear. I refer to the statement in this morning's *Advertiser* by the General Manager of the Chamber of Commerce and Industry, Mr Schrape, who stated that the chamber supported the Federal Government's call for a 12-month freeze. The Premier has indicated that he also wants to talk to the trade union movement. It is here that the difficulty lies. The position concerning the trade union movement begs the question: just who is running South Australia? The Premier has said that he will be unable to make a decision on a wage pause for a few days. He has said that because the Trades and Labor Council will not be establishing its own decision until next Tuesday. It seems that the decision of the unions will be the decision that the Premier will also be forced to accept. He knows that he cannot afford to go beyond the wishes of the trade union and Labor Party officials on whose support his position depends. The Premier must bow to the wishes of the union movement and take no positive action to implement a worthwhile wage pause in South Australia.

By its not falling into step with other States, South Australia's economic position will be eroded, and many more people will lose their jobs as a result. Continuing rises in wages will mean that costs to South Australian consumers and to the nation and international customers of our industries will continue to rise. We will price ourselves out of jobs and markets unless the Premier acts quickly and decisively. All other State Premiers have done so.

The Victorian Government has frozen some charges in its moves to implement a six-month pause. The New South Wales Government will apply the pause immediately to the public sector. The Western Australian Government has given a commitment to a 12-month pause and will recall Parliament if that cannot be achieved quickly or voluntarily. The Queensland Government is in a similar position. In Tasmania the Government is seeking a 12-month pause and also plans a freeze on Government charges. In South Australia, however, we have yet to hear from the Premier a clear and unequivocal commitment to any form of pause, and it is time we did so.

The essential first step in any wage pause must be for the Government to put a hold on all wage and salary increases in the public sector. While the Premier's reluctance to take even this action is understandable because of the favours that he owes the Public Service unions, which campaigned for the Labor Party at the last election, now is not the time to set the ledger straight. Now is the time for strength in leadership; it is time to put South Australia first. An effective wage pause in the public sector over the next 12 months could save the Government tens of millions of dollars, which it could use to allocate work to the private sector building and construction industry for the creation of more jobs, and also to limit rises in State charges. Firm, positive action by the Government would also set an example to be followed in the private sector, so that many jobs now under threat can be retained, and more created by the cost savings.

In his election policy speech, the Premier stated that his Government's major goal would be to get South Australians back to work in a productive way. No action to honour that promise would benefit South Australia and South Australians more than would a show of leadership in this matter. The Premier also said in his policy speech that there were matters of importance that should be tackled by consensus in a bipartisan way. That statement was repeated in His Excellency's Speech yesterday, and I endorse those remarks.

The community has had its say in relation to this matter. All other Governments have taken action. The sincerity of the Premier's approach can be confirmed by just one clear commitment to a wage pause. He will have the support of the Liberal Party in any legislative action that he needs to take. To set an example to the rest of the community, the Premier will also need the endorsement of members of my Party to a freeze of salaries and allowances of members of Parliament. We all accept that economic times are tough, and that unemployment is high and still rising. Our ability to compete and to win markets for our industries so that more people can be employed is under threat.

No sector of the community can afford to be selfish in making a sacrifice. No particular group of people can be allowed to force its will and its way on the rest of the community. Yet the Premier is afraid to move on this issue, apparently, without the consent and approval of the union movement. The Premier has referred to a voluntary pause, yet some of the most powerful unions in this State have already said that they are opposed to that. The Premier is demonstrating that he is a captive of the union movement; he is afraid to defy the demands of unions that gave him financial and moral support during the election campaign. Their demands have left this economic strategy in disarray and are jeopardising the jobs of hundreds of South Australians at the moment. Their demands raise the real question: who is running South Australia?

The Hon. J. C. BANNON (Premier and Treasurer): I suggest that the motion before the House, in the current circumstances, is totally destructive and totally unproductive of an important process that is occurring not just in this community in South Australia but in the nation as a whole. We might reflect on why the Leader of the Opposition should choose today, in the middle of the consultations that are taking place, to move this motion. I suggest that the main reason probably is an attempt to cover his embarrassment over the extraordinary and inaccurate statements that he made yesterday about the outcome of the Premiers' Conference, most notably his blunder that in some way South Australia was not going to receive any of the \$300 000 000 that the Commonwealth supposedly has saved and will be allocating to States for employment related programmes.

That was not true, and it has already been laid to rest. That foolish statement and the foolish way that the Leader jumped into it, I think, typify the way in which he has argued this motion. What has his speech been about? In broad terms it has been attacking the process of consultation in this community, and it has attempted to undermine the consensus that must be developed if we are to tackle our problems on a unified basis. The Leader's very rejection of that and the way in which he is approaching it are a strong indication of one of the reasons why his Party is now sitting on the Opposition benches and is not in Government.

It was that sort of disruptive confrontationist approach, exemplified particularly by a number of front bench members opposite, that has them in Opposition today. That approach was rejected on 6 November. The Government has been given a mandate if for nothing more than to continue the process of consultation and healing in our community. We will continue to do that. The Leader of the Opposition's speech also indicates a total failure to understand the realities of industrial relations, the legal and technical problems involved in attempting to implement anything like the general wage pause and wage freeze concept that the Commonwealth Government proposed.

In every single State, at this very moment, even those Premiers (such as the Western Australian Premier) who were most enthusiastic and vocal in their support of the

Commonwealth Government's stand-and-deliver tactics are realising, on returning to the harsh reality of the world in their various States, that it is not so easy to solve. It is great to go to Canberra and sit around the table with one's Federal colleagues and say that one is 100 per cent behind them. It is very difficult indeed to go back and talk to real people at the State level, the real employers and the real trade unions, governed by a conciliation and arbitration system, governed by a set of practices and standards in the industrial relations scene which are not simply to be suspended. The concept that one can simply send the whole Conciliation and Arbitration Commission on 12 months paid long service leave is absolutely ridiculous as well as being unconstitutional, and yet that is the implication of the approach that the Leader of the Opposition is endorsing in this motion today.

Those problems must be recognised, and this Government, for one, recognises them and is seeking to constructively deal with them. The Leader of the Opposition's speech represents a failure to accept the need for a wide-ranging economic recovery programme. He has fallen for the trap which the Commonwealth Government has been laying, the trap which says that the one solution, the one thing that needs to be done to find economic recovery in this country, is to impose a freeze on wages and salaries. That is palpably nonsense, absolute nonsense. So why is the Federal Government doing it? Because it sees that it has short-term political attraction. It was a great idea for the Prime Minister to trot out when he wanted to keep open his option to hold a Federal election, and it was worth keeping alive when he was going to have a by-election in Flinders, because the short-term political impact of that single solution, to solve things by a stroke, by a wage freeze, obviously would gain the Federal Government some sort of support in the short term. But that is all it is. It is an attempt to find an alibi for the failure of the Commonwealth Government to introduce the wide-ranging package of economic measures needed to bring recovery to this country, and so long as it is allowed to get away with it, so long as it is aided and abetted by people such as the Leader of the Opposition, it will do so. It will seek to put the burden of our economic problems on a particular section of the work force, it will say the one solution lies in the concept of the wage freeze, and it will simply duck out from under.

It is time we joined together, particularly in the States, to force the Commonwealth to accept its responsibility. That is what I did last Tuesday, and I think that I should have got more support from the Opposition than I did on that occasion. That is what the speech is about. The action, the burden is to be borne by all fairly. That is what must be done. We have to see it on an equitable basis. It is not so surprising that we are getting this sort of one-sided argument from Opposition members. After all, they were a Government, I would suggest, of hypocrisy, of double standards. While they were supposedly cutting and pruning and being more efficient in the current economic climate, the Cabinet could still have massive luncheons every week, at a cost of some thousands of dollars. We cancelled them as one of the first things we did when we came to office. They sent telexes, to the value of \$19 000, to every single newsroom, setting out their press statements and propaganda, instead of doing it by the cheaper and I would say more efficient method. When we took over office we found that the Premier's office had already over-spent its budget by \$19 000—and they are talking about integrity!

Members interjecting:

The Hon. J.C. BANNON: Minor things, no doubt, but typical of the sort of double standards that we are getting here. They are the group who, in Opposition, saw among their first actions the need for a log of claims from the

Leader of the Opposition for eight or nine very expensive items in terms of renovating his suite of offices, in which we had sat for three years and for which we received virtually nothing, as well as calling for an extra staff member to be employed by the Leader of the Opposition, when we had had to make do with the same level as had the previous Government.

If that is not double standards in the current climate, I do not know what is, and I suggest that the Leader get his house in order before he moves motions like this in future. He began by talking about unemployment figures. We are told by the Leader that he is not going to blame the new Government for the level of unemployment. Thank you very much! I suppose that that is an improvement on his predecessor who, on gaining office as Premier and within a month seeing a more favourable unemployment position (because of the groundwork that had been laid by Premier Corcoran), claimed that it was unmistakable proof that his policies were working. At least a little more honesty in that respect is being shown by the present Leader of the Opposition.

The Leader says that the Federal Government has proposed a national consensus. That is absolutely not true: it has not proposed nor sought such a consensus. Do not just take my word for it: I invite the House to consider an editorial in the *Melbourne Age* today, referring to the Premiers' Conference, as follows:

The blame for the failure must rest with the Fraser Government. The Labor Premiers came to Canberra prepared to compromise. With the A.C.T.U. they had agreed to back a wages pause, to allow real wages to remain depressed until the economy improves, and to accept some form of price surveillance instead of price controls. The Federal Government, by contrast, was not prepared to compromise on anything. It made no attempt to offer a package that union moderates would be able to get through the union movement. It gave no concessions on price controls, none on the duration or aftermath of the wage pause, and not much on tariffs. It even withdrew its mooted plans to offer the States additional loan approvals. Thus the Fraser Government torpedoed any hope that the conference might produce a consensus on how to halt the slide in the economy.

Yet, it is that Government and that attitude that the Opposition is supporting. That is absolutely scandalous. Those words and that interpretation are not mine. We find that contained in one newspaper, and we will find that same interpretation echoed in different words in a whole heap of newspapers, including the *Sydney Morning Herald* and the *Australian Financial Review*.

The Opposition says that South Australia has not given a lead, and its motion suggests that this is the only State that has not given a clear commitment and that we have not displayed leadership. I point out to the House that in the one month that we have been in office we have initiated national talks on this issue. We called for a Premiers' Conference, and that call was ultimately responded to. We took the initiative to take up meetings with our colleagues in the two Labor States representing 70 per cent of the population and 79 per cent of the manufacturing industry work force in this country. We met, within days of coming to office, with representatives of the Trades and Labor Council and employer groups. According to the Leader, on the one hand, if we meet with the trade unions it is to get our marching orders. If we meet with the employers, apparently he is not sure what we are doing. The fact is that we will meet both with sides and will continue to do so, and we did that within days of coming to office.

I have been to Melbourne twice to discuss with my colleagues, Mr Wran and Mr Cain, what should be done in terms of a national programme. I have met with the full executive of the A.C.T.U. and have had discussions with the head of the Confederation of Australian Industry. At the conference I took the lead in arguing for a programme

for action and was prepared to accept, and helped devise, a consensus with which we could have walked out of that conference but for the obdurate attitude of the Federal Government. It was I at the conference who raised the question of manufacturing industry assistance when nobody seemed to want to talk about that vital aspect of national recovery.

Since the conference, it has been I who have been meeting with unions in this State and conferring with colleagues interstate on what action can be taken to re-establish the consensus. This morning I met with a full delegation of employers, not to take my orders from them but to exchange views to enable them to understand our position and for us to hear what they have to say. If that is not displaying leadership, and if members of the Opposition believe that that is not leadership from South Australia, heaven help them. I suggest that that sort of activity contrasts very strongly with the pitiful performance at the national level of the previous Government—the 'me too-ism' and the raised hands in support of anything that Mr Fraser wanted to do to this State and this country.

I say to the House very strongly that that has stopped from the moment this Government got into office. At the Premiers' Conference on Tuesday I made that quite clear to Mr Anthony and any other member of the Federal Government who was there. That has changed; they cannot take South Australia for granted; they will not take us for granted; and we will make our point of view heard. When we come back to South Australia there are no congratulations (perhaps that is too much to expect)—no thanks, not even basic underlying support. We get this pitiful attempt to cover the Leader of the Opposition's embarrassment.

South Australia will not be one off; we will not stand aside, but we will be part of the development of a national consensus and, in terms of the motion, members of Parliament will not be treated any differently from other members of the community. In terms of what the other States are doing, whatever was said in Canberra, already we have seen that some of those hardest-line talkers—the Bjelke-Petersens and O'Connors of this world—have gone back to their States and are backing away from the commitments that the Federal Government thought it had them making. They are not going to legislate now. Western Australia is finding technical difficulties and problems. Mr Bjelke-Petersen has said that he is not sure that it is necessary; he will reserve his rights. The Western Australian Parliament, for instance, should have been recalled (it is in recess until the next election), but there has been no move to do that yet. We will see what emerges there. The Tasmanian Premier, who at the conference was very strong for legislation, now does not think that he can get it through, and that perhaps now it will not be necessary after all; and the list goes on.

We had the honesty at the national and State level to address ourselves to the reality. The reality is that either the community accepts the solutions that are being offered and is part of them, or they will not work. That is a fact of life in the economic position we are in, and I intend not to be dissuaded from my attempts to establish that consensus.

The Hon. E. R. GOLDSWORTHY (Deputy Leader of the Opposition): The Premier has managed to dodge the issue, as usual, and has surrounded it all with a great flourish of words.

Members interjecting:

The SPEAKER: Order! The Premier was heard substantially in silence, and I ask that the Deputy Leader of the Opposition be given the same courtesy.

The Hon. E. R. GOLDSWORTHY: In fact, what he has told us we already know: he is great on talk and short on action. A lot of it is big talk. He says that he went to

Canberra and told Mr Anthony and Mr Howard where they got off and that they will not take South Australia lightly. The problem was that nobody knew what the Premier said. He came out, and there was a general view that there was agreement on a wage pause. Some had agreed to six months, some had agreed to 12 months (it was believed), and the Premier of South Australia came back here and told a different story.

There are plenty of examples of this type of double talk from the present Premier. The other kind of talk in which he indulges is big talk. He went over there and told them where they got off, and he told them how South Australia would behave. In another instance in recent days he said in his policy speech that he would see to it that oil flowed to South Australia; he was going to go up and tell Joh Bjelke-Petersen where to get off. Within about three weeks of the election, Joh announced that in no way would he have oil flowing into a socialist State; it was going to flow to Queensland.

The Premier will not come to grips with the plain fact that every other Premier in this country is doing something. What this State and this country are looking for is leadership, and this is what is singularly lacking in the Premier of South Australia. He is all talk, huff and puff, leaving somebody else to make up his mind for him, and there is no leadership. The Premier quoted from an editorial in the *Age*: let us draw his attention to something closer to home. Under the heading 'Weakness' in the *News*, a report states:

It is a weak response from a Government with a fresh mandate.

I think that sums up the feeling of the community in South Australia. Here is a Premier who is not prepared to do anything, or to give a lead. Let us remind him of his Labor colleagues interstate, 'Big John' and 'Nifty Nev'. They are at least doing something. They are giving a lead. I do not know whether the Premier is too busy to read the papers these days.

Members interjecting:

The Hon. E. R. GOLDSWORTHY: We know that they can be buffoons, but it is to their eternal instruction and edification if they listen. The New South Wales Government set a six-month wage freeze which would apply to the Government sector immediately. This is 'Nifty'! At least he is doing something. We see that 'a joint submission with the Commonwealth to the Conciliation and Arbitration Commission would seek a freeze in the private sector'. That is mirrored in the New South Wales press. Wran is confident that he can freeze the public sector.

A quote from an article in the *Age* was given a moment ago. Another report in today's *Age* indicates that the Premier's pal next door, Mr Cain, is doing the same as Mr Wran, and is at least giving a lead. The report states:

Mr Cain said it was too early to consider whether the six-month pause [which means that he is committed to the pause] might be extended to 12 months in line with the Commonwealth and the three non-Labor States.

The problem is that it is not in line with a South Australian proposal, because the Premier will just not give a lead. What was the Premier's response following his big talk to Doug Anthony and John Howard? The Premier stated that he would come back to South Australia and have a pow-wow, that he would have discussions with employers and the trade unions. The employers had got up in front, ahead of the trade unions in regard to press releases, and so on. The Premier knew perfectly well before he went to the conference where the employers stood. They had made it perfectly clear for some days, indeed for a couple of weeks beforehand. It must have been a fortnight ago that when I heard Polites, speaking for employer groups around Australia, saying that a wage freeze was essential. That was repeated by a number of business leaders and would have been

evident if the Premier or his staff had cared to note what they were saying. In fact, I believe that he did know what business leaders were saying. They were reported as follows:

Mr Bob White, Chief General Manager, Westpac: 'The freeze would allow the private sector to catch up—in the past 12 months the public and semi-public sector moved ahead of the private sector in wages. The psychological impact would be beneficial for the country but it is essential that there be no prearranged catch-up after the freeze.'

Mr Will Buttrose, Chief Economist, Hill Samuel Australia Ltd: 'We agree there should be some form of wage freeze but it would be preferable to have an informal or voluntary freeze with the lead coming from the public sector.'

Mr John Leard, Managing Director, Australian National Industries Ltd: 'A wages freeze is essential for the private sector but most important for the public sector.'

Mr Bill Hunter, B.H.P.'s General Manager, Finance: 'I endorse the need for a wages pause but the benefits will not crystallise if wages accelerate.'

Those sentiments were echoed on the local scene by Mr Schrape of the Chamber of Commerce and Industry. Mr Miller, the President, echoed precisely the same sentiments, and the Premier, when saying that he was going to come back to talk to employers, knew their views. In fact, the Premier was saying that he was coming back to get his marching orders from South Terrace.

That is one of the problems with the present Premier—he has no basic strength in the Labor movement. At least his Deputy Premier has some strength in the Labor Party, as a product of the union movement with a Labor background. The member for Elizabeth has some strength within the Labor movement. If he speaks, at least he knows that a very significant part of the Labor movement will support him. We know that many of them are way off to the left, but at least the member for Elizabeth has their basic support. The problem with the Premier at this stage is that he has no basic strength or support from the people who run the Labor Party. He has not been around long enough to gather support—if he ever will.

The Premier came out of the conference with no authority or courage to say where he is going to lead the State. He cannot lead: all he could say was that he would go back to South Australia and have a talk. I have outlined the problem, which will continue to be a problem for the present Premier. He knew perfectly well that the employers would support any scheme which would lead to moderation in relation to the enormous escalation in wages and salaries that has occurred in this nation in recent years. In fact, in Government, the Premier has taken time off to revile the former Government. The Liberal Government knew perfectly well that we were in most difficult economic times; we knew perfectly well that one of the main factors affecting the Budget in Australia and South Australia was the wage escalation. South Australia faced an escalation in wages of between 17 per cent and 22 per cent during one year, the middle year of the former Government's three-year term in office.

We knew that. We knew that times were tough. The plain economic fact is that this country is in dire economic straits. Surely the Premier realises that. Unless people who are in work, including members of Parliament and others, are prepared to accept a slightly lower standard of living in the immediate future, there is no hope whatsoever of improving the unemployment figures. Unions do not realise that, but I would have thought that someone like the Premier would realise that.

There is talk of a catch-up in six months or 12 months, but that would negate any benefits that may come from a wage pause or a wage freeze. Until the community at large, the pressure groups within the community, the leaders of the Public Service unions and the Teachers Institute realise that there is a national crisis, that people in work will have

to accept a slightly lower standard so that other people will not be further disadvantaged and so that more people will not be forced to work a four-day week or forced right out of employment, there is no hope for an economic recovery in the immediate future and an increase in relation to employment.

The Premier went to the last election with precisely the wrong policies, and he knows that. That is, the policy of buying votes and advantaging certain sections within the community to the distinct disadvantage of others. The Premier thrashed around during the course of his remarks and accused the former Government and the Leader of having double standards. He also made one or two little diversions about fairly modest Cabinet lunches. I remind the Premier that the Premier's Department in a former Labor Government spent \$16 000 in one year on working lunches, just for the hangers-on in that department. If ever there was a Government of largess, it was during the years of the Labor Administration.

The former Liberal Government understood the realities. We did not particularly enjoy bringing down tough Budgets, but we had to do it, and we told the present Premier that. What did he tell the public leading up to the election? He talked about optimism. If ever there were prophets of doom and gloom and people who would not face reality, it was the Premier and Deputy Premier. They loved to denigrate South Australia. They talked about the declining population when, in fact, our population trend was moving upwards during the life of the former Liberal Government.

What did the Premier say he was going to do when he came into Government? Having bought the unions, the teachers and the public servants, the chickens are now coming home to roost. By advantaging certain sections of the community, the Premier is disadvantaging the whole community. That is not a responsible way to approach government. The Premier said that he was going to start an enterprise fund. He said that he was going to fix all the problems because the former Government was doing nothing. He said that an enterprise fund was the answer. However, he started back-peddalling the night of the election. In the days before the election, we got the story about gloom and doom and how a Labor Government was going to fix it, but as soon as the Premier knew that he had scraped in by a few hundred votes he started back-peddalling and he was going to have pow-wows about what he was going to do for unemployment. Just before the pow-wow stage, the Premier said:

A Labor Government's main goal in office will be to get South Australians back to work. We will establish a South Australian enterprise fund—

the Premier is laughing now; he wants to forget it—

to assist expansion of industry in our State. The enterprise fund will pump investment into high technology and export industries which are labour intensive. The enterprise fund, according to Labor's economic policy document, would initially draw funds from the Government—

Lord knows from where, but that is what he said—

and from private investors. It would, Labor believes, offer an attractive long-term investment, and would be required by legislation to make a financial return on its operations.

It would be a major purpose of the fund to use its investments in order to ensure that South Australians have greater control over investment, production, and employment decisions. The A.L.P. will give a major boost to our housing and construction industry, Mr Bannon said.

We will also introduce a direct jobs programme to provide employment to those people presently experiencing the most serious unemployment problems.

This is the stuff we got up until election evening. The report continued:

The scheme will be based on the funding of employment-creating projects sponsored by State and local government and community organisations.

That all seems to be forgotten in this great splurge of pow-wow. It is all talk and no action. It ill behoves the Premier in recent times to have tried to cry that the financial position was inherited. The member for Light referred to this yesterday when he indicated the statements of the present Premier as to his knowledge of the state of the Budget. He said that he had no doubt that he could finance his proposals, that he had accurate information, and that there would be no problems. If he only had the wit to know it, this pause will help him enormously with his budgetary problems. I suspect that is why Comrade Cain and Comrade Wran have endorsed it so enthusiastically. They have got cracking before they have had time to be swamped by the unions who have made perfectly clear that they oppose it. If the Premier heard *A.M.* this morning, he would have heard that many of the heavies in the union movement, such as the waterfront, metal workers, teachers, the building unions and the Public Service unions, are dead set against the pause. He will leave his run too late if these pow-wows go on for too long. We know what the answer will be. We know that he will not have a hope in hell of getting it up and running. One of the reasons I believe is that Cain and Wran have been around a bit longer and have embraced this with a degree of enthusiasm because they know it will help them enormously with their budgetary problems.

As I said earlier, one of the major problems facing Governments, as with any employer (and government is a major employer, and it will be even more major under the present Government), is the escalation in salaries and wages, and the previous Government put aside \$80 000 000 in one year for this purpose, which was not adequate because we were faced with between 17 per cent and 25 per cent—

The SPEAKER: Order! The honourable member's time has expired.

The Hon. J. D. WRIGHT (Minister of Labour): What an amazing speech we have just listened to. We have heard 'comrade' mentioned four or five times and reference was made to big Neville and big John across the border. We did not hear one thing from the Deputy Leader of the Opposition in relation to the effects any economic pause might have on the community. It was quite an amazing speech for the new shadow Minister of Labour to make. He did not take into consideration any of the matters with which I want to deal.

One of the interesting things not mentioned by the Leader of the Opposition when he moved this motion was any reference to the effects it might have on the rest of the community; nor did he mention whether there ought to be a prices pause as well. Neither speaker from the other side so far has mentioned anything about a prices pause. All they have talked about is the lack of leadership, the lack of control, and the control by the unions over the Premier.

I want to place on record my view on this. I believe that the Premier of this State has handled this matter effectively and well. He has been one of the leaders of the nation in trying to get something done about unemployment and the economic crisis. He has had no commendation from anyone from this Opposition for that. He has been trying to get an initiative from the Federal Government. The economic crisis in which we are at the moment can clearly and directly be attributed to the economic policies of the Federal Government. There is no doubt about that. The monetary and fiscal controls that it has created in this country have put the screws down so tightly that industry is failing all over the place.

Why is it a simple fact of life that Liberal-dominated Parties throughout Australia always ask for the freeze to be put on the working class? Why is it that the working class in all these circumstances has to be the sufferer? I do not

understand this. I believe that, if there is to be a pause and a change in the system by which we are operating in the nation, everyone has to share in the particular pause or freeze. I do not believe that the mover and the proponents of this proposition, either federally or in the States, have really thought the matter through properly. I do not think they have thought out the effects and where it may leave us.

I want to go through some matters that I believe are vital to the success or the failure of such an operation. I believe that this particular move by the Federal Government was made in support of the by-election in Flinders. I really believe that was the beginning of it. Someone had an inspiration one night. There was no planning or consultation by the Commonwealth Government. I even raised the matter at the Ministers' conference in Brisbane last week. I said that, if the move was to be successful, there ought to be consultation, a summit type consultation, with all the employers, the trade unions and the Government. The Federal Government would not have a bar of that, nor would the Federal Minister for Labour, whom I do hold in great respect for a Liberal Minister. I am not condemning him at all but in no circumstances would he talk about the effect on prices.

One of the things that does worry me, which evidently is not worrying the other side, because there was no mention of it, is the economic effect. In its present form the freeze will apply to only wages, not to prices, but the freeze will not work unless action is taken to hold back prices. If prices are not held back the freeze on wages will lead to a reduction in real incomes and in the real purchasing power of wages and salaries, which will in turn lead to reduced consumer demand and thus employment.

I do not know whether the Opposition has another speaker but if it has I would like that member to refute that statement. The Leader spoke for only 10 minutes, so it seems as though there will be another speaker to follow me. I want that member to rebut that statement if it is not true. Evidently the member following me will have something to say about that.

The third point on which I want some rebuttal from the Opposition is about the Government's proposal involving use of the money saved on wage increases for public servants in job creation schemes. This would offset to some degree the fall in consumer demand referred to. However, there can be no guarantee that the savings made in the private sector will lead to more jobs. The offer made by the Federal Government to the States is a lousy \$300 000 000. This is peanuts when it is shared amongst the States, and the Opposition knows that.

The Budget of the Federal Government is now about \$4 000 000 000 over schedule. Thus, if the freeze on wages in the private sector makes Australia more competitive internationally, the action will simply bring us back into the field without creating new employment. The measure is therefore very much a defensive one and gives no prospects for reducing unemployment. Let me ask the speaker following me to rebut that if it is not a fact. I raised this matter also at the conference of Labour Ministers last week and got no rebuttal about that particular statement. If the member for Torrens, who obviously will follow me, can rebut it, dispute it, and prove that I am wrong, I am open to be taught something today.

The next point I wish to raise is the effects of a wages pause on industrial relations in regard to the trade union movement and the employer organisations. Not one word on the effects on industrial relations was mentioned by either of the two speakers from the Opposition side. I want to put into *Hansard* some facts that cannot be disputed. The one-sided nature of the proposal is a serious deficiency

of the scheme. Co-operation from the trade union movement is vital if a pause is to succeed. The freeze on wages will encourage unions to go outside the system, thus setting up problems for the future in terms of seriously distorted relativities. That is a very important question in itself. I would argue strongly that, irrespective of whether this pause goes on, whether there is a legislative, compulsory or voluntary freeze, at the end of that particular freeze the relativities between the higher-paid and lower-paid employees within our community will be distorted almost beyond repair.

It appears to me that there is no legal way of being able to debar the non-public sector from applying for wage increases other than to dismantle the Arbitration Court. I asked that question of the Minister of Industrial Relations (Mr McPhee) last week. It is all right to say on the one hand that there will be no increases for public servants—that is the Government's prerogative. There would not need to be legislation for it. However, to bar private sector employees and trade unions from obtaining increases is, I believe, quite illegal. I believe the dismantling of the Federal Arbitration Court would have to be done to prevent that court from awarding wages if it thought it proper to do so.

Serious legal difficulties face the implementation of the Government's proposals, as will be pointed out. The legislation proposed at this stage extends to only the public sector and will require the Federal and State commissions to enter into the spirit of the freeze. That is the point that I am making. I do not believe the Federal Government presently has the power to debar increases from coming in that arena. I also believe very strongly that we must have some approach to this situation when we come out of the freeze. Nothing has been said by either the Federal or State Government in relation to how the catch-up is going to be controlled.

If one goes back in history we can usually find the answer. We can look at New Zealand or the 1977 situation here. We can look at the freezes in the 1930s or the controls on wages in the 1940s and the 1950s. One will always find that at the end of a certain period of freeze a situation pertained where there was an enormous amount of money and activity to be caught up. No-one from the Federal or State Liberal Parties has mentioned how that is going to be controlled. I have said in this House on numerous occasions (and I say it again today) that I am a strong supporter of a central wage-fixing system.

Have any speakers on the other side mentioned whether any thought has been given to the community's reaction after this freeze or pause which they desire is finished? No mention has been made by speakers on the other side as to how the matter will be controlled. I completely agree with the A.C.T.U. that a central system of wage fixing ought to be brought about immediately following any agreements reached in this regard. The Deputy Leader of the Opposition quoted quite strongly from a couple of papers. I did not intend to do this but, as he has done it, I turn now to the *Sydney Morning Herald*. About 10 days ago, when this matter first started, I described it as a farce and stated that I did not think that the Federal Government was serious about it. I thought it was a gimmick to ensure the safety of holding Flinders. It did that and sold the matter fairly well. In today's *Sydney Morning Herald*, a headline states, 'Now it's farce'. So, that newspaper is some 10 days behind me. The editorial states:

The virtue of 12 months from the Commonwealth's viewpoint is that, assuming the freeze held, the thaw—the moment of truth—would come after the Federal election. Only with the election well out of the way would the Australian electorate learn the bitter lesson known only too well by British and American voters: that freezes do not work, that they provide a brief respite from wage pressure at the cost of a subsequent blowout.

That is consistent with my argument. Here we have the Economic Editor of the *Sydney Morning Herald* saying exactly the same thing as the Australian Labor Party has been saying about the matter from the beginning. The editorial further states:

It is hardly surprising that the Labor Premiers declined to accept the Commonwealth's 21-point proposal. Anyone with any knowledge of freezes knows that launching them is the easy part and managing the post-freeze period is the hard part.

There is not one mention from the Opposition about that matter. One would have thought that the Leader or the Deputy Leader would have said something about the aftermath of the freeze and said something about how we should look to the circumstances and how we should control them after coming out of the freeze. They do not know and that is why they have said nothing about it. The editorial continues:

The light was starting to dawn on Mr Howard by the end of last week, when he acknowledged that 'there is no value in economic terms, is there, in a catch-up'. Yet the final proposal failed utterly to suggest a mechanism by which catch-up could be avoided. We had pious expressions of intent, plus the hope that an 'independent high-level inquiry into wage determination' conducted during the freeze would somehow be able to come up with the answers.

That is not Jack Wright speaking—it is the *Sydney Morning Herald*. Nevertheless, I happen to agree with it. I refer now to allegations made by the Deputy Leader in relation to the activities of the Premier, and his being controlled by the trade union movement and being a prisoner of such and not being able to move. I made a Ministerial statement in this House yesterday indicating the attitude of the Government so far as industrial relations are concerned. I made very clear in that statement that the Government will be involved in consultation with all parties so far as the industrial relations future of this State are concerned. I will be introducing such a Bill shortly to establish the Industrial Relations Council, which will be a statutory body and which will have the opportunity of viewing our legislation. This has been the method by which the Premier of this State has been conducting himself ever since we won Government just over a month ago.

In his usual way of attacking personalities, the Deputy Leader said that no consultation was going on other than with the unions. In today's *News* on page 5 we see a photograph—a very good looking photograph—of the Premier having discussions at 7.45 this morning with employers. I believe that that is the way to approach the matter. If we have no consensus in the community, it will not work. I believe the Premier has gone about this in a proper and just way.

The Hon. M.M. WILSON (Torrens): The subject of a wage pause is no doubt the most important subject before the Australian people at the moment. The Australian people are crying out for leadership in this matter. The country is in the grip of a deep recession. We have high unemployment and we have seen, over the past few weeks, a genuine attempt by the Federal Government, in conjunction with some of the States, to try to reach a solution to the problem. When you, Mr Speaker, accepted the motion by the Leader of the Opposition, you agreed that it was a matter of grave public importance, and so it is.

The Hon. B.C. Eastick: The people of Flinders thought it was important.

The Hon. M.M. WILSON: Indeed, one sees that the people of Flinders voted overwhelmingly for leadership in the matter, if one looks at the figures. Yet, the Government today (certainly the Premier) has reduced this subject to a petty discussion on Cabinet lunches and has attacked the Leader of the Opposition by saying that he does not believe

in consultation and he gave a litany of his own ability in the consultative process. It is quite obvious that, unless something is done, the situation will continue to decline.

We have had a genuine attempt by the Federal Government to bring about a consensus, an agreement. The Deputy Premier says that he believes that the Federal Government brought this matter about because of the Flinders by-election. I suggest to the Deputy Premier that he is wrong and that it was a genuine attempt to solve a very serious problem. Today all we have had from the Premier is an attack on the question of a wage pause. Because the Federal Government is not prepared to accept the Premier's 12-point plan, no good can come out of it.

Yet, we see the other States, including the Labor States, willing to introduce such a measure. The Premier has said that he is against a wage pause without a price freeze. I will deal with that in a little while, because the Deputy Premier asked me to say something about it.

It is quite obvious that the Premier's colleagues in New South Wales and Victoria are prepared to give it a go. The Premier made great play on the question of compulsion, saying that there should not be compulsion; that there should not be legislation; that it had to be done by consultation. What about Mr Cain and Mr Wran? They were able to go to their people yesterday and say that they would work for a consensus, that they were going to give leadership, and that there would be a wage pause in those States—not a price freeze but a wage pause. Mr Cain has said that he will certainly monitor prices and that if they get out of hand he will do something about it, because he knows that the State has the power to control prices. The people in South Australia know that the South Australian Government has the power to control prices.

The Premier went to Canberra, and he talked about having reached agreement with his Labor colleagues for a six-month wage pause, but when he came back from Canberra he had to do some very fast footwork: he came back saying that he was opposed to it. Yet, he is embarrassed by the fact that his colleagues in the other States are going to institute it. So, we have a situation where the Premier is doing nothing but backtracking. He says that he is going into consultation with the employers and the unions. He means that he has to talk to the Trades and Labor Council, the P.S.A., and the South Australian Institute of Teachers before he can give any commitment. Yet, all the other Premiers in this nation have been able to give a commitment on the question of a wage pause. It does not matter what the Premier says; all other States have given a commitment. It is obvious that the people of this State will recognise that, and it is a great pity that members of the Government will not accept the motion put forward by the Leader of the Opposition today, because that gives genuine leadership on the question of a wage pause and, more importantly, takes into account the salaries of members of Parliament. That should not be forgotten.

In conclusion, I point out that the Government still has failed, after today's debate, to give any commitment to a wage pause. The Premier is still proposing that South Australia should stand apart from the rest of Australia. He is still talking about further consultation when all other Premiers—Liberal, National Party and Labor—have given a clear commitment to the implementation of some form of pause. It is obvious that, by talking about consensus, the Premier really means that there can be no pause unless the trade unions agree. He is simply not prepared to take on the unions in the same way as his colleagues have in New South Wales and Victoria.

At 3.15 p.m., the bells having been rung, the motion was withdrawn.

PERSONAL EXPLANATION: BOOKMAKERS LEAGUE

The Hon. J.W. SLATER (Minister of Water Resources): I seek leave to make a personal explanation.

Leave granted.

The Hon. J.W. SLATER: Yesterday in Question Time the member for Alexandra implied that I was personally implicated in some arrangement with the South Australian Bookmakers League regarding a donation to the A.L.P. election fund. I state quite categorically that that is untrue. Outside the House, it was stated clearly that I was the person who was involved in this source of Party funds. On 16 April 1982 I received a letter from the Chairman of the South Australian Bookmakers League, Mr Ken Stevens, which states:

Dear Mr Slater,

The registered bookmakers in South Australia pay a tax on turnover which was increased by 0.3 per cent following a recommendation of the 1980 Committee of Inquiry into the Racing Industry. On their holdings in the fiscal 1981 this represents an increase in bookmakers' expenses each year of over half a million dollars.

The impost has had a serious effect on the viability of some bookmaking businesses. The Betting Control Board's report for 1980-81 indicated that our members operating in the derby stand enjoyed a winning percentage (on holdings) of only 4.52 per cent before expenses. The board has recently interviewed a number of bookmakers whose asset position has become in the board's terms 'less than satisfactory'.

The members of our league have asked me to determine your Party's attitude in regard to the removal or retention of this intolerable burden. Your early attention to this request would be greatly appreciated.

The then Minister of Recreation and Sport received a similar letter. His reply states:

Thank you for your letter dated 26 April 1982 concerning the level of taxation on the turnover of registered bookmakers.

I am presently considering this matter and will write to you again as soon as possible.

The league has heard nothing further from him. I wrote to the South Australian Bookmakers League on 29 April 1982, as follows:

I acknowledge receipt of your letter of 15 April 1982 in relation to the bookmakers' turnover tax and the increase of 0.3 per cent following a recommendation of the committee of inquiry into the racing industry in South Australia.

You would be aware that I and my Party vigorously opposed and voted against the increase in turnover tax when the legislation to amend the Racing Act was before the State Parliament.

I note with interest the contents of your letter in regard to the Betting Control Board's Report, 1980-81, and that your members operating within the derby stand enclosures achieved a very small percentage of winnings on their turnover.

You may be assured that the Labor Party in government would seek to ensure the viability of bookmakers and the racing industry generally. I do not have to emphasise the failure of many of the recommendations of the committee of inquiry accepted by the Government which have not shown any substantial improvement to the industry, quite to the contrary, many have had a deterrent effect on the viability of sections of the industry.

The Labor Party would readjust the turnover tax to ensure viability and also consider other financial aspects of the racing codes in an endeavour to provide a more equitable solution to the problems associated with the industry.

Thank you for your letter and the information contained therein.

I believe that the member for Alexandra should publicly apologise for the statement he made or for the implication in the House and the comments he made outside that I was implicated in this matter. I was not.

An honourable member: Did they pay \$40 000?

The SPEAKER: Order!

SESSIONAL COMMITTEES

The Legislative Council notified its appointment of sessional committees.

The SPEAKER: Call on the business of the day.

ADDRESS IN REPLY

The Hon. J.C. BANNON (Premier and Treasurer) brought up the following report of the committee appointed to prepare the draft Address in Reply to the Speech of His Excellency the Governor:

1. We, the members of the House of Assembly, express our thanks for the Speech with which Your Excellency was pleased to open Parliament.
2. We assure Your Excellency that we will give our best attention to the matters placed before us.
3. We earnestly join in Your Excellency's prayer for the divine blessing on the proceedings of the session.

PAY-ROLL TAX ACT AMENDMENT BILL (No. 2)

Adjourned debate on second reading.
(Continued from 8 December. Page 26.)

Mr OLSEN (Leader of the Opposition): In this, the very first piece of legislation introduced by the new Government, the Labor Party has broken a clear election promise. During his three years in Opposition, the Premier said a great deal about the Labor Party's commitment to assist small business, and he strongly and consistently criticised the former Government for its policies in this area. His criticisms culminated in a stinging attack on the former Government in his election policy speech, when he stated (and I quote at some length from that speech):

For almost 2½ years the Tonkin Government has allowed the small business pay-roll tax exemption level to lag behind other States. That has meant that for most of this Government's term small business in this State has been disadvantaged. The exemption level was only raised from July this year after a concerted campaign from small business organisations and the Labor Opposition in Parliament. Now, a couple of weeks before an election, the Government wants small business to believe that the exemption level will be increased.

I do not believe they can be trusted. A Labor Government will amend the Pay-roll Tax Act to ensure that the exemption level is increased annually in line with estimated wage and salary costs. This will end occasional and one-off rises timed for election dates. This will give more certainty and security to small business planning. As an initial commitment, we will raise the exemption level to \$160 000—

The Hon. B.C. Eastick: Would you repeat that?

Mr OLSEN: I would be glad to repeat that, so that there is no misunderstanding. It is as follows:

As an initial commitment we will raise the exemption level to \$160 000, and would aim to regularly increase it thereafter to \$250 000 by the end of three years.

I am disappointed that the Treasurer obviously has taken umbrage at that, being concerned about the truth reaching home, and he has left the Chamber for a few minutes.

Members interjecting:

Mr OLSEN: Perhaps he has gone to check his policy speech to ensure that what I am saying is clear, precise and accurate. I repeat that that was a clear commitment made

only five weeks ago. It is now a broken promise with this piece of legislation. Now, the South Australian business community knows who cannot be trusted.

I said, when I became Leader of the Liberal Party, that I would not oppose or criticise Government measures merely for the sake of it. I said that we would be a constructive Opposition, and support Government measures which we believed were in the best interests of South Australia. However, members on this side of the House would be completely failing in their responsibility if they did not take issue with the Government on this matter. A consideration of some of the Premier's other statements during the last year further exposes the deception which the Government is now attempting.

On 2 December 1981, the Premier moved a motion in this House censuring the former Government for what he called its 'failure to raise the general pay-roll tax level'. On 24 March this year, when legislation to lift the exemption level was put before this House by the former Government—the third lift in the exemption level implemented by the former Government since 1979—the Premier was again critical of his predecessor. He complained that, as a result of the former Government's policies, many small businesses in South Australia employing many thousands of employees had been put at quite a considerable disadvantage. He made specific reference to companies with an annual pay-roll of \$150 000, saying their pay-roll tax liability would be \$5 500 compared to \$2 083 in Victoria—a difference of 164 per cent.

The former Government never at any stage resiled from its view that a tax on the employment of people, especially in difficult economic times such as those we are experiencing at present, is an iniquitous tax. Let me quote the former Premier's words to this House on 24 March this year. He called it 'a most undesirable form of taxation', and he went on to say:

The overall burden of the tax almost certainly influences employers to minimise labour costs wherever possible and to reduce employment opportunities.

The former Government's view had encouraged it to institute a review of pay-roll tax to consider whether any alternatives were possible, and this initiative had been taken up with Treasury officials in other States. The difficulties in obtaining any conclusive result from such a review are, however, significant. Honourable members will be aware that all States agreed in 1971 to administer this tax. It is now by far the largest component of taxation collected by the State Treasury. The Budget papers estimate that this year it will account for \$231 000 000, or 42 per cent of total receipts from State taxation. The significant impact of these receipts on the overall State Budget position meant that, while the former Government viewed the tax as undesirable, it had to weigh carefully any move to relieve the burden on employers against the impact of revenue forgone.

Nevertheless, with careful and responsible Budget planning, the former Government was able to initiate tax concessions in a number of areas, including pay-roll tax. During the former Government's term in office, the exemption level was increased in three stages from \$66 000 to just under \$125 000—almost double. In considering its strategy for the next three years, the former Government decided that not only should it move to ensure that the exemption level in South Australia maintained its traditional nexus with Victoria, but that we should go further to enhance the competitive position of our South Australian industry. As a result, the former Government, during the election campaign, announced proposals to immediately increase the exemption level to \$160 000 and to further increase it over the subsequent three years to \$250 000.

This commitment was based on a detailed assessment of its impact on the overall Budget position. It was not an extravagant commitment; it could have been fitted into our overall Budget planning. The former Government consistently told this Parliament and the public that State finances were tight and that concessions in one area would have to be compensated for by savings in another. Our commitment to remove as much as possible of the burden of taxation from individuals and businesses in South Australia required a continuing review of public sector manpower and expenditure levels, and this Parliament was put under no illusions about that.

In seeking to justify the breaking of an election promise which this legislation represents, I understand that the Premier has said that he did not put a date on it. This 'initial commitment' means the first action. This is the initial commitment and the first action of the Government in bringing before this House legislation on pay-roll tax—

The Hon. B.C. Eastick: And it reneged on it.

Mr OLSEN: And it has reneged on it. That is quite clear. The initial commitment of \$160 000 is not what is in the Bill before the House. If the Premier does not accept the amendment of the Opposition, small business will suffer because the Government will not be delivering what was promised. At the moment we are having one broken election promise a week.

I put the Premier on notice that the Liberal Party will not accept such an excuse. The former Government indicated to the Labor Party during the election campaign that many of its promises were extravagant and could not be afforded because of the present difficult economic conditions and the tight position with regard to State finances.

I have no doubt that the Premier will attempt to argue that, because of the present tight budgetary considerations, he is unable to lift the exemption to \$160 000. Quite clearly, prior to the election, the Premier knew the position, because the former Government did not withhold information to the public of South Australia and to this Parliament in relation to the tight budgetary situation. The Premier was warned but he proceeded not only to promise virtually all that the former Government committed itself to during the campaign but to go much further in his campaign to win office. Already there are clear signs that the Premier will breach a number of election undertakings.

The Premier attacked the former Government for rises in electricity and health charges and gave the impression that he would contain them. Already, in his first month in office, these charges have been increased significantly. We now have a breach of a major election undertaking. It was an undertaking which employers at that time had every reason to accept as a genuine effort to help them in the present economic circumstances, and one which the Premier used during the election campaign to attack the former Government. In fact, the Government is breaking an election promise a week. Which promise will be broken next? While the Premier's economic strategy is already in disarray, this Parliament must not allow him to break major election undertakings as a means of resolving his dilemma.

An increase in the pay-roll tax exemption level to \$160 000 was promised by both major political Parties during the election campaign, and the people of South Australia have every right to expect their Parliament to legislate for it. Anything less would be a major breach of faith with the electorate. I am conscious that any attempt by the Opposition to amend a financial measure is a rarely used device which should be undertaken only after deep and serious consideration. However, because a promise in this case was made as recently as five weeks ago and because the South Australian business community in particular is looking to all members of the two major Parties to quickly honour a

promise they stood for during the election campaign, this legislation must be amended. Therefore, I ask the Premier and the Government to amend the Bill before the House to lift the exemption level to \$160 000 and to honour their commitment. If the Premier does not do that the Opposition will seek to do so in Committee.

The Hon. D.C. BROWN (Davenport): I support the Leader of the Opposition in the stand that he is taking in relation to this Bill. There is absolutely no doubt that the new Labor Government has broken its first major election promise. I will go into that in more detail later. From the outset, pay-roll tax is a harsh burden to impose on small businesses. It effectively increases the cost of labour by 5 per cent, and we have seen recently the impact of the cost of labour on employment. There is no doubt that, if that imposition could be lifted, more people in our community would be employed. There is no doubt that, if it was lifted for small businesses and they were not in a position of having to pay 5 per cent pay-roll tax, they would be able to employ many more people. In fact, it is probably the small business man who is least able to increase his costs or take other measures to actually find the finance to pay pay-roll tax.

I refer back to the major election promise that has been broken by the Labor Party. During the election campaign the Labor Party promised large pay-roll tax concessions for small businesses. That was clearly spelt out in both the policy speech delivered by the then Leader of the Opposition, Mr Bannon, and in his Party's small business policy headed 'Small business growth sector for the 1980s'. I will not quote from those documents because the Leader of the Opposition has already quoted part of the Premier's policy speech, but I will refer to one or two sentences in particular.

The Hon. J.C. Bannon: In context?

The Hon. D.C. BROWN: In context. It was a fundamental part of the Labor Party's election promises and it was repeated on numerous occasions. I think that there were at least five occasions during the election campaign when the Labor Party promoted what it was doing as an alternative government for the small business sector. Now that the legislation has been introduced into Parliament it goes only a small way towards what was actually promised. The key part of what the Leader of the Opposition, now Premier, said in his policy speech was as follows:

As an initial commitment we will raise the exemption level to \$160 000 and would aim to regularly increase it thereafter to \$250 000 by the end of the three years.

That is in context. It is the full quote and it clearly spells out that the Labor Party's initial step would be to increase the exemption level to \$160 000. In addition, in the same policy speech he said:

A Labor Government will amend the Pay-roll Tax Act to ensure that the exemption level is increased annually in line with estimated wage and salary costs. This will end occasional and one-off rises timed for election dates.

There are two basic initial commitments contained in the policy speech: first, to lift the exemption level immediately to \$160 000 and eventually over a three-year period to lift it to \$250 000; secondly, to index the base exemption level in line with wage and salary increases.

The legislation introduced yesterday increases the base exemption to only \$140 000 in round figures, not to \$160 000 as promised. In addition, the legislation contains no provision to increase the exemption level annually. In other words, the two basic election promises made by the Premier only two weeks before the election campaign have been clearly breached and broken. There can be no doubt about that. It means that only two States in Australia have lower exemption levels than has South Australia.

I think that it is appropriate that I run through the exemption levels in each State. In Tasmania the exemption level is \$250 000; in Queensland, \$204 000; in Victoria, \$140 000; in South Australia, \$139 992; in New South Wales, \$113 400; and in Western Australia, \$102 000. Therefore, only two States are worse off than South Australia is in terms of granting exemptions from pay-roll tax to small businesses. The Labor Government's breach of this promise will cost hundreds of small businesses the equivalent of about \$1 000 in each full year, which means a great deal to a small business. That is scarcely the type of imposition that they want in the very difficult economic circumstances that they face at the moment.

Quite clearly, the Liberal Party's election promise was that its initial lifting of pay-roll tax would be to \$160 000, promising to lift it to \$250 000 over a three-year period. I think it is worth noting at what stage of the election campaign these promises were made. I announced the Liberal Party's policy on this on the Saturday prior to the election speech by the then Leader of the Opposition. I spelt out the initial lifting to \$160 000 and the eventual lifting to \$250 000 over a three-year period. The official small business policy released by the Labor Party does not spell out any level whatever. However, the policy speech delivered on the Monday afternoon, after my announcement on behalf of the Liberal Party (some three days later), did in fact spell out exactly the same exemption levels as were spelt out by the Liberal Party.

It is quite clear that when the Labor Party drafted its small business policy it did not think of listing any increase in the exemption level, only that it would be indexed. However, once the Liberal Party announced that its exemption level would be increased the Labor Party decided that it had no alternative but to follow what the Liberal Party had already offered. One other very pertinent point I think should be picked up. In his speech, the Premier suggested that lifting the exemption level from \$125 000 to \$140 000 would cost about \$2 000 000.

I find that interesting, because the Liberal Government received costings from the Treasury on what it would cost to lift the base exemption level from \$125 000 to \$160 000 and to apply that for a full year. The Treasury gave an estimated cost of between \$2 000 000 and \$2 500 000. What we have found is that the Labor Party, in lifting the base exemption level by less than half of what the Liberal Government had promised, has come up with exactly the same costing, and one could assume from the second reading explanation that the Premier is suggesting that it will apply only for a six-month period, from 1 January to 30 June, and that a new level will apply from 1 July 1983.

If that is the case, one could fairly accurately estimate that the anticipated cost of the new measure is likely to be about a quarter of what it would have cost to implement the Liberal Party's promise. In other words, it probably will not cost more than about \$500 000 and certainly not \$2 000 000.

I would ask the Premier where he obtained his estimate. I know that the estimated cost of \$2 000 000 to \$2 500 000 to lift it to \$160 000 and to apply that for a full year was supplied by Treasury. I actually prepared the Cabinet submission that was put up on that basis and got the costings. I would like to know where the Premier has obtained his costing and why it is four times Treasury's estimated costing at the beginning of October. I suggest that the Premier's estimate of the total cost is quite inaccurate.

There is one other disappointment with what has been put forward by the Premier in this legislation. There is a base exemption level that applies to all companies irrespective of the size of their pay-roll, so even a company like G.M.H., Mitsubishi or any other large established company

has a base exemption level of \$37 800 in South Australia. I am disappointed that that base exemption level has not been increased at all and certainly has not been indexed along with wages as suggested by the then Leader of the Opposition, now Premier, in his policy speech.

In other words, any company with a pay-roll greater than \$300 000 will receive no benefit whatsoever from this measure. Only a limited number of companies (probably several hundred small businesses) will receive any benefit, but that is a limited number compared to the 16 000 to 20 000 companies in this State that could be paying pay-roll tax. It is quite apparent that the vast majority of companies in South Australia, because that overall base exemption of \$37 000 has not been altered in any way, will receive absolutely no benefit whatsoever from this legislation. Therefore, I express great disappointment. That is, of course, why it will cost so little, a mere \$500 000, whereas the Premier claims that it will be about \$2 000 000. I ask him to explain why, if he thought that pay-roll tax was so important in stimulating employment, he did not lift that base exemption and apply it to all companies and afford some relief and benefit to the many other thousands of businesses, whether they be large or small, which also would like to increase their employment.

It is quite clear that the Premier has shown himself to be shabby when it comes to election promises and to hold apparently no regard whatsoever for undertakings given even in the last two weeks of the election campaign that took place just over a month ago.

The Hon. J.C. BANNON (Premier and Treasurer): I certainly would like to respond to comments that have been made by the Leader of the Opposition and the member for Davenport. I agree with a number of the points they made: certainly, the general statements made by the Leader about pay-roll tax, its effects and its burden are valid. They are points that we made in Opposition, and they are points that were made during the 1970s particularly when we discovered that, far from having received a generous growth tax from the McMahon Liberal Government, we had received a tax which in times of recession cut directly across employment opportunities. I think it is also true to say that all Parties have agreed that such is our dependence on pay-roll tax that, until we can find a suitable alternative for it, we are not able to forgo the revenue that is gained from it. The search for that alternative is going on. At the State level, in conformity with our election promise, we intend to establish an inquiry into State revenue raising, and that will certainly be one of its primary targets. We also have to look at this at the national level and continue to press for some solution to the pay-roll tax problem.

In the meantime, we have to attempt to alleviate to the greatest extent possible, consistent with our revenue problems, the burden of pay-roll tax on businesses, particularly small businesses, in our community. On those points I do not think there is disagreement between us. I would say, incidentally, that the Leader's remarks and his espousal of this cause sit very oddly with the practice of the previous Government. Throughout the 1970s the Dunstan and Corcoran Governments maintained the level of South Australian exemption at that of Victoria. They made sure that employers in this State were not disadvantaged. It was only with the advent of the Tonkin Government that employers in this State were disadvantaged, and from 1 January 1980 right though until 1 July 1982 there were gaps between the exemption levels—\$12 000 in 1980, \$12 600 in 1981 and \$41 000 as at 1 January 1982. It was brought back to the field, only after a very concerted campaign by the then Opposition, in July 1982.

It is very odd that the Leader goes on to make some of the comments he does about the attitude of the present Government to pay-roll tax. In Government we showed consistently that we were prepared to maintain that competitive edge, and out of Government we attempted to keep the Tonkin Government honest, with not terribly marked success. To illustrate that, I seek leave to insert in *Hansard* a statistical table, which shows the South Australian levels of pay-roll tax exemption compared to Victorian levels from 1 January 1975 to the proposal for 1 January 1983.

The DEPUTY SPEAKER: Can the honourable Premier give an assurance that the table merely comprises figures?

The Hon. J.C. BANNON: Yes, Sir.

Leave granted.

GENERAL PAY-ROLL TAX EXEMPTION LEVEL

1. South Australian Levels Comparative to Victorian Levels

	S.A.	Vic.	Gap
1 January 1975	20 800	20 800	Zero
1 January 1976	41 600	41 600	Zero
1 January 1977	48 000	48 000	Zero
1 January 1978	60 000	60 000	Zero
1 January 1979	66 000	66 000	Zero
1 January 1980	72 000	84 000	12 000
1 January 1981	84 000	96 600	12 600
1 January 1982	84 000	125 000	41 000
1 July 1982	125 000	125 000	Zero
*1 January 1983	140 000	140 000	Zero

The Hon. J.C. BANNON: I will now respond to the point about costings, made by the member for Davenport. I cannot comment on the costings which he has placed before us as I have not seen the information he was given. However, I would say that, within the context of an election campaign, it was probably hastily got together. It is difficult to make precise cost estimates. I believe the honourable member would concede that from his knowledge of Treasury and Taxation Department methods. One can only make estimates. I suggest that estimates put together in the context of the promises being made by the then Government obviously would be subject to adjustment and reassessment, given more time. I can say to the member only that the costings I have given are those supplied to me by Treasury. If that implies a revision of the costings given to the then Government, a revision has clearly taken place. I can base it only on the information I have. In fact, we will not be able to judge until the exemption is applied. We can then make predictions on estimated revenue collection. I will simply say that the costings I have given are Treasury costings. Unless the Treasury has made some monumental mistake, they are accurate.

I will now address myself to the substance of the Leader's speech, that is, the charge that we have broken an election promise. The charitable view of the statement he is making is that he does not understand what was promised either by his Government at the time of the election or by us. I would prefer to take a charitable view, even though I have no basis for it, particularly in light of the fairly up-beat sort of press statements he has made today on the subject. However, in this Bill we are going beyond the promise we made at the time of the election. The quotations from our policy were quite accurate. We did intend to put in an initial \$160 000 exemption and over three years raise that progressively to \$250 000. We did intend and still intend to provide within the Act for some method of automatic adjustment which means that we do not constantly have to come back with legislation.

I suggest that there are other areas of the Pay-roll Tax Act that could be reviewed to make it a more workable and equitable form of tax. We have to be constantly doing it. To accomplish all those things requires detailed legislation to be drafted of a type that cannot be done rapidly, certainly not within the first month of Government and certainly not before Christmas. As with the previous Government, from

the next financial year we would have incorporated these changes and progressive changes as promised. They will be incorporated. However, the position with which we were confronted on obtaining government and the news which greeted us in the first few hours of achieving government was of major retrenchments and problems in the manufacturing industry. We had to provide some immediate relief ahead of the time at which we intended to do so. It was not to be in our first Budget but as an immediate measure—something to operate from 1 January, and that is in fact what we have done. Far from employers feeling betrayed or let down, I would imagine (and would hope) that they would be very enthusiastic about the fact that, despite the amount not having been budgeted for, and despite the budgetary position which my Government has inherited—

Mr Olsen interjecting:

The Hon. J.C. BANNON: It is interesting to see the Leader urging us on to forgo more revenue and spend more money, knowing full well the budgetary position that he has passed on to us. Putting that aside, it is still a fact that we have decided to make an immediate concession to bring our exemption level up to that of Victoria. That is consistent with the attitude we took during our period in Opposition and during our period in Government. I was not prepared to accept the criticisms that might have been levelled at us by the Opposition that we would allow that exemption rate to slip. I resolved that, to provide immediate relief, we would go beyond our election promise and would start immediately, from 1 January, with this concession. That will have an impact on the Budget, but I am prepared to accept that impact, and I would have thought that the Leader would have been prepared to do so as well.

The fact is that, six months ahead of time, we are introducing an immediate concession to bring it up to that competitive level. Far from employers or any group in the community feeling that they have been let down in terms of our promise, on the contrary the fact that we have upped what we intended to do and have done more than we promised to do, will be gratefully received. I have before me a communication of this very day from the General Manager of the Chamber of Commerce and Industry, reflecting the point I made. He thanks me for my advice on the action to be taken. The letter states:

It goes without saying that my members are gratified that you have taken this early course of advancing the level to \$140 000 from 1 January 1983. As you well know, we are at one with you on the necessity to maintain the competitive position of South Australian industry *vis-a-vis* our interstate competitors. Congratulations on the move.

That statement was made by the General Manager of the Chamber of Commerce and Industry. He further states:

It would seem to be appropriate—and probably inevitable—

Mr Olsen interjecting:

The Hon. J.C. BANNON: If the Leader could contain himself on this one matter—

Mr Olsen: Of course they will support it.

The DEPUTY SPEAKER: Order!

The Hon. J.C. BANNON: Yes, and they are congratulating us.

Mr Olsen: Of course they are.

The Hon. J.C. BANNON: The letter further states:

It would seem to be appropriate—and probably inevitable—for me to add to my expression of pleasure at the raising of the exemption, my profound hope that your Government will find it possible to maintain the rate of pay-roll tax certainly at no higher a figure than at present applies.

In other words, that we are not going to impose some form of surcharge on pay-roll tax. I can understand the concern of the chamber at that and that is certainly not our intention.

I put in that letter to indicate that industry well understands what we have done—that we have advanced and gone beyond the election promises and that we intend to fulfil our promises. I would have thought that that indicates clearly our intention to move rapidly and immediately, whatever the financial consequences—whether it is \$500 000 or \$2 000 000. That is less relevant than the fact that we are prepared to move immediately to retain that competitive position and the groundwork is laid for us to begin the implementation of our programme of pay-roll tax remission as promised when the legislation is drawn up and things can be set in place. I suspect that there has been a failure on the part of the Opposition to understand what we are doing. I hope that it has been suitably enlightened and will ensure the hasty passage of this legislation.

Bill read a second time.

In Committee.

Clauses 1 and 2 passed.

Clause 3—'Deductions from taxable wages.'

Mr OLSEN: I move:

Page 1, lines 24 and 25—Leave out 'eleven thousand six hundred and sixty-six dollars' and insert 'thirteen thousand three hundred and thirty-three dollars'.

Clause 3 alters the money amount. The intent of the amendment is quite clear. It is to bring into line that to which I referred in my second reading speech. It will bring the level across the board to \$160 000.

The Premier has referred to a letter from the chamber. Of course the chamber will support any actions that remove an impost and a cost to its members. It would be unrealistic not to say that. We will be supporting the \$140 000 level if the Government does not accept our amendments lifting it to \$160 000. What we clearly point out to the Parliament and the people of South Australia, however, is that the Government made an initial commitment and gave an undertaking involving \$160 000.

This Bill reneges on that undertaking, and all the fancy footwork in the world and all the playing on words will not alter that fact. It is quite clear, and it is quite concise. What the Treasurer has said does not alter that fact at all. The Government made an initial commitment and gave a clear undertaking that at the first opportunity it would be introducing a measure to fix \$160 000 as the exemption level on pay-roll tax, and that is not achieved with this legislation. It is an election promise that has not been honoured. To try to manoeuvre the words around and suggest that the Government is going ahead of its promise is just incredible; the argument has no basis to it at all. I ask the Committee to support the amendment.

The Hon. D.C. BROWN: I support the amendment. There is no doubt that the Premier made an election promise and that he must now be held to that promise. This amendment ensures that he does, and that is why I fully support it. The Premier suggested that the costing had been done in the hurry and scurry of an election campaign. In fact, the costing had been done well before the election campaign was even considered or announced. It had been done back in August or September when I asked, through the Department of Trade and Industry, for some details on what the impact would be on the State Budget. I supplied that information to the Premier and Treasurer of the day. He and I considered that information and looked at a number of different proposals.

The costing prepared then by the Treasury of \$2 000 000 to \$2 500 000 for a full year to lift the level to \$160 000 was, I believe, a well considered and well researched costing. In the Premier's second reading explanation he suggests that his proposal will cost \$2 000 000 in a full year. Of course, it will not be for a full year: it will be for only six months in this financial year, so the Premier should at least be more

honest and point out that the costing for this financial year will be only \$1 000 000. I still contend that our costings were accurate. In fact, I have faith in these costings, because I was in Government at the time, and I know the extent to which they were discussed with Treasury and accurate figures produced. I still uphold the point that I believe that the real cost of this proposal to the taxpayers or to public revenue will be approximately \$500 000 at best, and it could even be less than that.

I think that the Premier should look at what he said was a generous gesture to stimulate employment in that light. Having made that point, and even if it was \$1 000 000 in the next six months, I believe that we should look at it in that context. The Premier says that he is making this very generous contribution to bolster employment in South Australia. Whether it is \$500 000 or \$1 000 000 in the next six months, it will go nowhere towards creating jobs or saving the jobs that he was talking about earlier. If the Premier is to make any significant contribution to employment in this State, one would expect him to at least lift that exemption level by a further \$20 000 to \$160 000, being fully aware that since the Liberal Party made its calculations the economy has turned down considerably further. That has occurred since the election. I am not suggesting that it is due to the Government, but the economy has turned down considerably further in the past few weeks. Therefore, I believe that if the Liberal Party had been in Government it would have even reassessed its policy on pay-roll tax, realising that some incentive to stimulate employment was necessary and that the most generous way of doing that would be to lift the pay-roll tax exemption level. To now less than halve what was promised prior to the election and to now turn around and claim that he is doing it as a means of stimulating employment is indeed a very hollow claim for the Premier to make. I think it is unfortunate that he has not been more realistic, and particularly more honest with himself and the public of this State, in putting forward this proposal. I think that it is a very cheap and in every sense a political gimmick to say that he has lifted the pay-roll tax exemption level, when he has gone for the absolute minimum that anyone could go for and still hold up any public face at all. Frankly, it is not far enough.

The Hon. J.C. BANNON: The Government will not accept the amendment, for reasons that are quite apparent from the second reading explanation.

Mr Ashenden interjecting:

The Hon. J.C. BANNON: Even in Opposition you do have some rights to speak.

The CHAIRMAN: The honourable member for Todd.

Mr ASHENDEN: Thank you, Mr Chairman. I stand to be corrected, but I thought that the first member to his feet—

The CHAIRMAN: Order! The Chair will call the member who is seen.

Mr ASHENDEN: I support the amendment, and in doing so I would like the Premier to say how he can reconcile his statements made here today with those which were made in the District of Todd prior to the election held on 6 November. Literature was distributed in Todd which stated quite categorically that, if a Labor Government was elected, immediately \$160 000 would become the limit at which pay-roll tax exemption would be provided. There are 420 small businesses in my district, and I believe that an approach was made to most if not all of them by the Leader, my opponent or members of the Labor Party and that statements were made, both in a pamphlet handed out by the Labor Party and at meetings in my electorate prior to the election, stating this.

I believe that every one of those small business men in Todd (420 of them), who felt that perhaps if Labor was

elected they would be provided with the type of exemption which the Leader's amendment attempts to ensure, had every right to expect that that would be the case. They are now, of course, not going to have that promise met. I would like the Leader to say how he can possibly reconcile opposition to the Leader's amendment, considering the statements in Todd prior to the election.

The Hon. J.C. BANNON: For reasons outlined in the second reading debate, the Government will not accept the amendment. I find it quite extraordinary to hear the Leader of the Opposition and the member for Davenport, who were members of a Government and a Cabinet that accepted those Budgets which allowed the pay-roll tax competitive exemption level as between Victoria and South Australia to deteriorate so markedly, to stand up four weeks after they have gone out of office and chastise this Government for taking urgent and immediate action to do what they were not prepared to do. I find such hypocrisy quite unacceptable. I certainly do not include the member for Todd in my strictures, because he was not part of the Cabinet that made those decisions. I would hope that what he said in the House today reflects what he was saying vigorously in the Party room during his Party's period in Government. If it does, I believe that he had every right to call the Premier of the day to task for not acting.

I would hope that not all the 420 small businesses are paying pay-roll tax. I would hope that the current exemption levels mean that a number of them are exempt, but this amendment will certainly exempt more of them, and for those who endorsed our policies for small businesses and our pay-roll tax exemption proposals the member for Todd can assure them that those promises will be fulfilled.

There is no doubt about that. They will be fulfilled during the term of this Government, which was the promise that was made. However, in order to give some immediate relief, in order to move immediately in the current crisis, the Government is prepared to undertake the present action. The Government is not making great claims about its having a huge employment effect or whatever. I do not want words of the sort that came from the former Premier to be put into my mouth. I am quite realistic about the scope of the matter. This is something that will be done immediately. The hypocrisy of former Cabinet members in chiding the Government about this is quite extraordinary. I believe that this action will be appreciated. Let us get it through by 1 January. I assure all honourable members that the Government's promise in relation to small business will be kept.

Mr OLSEN: The final comment by the Treasurer does not ring true concerning the action being taken. If the Premier were honouring his election promise, the figure of \$160 000 would be incorporated in the measure before the House, in line with his election policy speech. It is extremely important that small business operators, who employ the majority of the Australians in the work force, have this impost removed at a time when there is very tight liquidity.

There is not only that, but there is a serious downturn in market potential available to them. We should be moving as quickly as possible to remove direct costs on those small business operators. Liquidity in small business is an extremely serious problem. It is that more than anything else that has caused the downturn in employment opportunities in small businesses. The Government could assist small business operators in this area, and it ought to do so in terms of its election promise—not going half-way, but indeed with exactly what was promised during the campaign.

I am disappointed that the Treasurer is not prepared to accept the amendment and that he is not prepared to give consideration to this matter. There is no credible basis for the argument that the Government is moving ahead of its promise, that it is delivering more than was promised during

the campaign. Anyone with an ounce of sense would realise that those words were hollow and without substance.

The Premier referred to the letter from the Chamber of Commerce and Industry wherein it expressed its appreciation that the Government had made a move. Of course it would—when small businesses are in a desperate situation, any move is acceptable. What the Opposition is saying is that the Government should be prepared to stand behind its election promises. That would be appreciated by small business operators and certainly acknowledged by the people of South Australia. I believe that the Government has a basic duty to stand up to its promise of lifting the level to \$160 000.

Mr EVANS: I am amazed that the Premier remains seated, not wishing to answer the comment just made by the Leader. The Premier has attempted to reflect on the previous Government. However, that is not a matter before us for debate now. Before the election, the Labor Party promised that the limit would be lifted to \$160 000.

The people of South Australia supported the Labor Party, which attained office by a small margin. That support was gained by promises made concerning policies that would be implemented and put into practice. The Premier knows that it is the credibility of his Party that is to be tested now as well as his credibility as a person concerning whether he can keep a promise or not. It was a promise made in an attempt to woo small business and to convince other sections of the community that there was benefit in increasing business confidence by giving small business this extra leeway, and the opportunity to make a profit and to compete with competitors in other States and in other parts of the world. The Premier knows that that was part of the core of the attitude in trying to win an election, and in all probability it contributed in part to his Party's success. We are not here to judge what has happened in the past. A promise was made that, on coming into Government, the Labor Party would implement a limit of \$160 000.

The Hon. J.C. Bannon: And we will.

Mr EVANS: It was going to be an initial action, not something to be done in the future. The opportunity to do so is now available as the Bill is before the House. There is an opportunity to accept the Opposition's amendment to make the limit \$160 000. I do not believe that the image that the Premier has displayed in the past of being a quiet and honest sort of person stands: I believe he is sly and deceitful in the approach he made to gain votes. I ask the Premier to rethink the Government's position and accept the amendment.

The Hon. B.C. EASTICK: Quite obviously the indication given in His Excellency's Speech yesterday that there would be a number of amendments to the Pay-roll Tax Act was meant to imply that there need be a number of amendments to that Act. So, the Government is going to fail, on the very first occasion, to meet its obligations. The Government will create a degree of confusion amongst those in the business world by having a series of alterations, all of which will be costly in the sense of new forms of application by the personnel involved in getting to grips with the particular sums applicable today, tomorrow or next week. Business people of South Australia will be aware from the very first legislative action of the Government that it thinks more of meeting its commitments to its supporters, SAIT and the Public Service Association, than in meeting its obligation to the community of South Australia. I refer to sectional interests: there is no other explanation for it.

The Premier or his Ministers have already made announcements that have indicated the largess handed out by the Government, taxpayers' money, to a group of people who bought the Government's position on the Treasury benches. The figures apparent from the assessment and the

analysis of the recent election clearly indicate that there was not a great deal in the result. The Government sought to buy its way to where it is, but has backed-off on vital issues other than those made to its particular friends, namely, those who run SAIT and those who run the Public Service Association. I am disgusted that the very first legislative action by the Government is one that is so partisan and one which will be seen by the public to be partisan, one which will yet come home to roost so far as the Government is concerned.

Mr BLACKER: I support the amendment put by the Leader of the Opposition. I do so as a matter of consistency. Some seven or eight months ago, when an amendment to the Pay-roll Tax Act was before the House, there was a lengthy debate. On that occasion I supported the Opposition on the basis that the very reason for the amendment was that the Opposition was critical of the Government of the day for failing to live up to an election promise. We now have a similar debate but the roles are reversed, and we are in a position of finding that the Government is not prepared to carry through its election promises. On the previous occasion, some two or 2½ years had elapsed during the intervening period. On this occasion, the first matter to come before the House concerns the pay-roll tax issue, and needless to say any relief would be welcome. No-one is decrying that. The fact that employers who have been operating for the first part of the year and who would have come within the tax level will now be exempted for the remainder of the year is welcome.

I do not think that there is any doubt about that. The undertaking was given that it would be an exemption level of \$160 000. I believe that that is the level that many small businesses in particular expected that they would receive on the election of a Labor Government. That has not occurred. People would have been influenced by that promise, but on this occasion it has not been honoured. I find myself having to support the Leader of the Opposition in this matter.

The Hon. J.C. BANNON: I think the member for Flinders deserves a response. I am sorry that he sees it that way, because I would have thought that my Government's policy was quite clear and that he could understand that we are now moving immediately, six months ahead of time, in order to provide at least some relief. I admit that it is not \$160 000, because in the current financial year we have budgetary constraints that would make that impossible. I assure the member for Flinders, and I hope that he assures his constituents in the business community within his electorate, that the Government will honour its election promise. I put that on the record.

In relation to the contributions by the members for Fisher and Light, I do not think that it does those gentlemen very much credit to use the sort of language they did, and for the member for Fisher to talk about deceit, and so on, and cast personal aspersions.

Mr Evans: I did not.

The Hon. J.C. BANNON: No, but it was used personally. If the member is attacking the Government I will accept it, but if he is doing it personally, that is fine, that is his opinion and I cannot alter that. In relation to the member for Light, I found his remarks particularly and singularly inappropriate for an honourable member who served in the Speakership with such distinction in the last Parliament. I believe that he occupied the seat in a very fair and constructive way, and I am happy to pay a tribute to him. However, to talk in one of his first contributions during debate in this Chamber about a Government's buying its way into office and being representative of sectional interests not only is an insult to my Government and my Party so soon in its term of office (and it is only his opinion), but more gravely it is an insult to the electors of South Australia who made

the choice. Whether or not their choice was correct will be judged on the record of this Government after it has had three years of office and the time to implement its programme. As I said, to talk about the Government buying its way into office and using the language he did, I find very much at odds with the role that he played as Speaker of this House and I think that it is a great pity.

The Hon. B.C. EASTICK: I hope that in any further contributions by the Premier to this or any other debate that he will not try to tie the Chair into the debate. What a member has been previously or what part a member has played previously when contributing in this House, particularly in its highest office, is, I believe, quite out of order in the manner in which the Premier has just sought to utilise. The Premier can have his opinion as to whether the words I used were rough, whether they were factual, whether they were derogatory of the Government or whether they were demeaning of me. The Premier should know that the feeling abroad already is, with the undue haste in which his Government sought to pay off its friends, that it is sectionally based and sectionally interested.

The CHAIRMAN: Order! I point out to the honourable member for Light that I have allowed this debate to proceed in this direction, but I doubt whether he is linking his remarks with the clause before the Chair.

The Hon. B.C. EASTICK: I am happy to point out that the link is quite simple. The link is that here we have an opportunity to make a provision for the greater community of South Australia, particularly those who are in business and who are providing employment or would seek to provide additional employment, but the Government has backed off very smartly. I ask the Premier where in his policy statement in relation to this issue did he qualify it by saying that his first action would not be to take the exemption level to \$160 000. The Premier, as Leader of the Opposition, told the people of this State that there would be an increase to \$160 000. The Premier has not demonstrated and I have not read anywhere that the exemption level would be implemented on a bit-by-bit basis.

There was a clear indication meant and left with the public that the exemption level would be \$160 000 from the outset. If the Premier can show me where he indicated that it would be implemented in stages I will be quite happy to stand up in this Chamber and withdraw the remarks I made a short time ago. There was no indication at all that it would be implemented on a bit-by-bit basis; it was to be on a one-figure basis of \$160 000. That was the figure promoted to the public of this State, and there was no in between. We are seeing a complete dodge by the present Government. I do not retract the statements that I made earlier, because I believe that they are factual and cannot be disputed by the Premier or any of his colleagues.

Mr OLSEN: I think it is disappointing that in his last contribution the Premier and Treasurer did not seek to debate the specific points in relation to pay-roll tax and the basis of the speeches given by the last three speakers on this side but rather raised other issues to cloud that which is before us today. I think that is extremely disappointing. Obviously, it means that the Premier is ducking for cover on this issue because he knows that we will not buy the charade that has been put to us today. The Premier's argument is not credible and, what is more, he knows it.

It relates to another area that I will use as an example. I refer to the tourism portfolio, which was going to be something that the tourist industry could look forward to as a single entity; a Minister of Tourism who would not have another portfolio tacked on. When the Ministerial list was released the Premier had put the Minister of Tourism first and then listed the Chief Secretary portfolio afterwards. The Premier then had the audacity to say that tourism was the

first priority and that it was not an annexure to any other portfolio area. In fact, it amounted to deception in words—

An honourable member: An appendage.

Mr OLSEN: An appendage, yes. It is a deception in words that is being continued in the Bill before the Committee.

The Committee divided on the amendment:

Ayes (21)—Mrs Adamson, Messrs Allison, P.B. Arnold, Ashenden, Baker, Becker, Blacker, D.C. Brown, Chapman, Eastick, Evans, Goldsworthy, Gunn, Lewis, Mathwin, Meier, Olsen (teller), Oswald, Tonkin, Wilson, and Wotton.

Noes (23)—Mr Abbott, Mrs Appleby, Messrs L.M.F. Arnold, Bannon (teller), Duncan, Ferguson, Gregory, Groom, Hamilton, Hemmings, Hopgood, Keneally, Klunder, Ms Lenehan, Messrs McRae, Mayes, Payne, Peterson, Plunkett, Slater, Trainer, Whitten, and Wright.

Pair—Aye—Mr Rodda. No—Mr Crafter.

Majority of 2 for the Noes.

Amendment thus negated; clause passed.

Clause 4—'Definitions of terms used in sections 13a, 13b and 13c.'

Mr OLSEN: I will treat the last division as a test clause for those amendments I have put forward. I do not intend to put any further amendments or call any further divisions under this measure and will facilitate its proceeding to the other place so that at least some relief can be given to the business community, albeit that we are extremely disappointed that the Committee has not agreed to the amendment.

The Hon. D.C. BROWN: From what date will the \$160 000 exemption apply; from what date will the indexation take place; when will it become effective and what will be the base exemption level when it becomes effective; and will the Treasurer undertake to lift the base exemption level that applies to all companies irrespective of the size of their pay-roll tax payments from \$37 800 and also to index it once the base exemption level has been lifted? I would like specific answers to those three questions.

The Hon. J.C. BANNON: As I indicated in the debate, we are preparing legislation in terms of the election policy which I announced and which involves a number of aspects of pay-roll tax, including indexation and the \$160 000 level, and when legislation comes before the House the answers will be there for the honourable member.

The Hon. D.C. BROWN: Frankly, that is not good enough. The Premier made an election promise. He has claimed that this is an additional part of the election promise. I want to know when he will carry out that election promise. After all, he gave the promise, he made the commitment publicly in his election speech. I think it is only fair and reasonable that we find out when that election promise is to be carried out. Is he now backing entirely away from every statement made during that election speech?

The Hon. J.C. BANNON: No, we are not backing entirely away, and the honourable member's questions will be answered in due course.

Clause passed.

Remaining clauses (5 and 6) and title passed.

Bill read a third time and passed.

The Hon. J.C. BANNON (Premier and Treasurer): I move:

That the time for moving the adjournment of the House be extended beyond 5 p.m.

Motion carried.

STAMP DUTIES ACT AMENDMENT BILL (No. 3)

Adjourned debate on second reading.
(Continued from 8 December. Page 28.)

Mr OLSEN (Leader of the Opposition): I compliment the Government for again following a policy which had already been promised by the Liberal Party. There are several aspects of the Bill which are grounds for some genuine concern. However, I want to give notice that, if necessary, we will support the Bill in its present form through this House, but reserve the right to make some amendments in the Legislative Council. That would not alter the thrust of the Bill but would change what I can only hope are some possible areas of weakness in the draft. I will deal in greater detail with those aspects in a moment. Preliminary legal advice indicates that the full ramifications are not necessarily completely explained in the second reading speech.

One of the major elements of the Bill before the House is the raising of the existing exemption of stamp duty on the principal place of residence from \$30 000 to \$40 000. This action meets an election commitment of the Labor Party, unlike its pay-roll tax amendments, and the Government has fulfilled its obligation to the electorate.

It was a measure first promised by the Liberal Government and copied by Labor. This technique of 'me-too' and more became a feature of the 1982 election. I was surprised to hear the Premier say yesterday that he was under the impression that there was money available in Treasury because of the promises that the previous Government had made before the election. Our promises were modest yet, in so many cases (and this is merely another example), the Labor Party simply copied initiatives we promised to take. Labor's mistake was that it made so many additional promises it now appears to find impossible (as in pay-roll tax) to finance.

I will not go into the obvious benefits of the stamp duty exemptions. They were amply explained when the original exemption measure was introduced by the previous Premier in October 1979. In simple terms the increased exemption level will provide an incentive to home buyers and give them genuine and realistic financial assistance in difficult economic times. It will also provide much needed stimulation to the building industry.

These points clearly have been recognised by the Government, although in 1979 the Premier, as Opposition Leader, doubted whether 'even a measure such as this would have any effect in stimulating the industry'. The Labor spokesman on housing at the time (I refer to the current Minister for Recreation and Sport and Water Resources) was even more forceful. He said, in 1979:

I support the Bill, even though I believe the remission of stamp duty will only very marginally assist people purchasing their first home. However, I still believe that it will do little or nothing to stimulate the building industry in this State. It will very marginally affect the building industry; it is a mild palliative rather than a cure for the ills of the building industry in this State.

It is pleasing that, since the exemptions were introduced in 1979, the Labor Party has appreciated the benefit of this measure and is now moving to increase the exemption levels. Already well over 23 000 people have benefited from these measures in the past three years—a record which speaks for itself.

I turn now to other aspects of the Bill which I mentioned earlier. Let me emphasise that I have no wish to delay the passage of this Bill, and can understand the Government's desire to have the exemptions increased as soon as possible. We want to facilitate that. The Government has indicated its determination to press ahead as quickly as possible, and I respect this aim. Given the limited time for examination of a complex Bill we have not been able to draft amendments, if any were necessary (I emphasise that), or assess the full ramifications of some sections. If necessary, we will move those amendments in another place.

It is true that a similar Bill was drafted by the previous Government. That does not alter the concern that I now have, or allow the automatic passage of the measure in Parliament. While I support the Government's intention to have provisions relating to stamp duty on home purchase operating from 1 December, I seek an assurance that other more complex aspects do not become operational on the same date.

I would like to have further time to examine the implications of clause 10 because this provision is too wide. First, it is not subject to exemptions given in other sections of the Act. For example, section 71 (5) (j) deems a transfer to a natural person who is the object of a discretionary trust of property subject to the trust where the trust was created for his benefit not to operate as a voluntary disposition *inter vivos*. The transfer is therefore not stampable with *ad valorem* duty. If the property transferred is subject to a liability the proposed section 67 will deem the transfer a conveyance on sale and render the transfer liable for *ad valorem* duty on the amount of the liability. A beneficiary wishing to gain exemption would, under these circumstances, have to arrange for a trustee to at least temporarily discharge the liability whilst the property is transferred to the beneficiary.

Another point in regard to liability is that proposed new section 60a refers to encumbrances, rather than liabilities, and excludes prescribed encumbrances. Is property subject to a liability in the case, for example, of unpaid land tax? In clause 12 the original subsection (8) was aimed at transfers of a potential beneficial interest in a discretionary trust. The appointment of additional beneficiaries of a discretionary trust was not covered, because generally the trustee who made such appointment (the transferor) could not benefit under the discretionary trust.

This was not an avoidance of duty because, for the additional beneficiary to benefit, property would have to be vested in him and he would be liable to duty at that time (unless exempt). The amendment will include such appointments of additional beneficiaries, but in so doing departs from the original purpose of the section.

These are three areas which have given me some concern in the short time the Opposition has had to examine the Bill. It may well be that in a closer examination of the Bill by the Parliament my fears will be shown to be without foundation. I repeat that I support the Government's desire to have the stamp duties exemptions increased as soon as possible but, if a closer examination of the Bill reveals genuine weaknesses, the Liberal Party reserves the right to move amendments in another place to rectify this position.

Mr EVANS (Fisher): I am concerned about a matter that involves the exemption of stamp duty on first homes. The Premier may be able to give only a 'Yes' or 'No' answer or to say whether he is prepared to consider the matter. One of the injustices of this measure (which I first promoted, although it took a long while before Governments would accept it) is that the measure would apply only to first home buyers. These amendments have not considered the person who sets out to buy a block of land and who subsequently builds on it.

Very seldom is the piece of land of any great value as compared to \$40 000: it may be \$7 000, \$8 000, \$10 000 or \$12 000. I believe that the first block of land, or the first piece of real estate that a person buys for housing purposes, should be exempt from stamp duty up to a figure that is perhaps less than \$40 000, where a vacant piece of land has no house on it. If we moved in this direction (and I ask the Premier to consider this), we would encourage people to buy vacant land, which would thereby stimulate the building industry.

Several people have approached me saying that they have been unjustly treated because they are granted no exemption when they build a home of their design on a vacant piece of land. In the end result, we would not pay out as much money for people to achieve their own home, because the first property, perhaps a block of land, as it is in most cases (and we could regulate a cut-off point up to \$40 000), would be exempt from stamp duty. We would be helping more people, as well as the building industry. I took up this matter previously in a very indirect way, but now that the matter is once again before the House, will the Premier consider my suggestion for the future?

The Hon. M.M. WILSON (Torrens): I have been approached by constituents, members of whose family live in the principal place of residence, although the family is designated as a private company. I understand that under the present legislation those people are not allowed exemptions. Will the Premier consider this matter? I undertake to send him further documentation, and I am sure that my constituents would be extremely pleased to obtain an answer.

Mr GUNN (Eyre): This debate gives me the opportunity to bring to the attention of the Premier a problem faced by constituents in my district. I have been approached by a group of schoolteachers and by the manager of a station. They do not actually own any houses themselves but they have purchased properties so that they can have a roof over their own heads because they are concerned that costs will escalate and they believe that they ought to have some form of security if they need a home in an emergency or when it comes to the time of the year when they want to go on holidays they can get away to their own property. One person purchased a home unit and the other person was going to buy a small house.

However, my understanding of the wording of the Act is that they do not qualify for the concessions because, unfortunately, such purchases are not regarded as principal homes. However, it is the only property that they actually own and, therefore, I am quite confident that both the parties concerned would be prepared to give a statutory undertaking to the effect that they would not be capitalising on these properties. I also point out that one particular schoolteacher has worked in isolated communities for eight or nine years and there is no way that that person could have purchased a house in those areas even if that person had wanted to. These people believe that they have been discriminated against, yet it is difficult enough to get good people to go into these areas. Therefore, I believe that in both cases action should be taken, in particular with the person who is the manager of the station. He is a most capable person, the sort of person we want in such areas to manage properties. He has a great deal of skill but there is no way that he could build his own home on the property. Therefore, I raise these matters to bring them to the attention of the Premier. I am not criticising the Premier, because this matter has been going on for some months. I had directed the matter to his attention recently, but I was wondering whether there was anything that could be done for these people because I believe that there is an anomaly. I realise that the Government has to be careful not to open the gate and let people use the provision to make a quick dollar. In both the cases that I am directing to the Premier, I can assure him that that is not the case.

The Hon. J.C. BANNON (Premier and Treasurer): I will respond to the members for Fisher, Torrens and Eyre and I will certainly look into the matters they have raised. I understand that these are not new matters. I realise that the problems have been raised in the past and looked at, but I

do not think that there is any harm in looking at them afresh because circumstances do change. I certainly undertake to do that. I would appreciate receiving further details from the member for Torrens on the question he raised. The member for Eyre suggests that he has already put in the matter but if he could submit further details I would certainly look at them.

Referring to the matter raised by the member for Fisher, he is probably aware but did not mention that in fact the Act can apply to the purchase of blocks if there is a contract to build and there are certain time restrictions set on them. This does not include that situation entirely but there has got to be a commitment to build within a certain period of time. I simply say that one must remember that there is that particular option. True; it is limited. The Government has to be careful when changing eligibility in some of these areas that it does not open the flood gates or in fact create opportunities for avoidance, which would be undesirable. The problem of avoidance is always with us. A number of the clauses of this Bill point out quite graphically how schemes can be devised for avoidance. While the closing of those loopholes may seem to penalise people who are acting in all good faith, nonetheless they get to be more of a worry in this field.

In relation to those clauses, and as referred to by the Leader, if further amendments are to be looked at in the Legislative Council context and in another place, that is obviously for the Opposition. I hope that the passing of the Bill is not impeded, first for the immediate benefit that will be conferred by the raising of the exemption levels and, secondly, in relation to the avoidance provisions which had been identified by the previous Government and the fact that now the method of closing those loopholes has been signalled in the Bill. The sooner the closure of those loopholes is given effect to the better.

Obviously, there may be some people who follow these things closely and who will immediately try to take advantage of it in the short period between the passing of the Bill and its proclamation. On that score, while the Government intends the exemption to apply from 1 December, it is intended to have the avoidance clauses operating from the date of proclamation. Therefore, the shorter the time between the Bill's introduction and its proclamation the better. I ask the Opposition to bear that in mind when it considers this matter.

Regarding the contribution of the Leader of the Opposition, I do not deny that the action taken in 1979 provided a financial benefit to some people. Obviously, the Government's response in this Bill has indicated that it does see some benefit in it. The Bill has had a marginal effect. The facts are that what was said in 1979 by the member for Gilles, as he then was, was correct, because the experience has been that post-1979, despite this particular measure, home building, particularly in the private sector, slumped quite alarmingly and is still in a major trough.

So, there is no way that this amendment in 1979-80 to the Stamp Duties Act promoted a recovery or revival of the building industry. One has to recognise the marginal nature of some of these moves. Certainly, it will provide relief and in this case it is important, first, to move quickly in respect to the advantage to be given, as some people will be hanging back on a purchase in anticipation of this occurring and, secondly, to close those loopholes quickly, as they have been signalled and identified by the former Government.

Bill read a second time and taken through its remaining stages.

SAVINGS BANK OF SOUTH AUSTRALIA ACT AMENDMENT BILL

Adjourned debate on second reading.

(Continued from 8 December. Page 29.)

Mr OLSEN (Leader of the Opposition): It is not my intention to delay the proceedings of the House. As was acknowledged by the Premier when introducing the measure yesterday, the Bill before the House is an initiative of the Tonkin Liberal Government. I would like to commend the former Treasurer for his diligence in working for some time to establish this as a clear initiative—another run on the board for the three years of the Tonkin Government. There is no doubt that it will be an initiative that will have quite far-reaching benefits to the South Australian community through the financial impetus that it will have in South Australia.

I think it is an important initiative, particularly at a time when there have been financial constraints across Australia. Unfortunately, South Australia was not sharing as much as it should have been. This initiative redresses some of that imbalance and brings us into the league of the other States of Australia. The initiative commenced by the former Treasurer and his Government was supported and negotiations were continued by the former Minister of Industrial Affairs, who was overseas at the time. I understand that he extended his trip and went to Paris for discussions with the consortium concerning bringing this initiative to fruition. I believe that he is to be commended for his endeavours and for the successful way they were concluded which enabled the former Government to establish a deed with the various parties to the agreement pending such time as we were able to put the matter before the House and have those arrangements ratified by Parliament. I commend the matter to the House. I believe that it is a first class initiative that will benefit South Australia. That is extremely important, and the Opposition certainly wants to facilitate its passage and its establishment on the Statute Book.

The Hon. J.C. BANNON (Premier and Treasurer): I thank the Leader for the co-operation of the Opposition in the passage of this measure, because it will secure the negotiations that have occurred and will ensure that, all going well in another place, with the same attitude prevailing, the legislation will be in place before the formal establishment in March next year. I think that is a good position to be in. I acknowledge the role played by those in the previous Government, and in particular the activities of the former Minister of Industrial Affairs, the member for Davenport.

He certainly does deserve congratulation on the negotiations that he conducted and the role that he played in helping to secure this initiative. The establishment of a merchant bank, as I explained in the second reading explanation, is something that has been approached on a bipartisan basis, and I hope that that will continue to be so. The only thing that a new Government coming in may wish to do in respect of the arrangements set in place would be, perhaps, to review them, look at the partners involved, and so on. I was certainly satisfied on doing that that negotiations had been conducted satisfactorily and that the transactions were on a sound footing and worthy of support. Hence the introduction of this legislation. Again, I thank the Opposition for helping to secure its passage.

Bill read a second time and taken through its remaining stages.

DOG FENCE ACT AMENDMENT BILL

Adjourned debate on second reading.
(Continued from 8 December. Page 33.)

The Hon. P.B. ARNOLD (Chaffey): Following numerous discussions that I have had with members of the United Farmers and Stockowners Association and also, in particular, with members of the Dog Fence Board, in 1980 I took an extensive trip through the Far North of South Australia for the purpose of looking at the condition of the dog fence. The dog fence is of significant importance to the sheep industry in South Australia and, without the protection of that barrier, quite obviously the land available for sheep production in South Australia will continue to diminish. Over the years, the area available in South Australia for sheep production has been diminishing as a result of the presence of wild dogs in the North of the State.

The visit was to look closely at the deteriorating condition of the dog fence and to determine what action should be taken to come to grips with the problem. The board and the United Farmers and Stockowners Association were of the view that there should be a better means of funding the dog fence. We looked at ways of trying to raise a levy on the wool industry as a whole in South Australia. That was certainly acceptable to the industry but it was unconstitutional and could not be proceeded with. That would have enabled us to raise significantly more funds and to increase the financial input into the dog fence and significantly upgrade it so that it was a genuine and permanent barrier for dogs.

As I have said, unfortunately we were unable to proceed in that way because it was unconstitutional to do so. As an interim measure (I regard it as an interim measure), it was agreed that we would increase the rate payable on the rated area in relation to the sheep industry. I formally introduced this measure into the last Parliament. It is identical to the Bill that I introduced and, therefore, the Opposition totally supports this measure.

It is important that this measure passes the House quickly to enable the increase to come into effect. It is the intention

of the board to recommend to the Minister that it be significantly increased from the 29 per cent that has been prevailing until this time. We have included a measure that will require the rate recommended by the board to be approved by the Minister. Honourable members will recognise that there is a matching contribution from the Government. Without the Minister's having the power to give approval to the rate recommended by the board it could have a tight and significant effect on the budgetary situation for the Government of the day. I fully support this measure, which is totally supported by members of the Opposition.

Bill read a second time and taken through its remaining stages.

**SELECT COMMITTEE ON LOCAL GOVERNMENT
BOUNDARIES OF THE DISTRICT COUNCILS OF
BALAKLAVA, OWEN AND PORT WAKEFIELD**

The Legislative Council intimated that it agreed to the request contained in the House of Assembly message, the evidence in question having been duly tabled this day.

**JOINT COMMITTEE ON SUBORDINATE
LEGISLATION**

The Legislative Council notified its appointment of members to the committee.

JOINT HOUSE COMMITTEE

The Legislative Council notified its appointment of members to the committee.

ADJOURNMENT

At 5.17 p.m. the House adjourned until Tuesday 14 December at 2 p.m.