

HOUSE OF ASSEMBLY

Tuesday 16 October 1990

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

PETITION: MOUNT LOFTY RANGES

A petition signed by 50 residents of South Australia praying that the House urge the Government to limit the prohibitions on development in the Mount Lofty Ranges as ordered by the interim supplementary plan was presented by the Hon. E.R. Goldsworthy.

Petition received.

PETITION: BLOOD ALCOHOL LIMIT

A petition signed by 256 residents of South Australia praying that the House urge the Government not to reduce the blood alcohol concentration limit for fully licensed drivers was presented by Mr Gunn.

Petition received.

QUESTION

The **SPEAKER**: I direct that the following written answer to question No. 75 on the Notice Paper be distributed and printed in *Hansard*.

AUDITOR-GENERAL'S REPORT

75. **Mr D.S. BAKER (Leader of the Opposition)**, on notice, asked the Treasurer: Will the Government implement the suggestion in the 1989 Auditor-General's Report (p. iii) to include in the budget documents two-year forecasts of the effects of each new major recurrent revenue and expenditure initiative and, if so, when and, if not, why not?

The **Hon. J.C. BANNON**: A response to a similar question in the Estimates Committee was provided on 11 September 1990. At that time it was pointed out that aspects of budget presentation do vary from year to year, consistent with the requirements of each budget. It was further pointed out that the emphasis on expenditure restraint in the 1990-91 budget meant that there was no necessity for a consolidated list of the current and full year costs of new initiatives. Such a list had been included in the budget papers for the previous year as was appropriate in the context of that budget and as will occur as considered appropriate by the Government in future budgets.

The benefits of two-year forecasts of the 'effects of each new major recurrent revenue and expenditure initiative' as canvassed in the honourable member's question are not readily apparent. The estimated full year effect of recurrent revenue and expenditure initiatives does represent the best figures available at the time for the additional revenue from, and additional cost of, each new initiative in each subsequent year. That is, there would be no reason for the forecast of the full year effects in the second of two years to vary from that in the first full year.

PAPERS TABLED

The following papers were laid on the table:

By the Premier (Hon. J.C. Bannon)—

Department of the Premier and Cabinet—Report 1989-90.

By the Treasurer (Hon. J.C. Bannon)—

Lotteries Commission of South Australia—Report, 1989-90.

By the Minister for the Aged (Hon. D.J. Hopgood)—

Office of the Commissioner for the Ageing—Report 1989-90.

By the Minister of Industry, Trade and Technology (Hon. Lynn Arnold)—

Small Business Corporation of South Australia—Report 1989-90.

By the Minister of Agriculture (Hon. Lynn Arnold)—

Soil Conservation Council—Report, 15 March 1990-30 June 1990.

By the Minister of Fisheries (Hon. Lynn Arnold)—

Fisheries Act 1982—Regulations—Recreational Net and Pot Fees.

By the Minister of Education (Hon. G.J. Crafter)—

Fair Trading Act 1987—Regulation—Retirement Villages.

By the Minister of Housing and Construction (Hon. M.K. Mayes)—

State Services—Annual Report, 1989-90.

By the Minister of Housing and Construction, for the Minister for Environment and Planning (Hon. S.M. Lenehan)—

Adelaide Festival Centre Trust—Report, 1989-90.

Carrick Hill Trust—Report, 1989-90.

Department of Environment and Planning—Report, 1989-90.

Parks Community Centre—Report, 1989-90.

Riverland Cultural Trust—Report, 1989-90.

The State Opera of South Australia—Report, 1989-90.

Coast Protection Board—Report, 1988-89.

By the Minister of Housing and Construction, for the Minister of Lands (Hon. S.M. Lenehan)—

Department of Lands—Report, 1989-90.

By the Minister of Forests (Hon. J.H.C. Klunder)—

Woods and Forests Department—Report, 1989-90.

ADELAIDE MAGISTRATES COURT

The **SPEAKER** laid on the table the following report by the Parliamentary Standing Committee on Public Works, together with minutes of evidence:

Redevelopment of the Adelaide Magistrates Court.

Ordered that report be printed.

QUESTION TIME

PAYROLL TAX

Mr D.S. BAKER (Leader of the Opposition): My question is directed to the Premier. Recalling his statement reported in the *News* of 21 January 1980—

Members interjecting:

Mr D.S. BAKER: You might laugh—that he was ready to lead a national campaign to abolish payroll tax, and his Government's submission to the 1985 tax summit that 'the major priority in business taxation reform should be the serious examination of viable options to significantly reduce or phase out payroll tax', does the Premier agree with the weekend suggestion by his friend and colleague, Mr Duncan, MHR, that this 'crazy tax' should now be abolished with the Commonwealth compensating the States for the revenue foregone from its \$8 billion budget surplus? Will the Premier be placing this issue on the agenda for this month's Special Premiers Conference and, if not, how does he now

intend to honour his 10-year promise to have this tax on jobs scrapped?

The Hon. J.C. BANNON: The very fact that payroll tax remains in operation since it was bestowed as some sort of gift to the States by the then Liberal Prime Minister, Bill McMahon, is an indication of just how difficult it has been to find an alternative to that tax. The Leader ought to know the facts of life about this. It is a tax on employment and it is not a tax which, in principle, is desirable. What happened in the early 1970s is that the Federal Liberal Government of the day, in response to the concern of the States about not having any kind of growth tax at their disposal, gave them the power to levy payroll tax in lieu of the Commonwealth's levying it.

All the States undertook it, and at that time common rates were introduced. Over the years of course there have been some differences, which is why, for instance, in South Australia's case, our payroll tax rates have consistently been amongst the lowest in the country. Even after the latest budgetary provisions, they still remain amongst the lowest in the country. That is the basis on which payroll tax is levied at the moment by all the States. The problem is that, first, we raise a bit under 50 per cent of our own source revenue, and for the rest we depend on the Commonwealth. Secondly, if we dissect from our own source revenue the component of payroll tax, members will see that it looms large indeed.

In other words, we are not talking about some peripheral tax that can be simply done away with or compensated for by increases in other areas. In fact, the abolition of payroll tax by any State would be a major step, leaving a gaping hole in their revenue that could not easily be filled. I can see that alternatives could be found, but the net impact of that on the community and on business would be disastrous. It is clear that, if the States are to do something about payroll tax, two things are necessary. First, they must act in concert, because there is no possibility of any one State simply abolishing payroll tax. The most we are able to do is what South Australia has done, that is, to ensure that our rates are lower than those of our immediate competitors in the eastern States on a long-term, consistent basis.

In the whole life of this Government, we have in fact progressively reduced the rate of payroll tax in this State. We have reduced it until this year 1990 when, for the first time, we were forced, among a whole range of very difficult options, to increase it. It was a balancing act. In fact, we could have looked at other things, such as a fuel levy tax, which we rejected.

Therefore, we have cut the rate of payroll tax every year that we have been in office. What has happened in other States? It has gone up. The Hamer Liberal Government in Victoria imposed a special levy on large payrolls in that State and New South Wales followed quickly. Those measures were said to be temporary, but they soon became a permanent feature. We have never gone down that path. Tasmania imposed special levies and rates and increases occurred in other States. South Australia did not do that. So, until this year, we were able to reduce the rate of payroll tax. The increase that we have brought about in this year's payroll tax regimen is one that still keeps us extremely competitive with the other States, and we will ensure that that continues.

Now, I come to the second point, that is, what about trying to abolish it? I have talked about uniform action between the States and I have shown the extent to which we have remained competitive and will do so. The second condition for the abolition of payroll tax would be an appropriate replacement. We cannot make up that revenue

by other means and other taxes. We would have to have at our disposal either some sort of taxing power that could be exercised universally or some greater allocation of funds from the Commonwealth Government. Clearly, in the current climate, the Commonwealth Government is not going to provide us with the funds to replace payroll tax. There is no way that a conservative or a Labor Administration would do that. Therefore, the situation is that, for the moment, we are stuck with this particular tax. I know that the honourable member has suggested alternatives to it; I know he has talked about a State income tax. I suggest that the impact of a State income tax would be far worse on families, citizens and, indeed, businesses in this State than the current payroll tax system, which is competitive and which at least is written into the base.

So, I suggest that one of his proposals is not good enough. Another of the honourable member's suggestions was a general consumption tax, that is, putting a tax on all the goods and services that one buys. That proposal has been adopted by the Federal Liberal Party and has been supported by the State Opposition here. Again, this is a platform that the honourable member is suggesting, that is, in addition to whatever is done at a Federal level, there be a consumption tax in South Australia on all goods and services. Again, I ask: how does that help the situation? How does that help business to increase the cost of all the goods and services? It will mean that in South Australia there will be an extra impost that does not exist in other States. How about that for the community and the people of South Australia?

If the Leader wants to take up this issue constructively, I would be very interested in any view he has. I reject the solutions that he has proposed and I reject any suggestion that the level of payroll tax in South Australia is unreasonable in the national context. Of course, I would like to abolish payroll tax, and I have made frequent representations and have attempted to explore various alternatives. We looked at transaction taxes and other things of that nature. We cannot get general agreement among the States and we cannot get the agreement of the Commonwealth Government. As far as I am concerned, the issue remains on the agenda but, until those two basic questions can be answered, there is nothing that South Australia can do unilaterally, and the Leader of the Opposition is being mischievous and misleading if he attempts to imply that that is so.

SITTINGS AND BUSINESS

The SPEAKER: Order! I draw to the attention of the House the absence of the Minister of Water Resources and Environment and Planning. Any questions normally directed to that Minister will be accepted by the Deputy Premier.

MULTIFUNCTION POLIS

Mr De LAINE (Price): Can the Premier advise the House whether the results of a geologist's report by the Department of Mines and Energy on the Gillman site for the proposed multifunction polis will mean that the site is unsuitable or that there will be a major increase in costs for the project?

The Hon. J.C. BANNON: The answer to that is 'Certainly not.' In fact, to suggest that misses the whole point of the multifunction polis proposal and what we intend to achieve by it in South Australia and in terms of worldwide international implications.

When the joint steering committee of the multifunction polis made its recommendation on the preferred site in July this year, it was aware of the degraded nature of the site. Indeed, members will recall the very publicity that surrounded it—the rather unkind references to the swamp that had been chosen. There is absolutely no problem with that, because the South Australian Government's submission had addressed that environmental issue as being at the core, central, to what we saw the multifunction polis proposal doing. The environmental difficulties presented by the site provide us with an opportunity to develop new ways and means of rehabilitating degraded urban land. We have this problem in common with cities all around the world. Indeed, fortunately for South Australia, it is much less of a problem here than it is in many other parts of the world. It is a matter that needs to be addressed urgently.

Any organisation, instrumentality or institution that can find techniques and ways and means of dealing with this particular problem has in its hands an export commodity which can also vastly benefit the future of urban areas in the rest of the globe. I could draw the analogy of using the necessity to find applications which make things work through, for instance, our dry land farming techniques. South Australia is renowned for the techniques that it has developed. They are an export commodity; they have helped to raise the productivity of a number of areas in other parts of the world. As we develop them further, more steps will be taken in that direction. We made that contribution, because we faced a problem in South Australia which we had to find ways and means of solving. We have gone a long way down the track to solving it and, by so doing, have set an example and given ourselves a marketable commodity for the rest of the world. Similar things can be done for this site. There is nothing secret, surprising or unusual about the nature of the site. I might add that a lot more detailed work needs to be and is being done to see just what the engineering opportunities are.

In the course of preparing our submission, a number of reports have been prepared internally. These represented the intellectual property of the project that we were developing. Those reports included the one which has been publicised—the 1989 Mines and Energy report. They are all part of the detailed study that is taking place at the moment. When all the information is gathered together, when we have those detailed evaluations and assessments, obviously they will be made public, because it is fundamental to the project that they should be. In this respect, the site that we are looking at is similar in some ways to the West Lakes site. There were similar problems. There were not the same pollution degradation problems, but various other problems which have been identified. That did not prevent an extremely successful development being undertaken. The detailed studies, picking up some of this preliminary material, will look at ways and means not only to rehabilitate the site but where we can place certain functions and do certain things. That is fundamental to the way in which the multifunction polis site will be developed.

I remind members that there is a large area of open space, waterways are proposed and there is an urban forest development, all of which can be encompassed within that overall development of the site. These studies are aimed at pinning down and identifying the appropriate areas in which these various things can happen.

One of the things that has been suggested is that this means that the cost of development of the multifunction polis will greatly exceed any return we might get from it. The first point to be made about that is that the detailed feasibility study is addressing just those issues. If, at the

end of the day, that proves to be right—and we have no evidence that it will be—that will have to be taken into account. That particular point, however, is obviously being addressed in the detailed study. I also make the point in relation to cost that, if one chose an alternative site for the multifunction polis in which one assumed that none of those problems was involved, first, the project would have to be redefined, and I am not sure that it would be a good project for South Australia in that context.

Let us say that we wanted to redefine the project and put it in the most salubrious area we could find—down in the Willunga valley or somewhere like that—where you might not have any of these problems; you would then have a major cost factor as, unlike the multifunction polis site at Gillman, you would be a long way away from power, water and other delivery points. Indeed, estimates can be made of the cost of developing land in the outer suburban areas as opposed to developing it in the inner city areas, and there is a very considerable cost discrepancy. While it is conceded that the upgrading of the site and environmental issues that have to be addressed will obviously involve some cost, they are part of the overall project.

Secondly, the links into the city, the fact that we have services available to the site (it is part of the urban infrastructure and not an enclave or separate area), means that all those costs will be greatly reduced. So, there is no shock horror about what has been said. All this has been laid out and is absolutely basic to our concept of the multifunction polis. Once that is understood, one will understand why we see this project as being an extremely exciting opportunity for this State; one we have to grab with both hands and make something of.

AUSTRALIAN ECONOMY

Mr S.J. BAKER (Deputy Leader of the Opposition): Does the Premier agree with the New South Wales Labor Leader, Mr Carr, that Australia is in the midst of its most serious post-war recession; with his friend and colleague, Mr Peter Duncan, that the economy is crashing badly; and with the Chief General Manager of the State Bank, Mr Paddison, that easing of monetary policy had come too late because the economy is 'well and truly in a recession'?

Are the recent and impending job losses in South Australia—including up to 500 last Friday and the September reduction in the State's labour force of 9 200—confirmation of these assessments; and, if the Premier rejects that the economy is now in recession, what are his Government's current projections on South Australian unemployment over the remainder of this financial year?

The Hon. J.C. BANNON: I guess that these questions were all prepared last Friday and that the Opposition has not got around to updating either its material or commentary; nor (because the questions were prepared then) did the Deputy Leader note the statements I made at the weekend, prior to the announcement by the Prime Minister, which, in fact, cover all the issues he has talked about.

SATURDAY BANK TRADING

Mr QUIRKE (Playford): My question is directed to the Minister of Labour. Does the Government intend to allow banks to open on Saturdays, either on a trial basis later this year or permanently as part of mooted legislative changes to retail trading hours?

The Hon. R.J. GREGORY: Some time ago, the State Bank of South Australia approached the Government for a relaxation of banking hours so that it could provide a facility on a Saturday and financial servicing for people who required it. After discussion with the bank unions, the Bankers' Association and the banks, I came to the decision that there would be no amending legislation until such time as the Australian Bank Employees' Union and the Bankers' Association had sorted out the arrangements they were going to make for Saturday trading if and when it was introduced.

One of the problems, indeed, is that interstate a number of the new banks are trading on a Saturday and looking for some appropriate arrangements to regularise that method of trading. There is also competition for the banks in South Australia from the cooperative building societies and credit unions. I understand that, towards the end of this year and early next year, the Bankers' Association and the Australian Bank Employees' Union will be in a position to advise me of their intentions in this matter.

WORKERS COMPENSATION

Mr INGERSON (Bragg): My question is directed to the Premier. Does the Minister of Labour retain his full confidence in administering workers compensation policy in view of the blow-out to \$150 million in WorkCover's unfunded liabilities which have more than doubled since March; the 52 per cent increase in the number of people employed by WorkCover over the past year; and the 25 per cent increase over the past year in the number of public servants receiving workers compensation payments? If the Minister does retain the Premier's confidence, when can the State expect to see a reversal of these trends and an improvement in WorkCover's efficiency?

The Hon. J.C. BANNON: My answer to the question is, 'Yes, the Minister does retain my confidence,' and there is every reason for him to do so. Obviously, the honourable member has forgotten the debate that surrounded the establishment of WorkCover and the basis on which it was established, where it was stressed that, rather than have a Government authority under the specific control and direction of the Minister or incorporated in some departmental structure, WorkCover should be operated by an independent board comprising equal numbers of employee and employer representatives, chaired by a nomination of the Government. That structure was deliberately conceived and was fully debated in this House to ensure that decisions taken in the WorkCover board were based on the needs and the perceptions of the industry that WorkCover sought to serve. The Government has no vested interest in WorkCover; no vested interest at all. WorkCover is something that belongs to industry to deal with those issues.

Now, having said that, I presume that what the honourable member is commenting on specifically is the reports of the actuarial estimate of the unfunded deficit in WorkCover at this moment. I suggest that he read the actuary's report very carefully.

Mr S.J. Baker interjecting:

The Hon. J.C. BANNON: I have looked at the relevant passage, unlike the honourable member, and I would refer him to it and to the statements made on it by the General Manager of WorkCover. While that is an actuarial calculation on the situation as it stands at the moment, it deals extremely conservatively with the outlook and administrative changes that have already taken place in WorkCover, and this is acknowledged in the actuarial report. In the long term, the financial viability of the scheme will rest on the

long-term reviews now in progress, and if in fact they yield the results that so far have been seen (but the sample is not large enough at the moment, which is why the actuary is not prepared to alter a current estimate of the liability) the viability of the scheme will be fully established. I am simply reporting to the House—

Members interjecting:

The SPEAKER: Order!

The Hon. J.C. BANNON: —the findings of the actuary but, again, getting back to the basic point, WorkCover has a charter; it has an Act to administer and it is there to serve industry in this State in the interests of employers and workers. Its board is comprised in that way in order to ensure that it is most sensitive to industry, and it is in the interests of all members of the House that WorkCover succeeds in that brief. If there are any changes to be made, obviously, my colleague will take the advice of the WorkCover board and, if those changes are legislative, he will bring them into Parliament, but at the moment, it is too early to make any predictions about the long-term funding issue of WorkCover.

Mr Ingerson interjecting:

The Hon. J.C. BANNON: Yes; Victoria is mentioned by interjection from the honourable member—

The SPEAKER: The honourable member is out of order.

The Hon. J.C. BANNON: —and I would draw the honourable member's attention to the change that has taken place in the Victorian fund. In no way have we ever reached the sort of problems or dimensions reached in Victoria—nowhere near it. That is well worth remembering. I thank the honourable member for his interjection, which was timely and appropriate as it refers to an example of how quickly these things can be turned around.

BTR NYLEX

Mr ATKINSON (Spence): Will the Minister representing the Minister for Environment and Planning advise whether it is within the Minister's power to force the foundry operated at Bowden by BTR Nylex to leave the area? If so, has the Minister considered exercising that power? Bowden residents living near the BTR Nylex foundry have told me that the foundry emits black mineral dust that gathers in their houses and on their cars, leaving rust spots on metal surfaces. Residents say that if the dust can corrode the bonnets of their cars what might it be doing to their lungs? So far their complaints have been aimed at the Hindmarsh council, which has no jurisdiction in the matter. Residents claim that BTR Nylex is classified as 'special industry' by regulations under the Planning Act, giving it more protection from the planning and environment laws than other foundries.

The Hon. D.J. HOPGOOD: I am advised that the Minister does not have such power. The area in which the foundry is located is zoned for industrial use. Indeed, if the area were to be rezoned tomorrow to residential use, under the existing use provisions of the Planning Act it would still have a perfect right to remain there as an existing non-conforming land use. I am also advised that it is the impression of the Minister's department that, since the introduction of the Clean Air Act, this foundry has made every effort to keep up with advances in technology. Indeed, a very effective working relationship exists between the department and the industry in this respect. I advise the honourable member that perhaps he should tell his constituents to make contact where appropriate with the Department of Environment and Planning to ensure that its

impression as to the facts of the matter accord with the true situation.

I make the further point that a good deal of the success of the inner western suburbs redevelopment has been associated with the repatriation of industry from that area to places such as Regency Park, and Footers is a good example of that. This has always occurred in situations where the industry has been a very willing participant in such repatriation and where indeed the costs of the repatriation were probably less than what was required to re-equip or refit an industry that badly needed refitting. In those cases I understand that the costs have already been met because of the responsible way the industry has tried to keep pace with the technology enjoined upon it not by the Planning Act but by the Clean Air Act. That is the situation as is understood by the Minister's advisers. If that is not the situation as understood by the honourable member or local residents, it is a matter for further discussion.

Mr G. DEMPSEY

Dr ARMITAGE (Adelaide): Will the Premier advise whether the Government has been consulted by the Commonwealth about an extension of the contract of the NCA's presiding member in Adelaide, Mr Gerald Dempsey, which is due to expire in about two months? Will the Government provide any information about Mr Dempsey's future in this position? Is his current illness causing further delays in the completion of the authority's report into matters relating to official corruption referred to the authority in February 1989 by the South Australian Attorney-General; and what is the latest advice the Premier's Office has received about the progress of this report?

The Hon. J.C. BANNON: The honourable member has asked a number of questions, but I will deal with them generally. I am not aware of any recommendations made by the NCA as to a replacement or indeed whether a replacement is warranted. The only official statement I have seen is as follows:

Mr Dempsey is on sick leave. At the moment the date for his return to work is uncertain. In so far as there have been suggestions in the media that he has resigned, these suggestions are not correct.

That is the only information that I have, but certainly I will refer those questions to my colleague the Attorney. In relation to the specific matter to which the honourable member referred, no specific time has been given as to when we might expect a report, but it has been suggested that that inquiry is nearing completion, and I am certainly most anxious that we receive that as soon as possible.

I would be most concerned if changes in personnel or whatever in the NCA office prevented that report being finalised and presented at the earliest possible opportunity. I believe it has really gone on far too long anyway (in terms of the investigation), bearing in mind the considerable resources paid for by this State that reside with the NCA office. I am hopeful that we will get that report shortly.

BACK INJURIES

The Hon. J.P. TRAINER (Walsh): Will the Minister of Occupational Health and Safety advise the House about what action the Government is taking to address the problem of back injuries and other manual handling injuries at work?

The Hon. R.J. GREGORY: I thank the member for Walsh for his question. Yesterday, at Modbury Hospital I launched

the State Government's work safety campaign aimed at tackling a problem that costs South Australia's economy more than \$80 million a year. The manual handling campaign aims to drastically cut the number of back and strain injuries at work in the long term. More than 10 000 South Australian workers receive back and other manual handling injuries at work each year. It is estimated that back injuries cost about \$50 million. The Government's campaign focuses on a new regulation and code of practice on manual handling that will come into effect from 1 January 1991.

We are no longer talking about how workers should be trained to lift or about the weight limits that they can carry. We want all employers, along with their workers, to look at 'designing out' risky manual handling tasks altogether. Our campaign will be coordinated by the South Australian Occupational Health and Safety Commission, with assistance from the Department of Labour and WorkCover. The new code and regulations were developed by the commission—a body made up of business, union and Government representatives—in line with a national code. More than \$500 000 will be spent this financial year on the campaign.

We will hire two trainers to assist employers in training people in how to avoid back injuries in the workplace. We will also hire two manual handling specialists and four additional inspectors in the Department of Labour. They will assist employers in this campaign. It is important that the campaign succeeds because I believe that most workers over the age of 50 years who have worked in industry suffer some form of back disability. If the campaign is successful, we will see a marked reduction in cost to industry and an increase in productivity and, more importantly, we will see a reduction in human suffering.

RURAL ASSISTANCE

Mr MEIER (Goyder): My question is to the Minister of Agriculture.

Members interjecting:

The SPEAKER: Order!

Mr MEIER: How many applications for financial assistance have been made to the Rural Assistance Branch in the past six months; how many have been processed, how many have been approved and will the Minister ensure that response times are accelerated dramatically to overcome financial and emotional strain on already stressed applicants?

I have received a number of representations, which indicate long delays in responding to applications, creating increased hardship. In one case an application for a loan was made in May and, despite the fact that this farmer was told that it would take only six weeks to process, it was four months before he heard that the application had been rejected. At the time of the application, this farm was a viable concern and the farmer could have borrowed through the bank. Now the money is not available through bank sources. While advertisements for these loans are still appearing, contact I have had from potential applicants also indicates the guidelines are so stringent that few can adhere to the criteria.

The Hon. LYNN ARNOLD: I thank the honourable member for his question. It is one that I will certainly have investigated and I will bring back a detailed report about the rate of applications that we are receiving in the Rural Assistance Branch. I would appreciate the honourable member's giving me privately the details of the case concerned, because it may need some further examination. Quite apart from that, if the facts are as stated—that there are, on

average, such long delays in the processing of applications—clearly I am very concerned to hear that. I would want to see that we are looking at what efficiencies we can introduce to ensure that that does not take place as an average case.

Of course, what sometimes happens with a number of applications that do take quite a long time is that a lot of work has to be done, and not all cases are the same. When one talks about an average case, one must recognise there are some cases that involve a great number of grey areas that need further work, and the officers of the Rural Assistance Branch do their best to ensure that every possible avenue has been explored to see whether it is possible to meet the applicant's needs within the criteria that apply. Nevertheless, there may well be further efficiencies that we should be implementing.

I am aware that the Rural Assistance Branch has been having discussions with the Information Technology Unit of the Government with a view to the application of information technology or computer technology to improve the processing of the work that it has to do. The other point I want to make is with respect to the stringent guidelines to which the honourable member refers. Last week the honourable member referred to the Government's policy commitment to establish a ministerial policy committee. I indicated at that time that Cabinet had endorsed that proposal and we were in the process of inviting members to take part in the committee. That has now taken place and I look forward to the committee meeting in the near future.

One of the tasks of that committee is to look at the guidelines that apply to rural assistance and to determine whether or not there are some unfair exclusions taking place in the rural assistance program. Of course, that committee will include significant producer representation so that the viewpoints of those needing access to such assistance will be expressed at the policy committee level. I believe that that should ensure that the guidelines that we are establishing are reasonable and fair. Of course, there will always be people who, sadly, do not come within the guidelines, but that would always be the case whatever guidelines were set.

I am happy to pursue this matter further and I ask the honourable member to provide me with the details of that particular case. I also advise that, where members are finding similar cases whereby their constituents are experiencing delays in the system, they should approach me and I will have such cases pursued.

MARALINGA CLEAN-UP

The Hon. T.H. HEMMINGS (Napier): Will the Minister of Aboriginal Affairs explain to the House what is his response to the Federal Cabinet's apparent deferral yesterday of a decision on the proposal to clean up the Maralinga and Emu atomic testing sites? In July the members for Stewart, Eyre and Chaffey, the Minister and I visited the Maralinga community at Oak Valley. This community, which includes many young children, is semi-nomadic and is most concerned that it can live and travel on its lands in safety.

I understand that the Commonwealth's technical advisory group, which was established in February 1986, has now completed its report to the Federal Government on Maralinga. This report deals with the extent of contamination at Maralinga, how to clean it up and the costs involved. There is obviously strong interest in the report in the South Australian Aboriginal community and, indeed, in the United Kingdom, where I understand that the issue of Britain's responsibility for both compensation and the clean-up process is likely to be raised in both the House of Commons

and the House of Lords. I also understand that the report has been with the Commonwealth for some time and I wonder why the Commonwealth Government has deferred its decision on the proposed clean-up, according to today's press reports.

The Hon. M.D. RANN: I am pleased that the member for Napier is again raising this issue in the Parliament. What happened at Maralinga in the 1950s was not just barbaric but unjust in terms of the way that the Aboriginal people in that area were treated. They were rounded up and carted off away from their homelands, and the tragic legacy of that experience is still being endured today in centres such as Yalata.

The member for Napier is correct when he states that the report of the Commonwealth's technical advisory group on Maralinga has now been completed, and I understand that it will be tabled in Federal Parliament shortly. I also understand that it presents the Commonwealth with a series of options as to the extent of the clean-up. This group, which includes British scientific experts as well as Australian scientists, has conducted extensive studies of the area, including research into Aboriginal lifestyles, to determine the extent of the clean-up required for people to live on the lands with minimal health risks.

I share the view of the Aboriginal people that, after so much examination and so many studies, we have reached the stage where decisions must soon be made on the clean-up and on compensation; but there must be consultation with the Maralinga people on the options before that decision is made.

The State Government supported submissions to the Commonwealth by the Maralinga people that they must be given access to scientific expertise in analysing and making their response to an extremely complex and technical report. I understand that the Maralinga people have been provided with a draft copy of that technical report and that they have recently received advice from independent experts on radioactive clean-up issues identified by the report—indeed, in recent days.

I was certainly concerned late last week when I was informed that the Federal Government was likely to decide on the clean-up options in yesterday's Cabinet meeting. After all, it is now vital that the Maralinga people be consulted by the Commonwealth on the clean-up options. Their response to this technical report must be considered before the Commonwealth makes its decision. On Friday, I wrote to my Federal counterpart in Aboriginal affairs, Robert Tickner, outlining these concerns in relation to the consultation process. I understand from press reports this morning that these concerns had been taken into consideration by the Federal Cabinet and that the deferral of the Federal Cabinet's decision will allow proper consultation to take place on the clean-up process.

No-one, including the Maralinga people, would underestimate the difficulties involved in cleaning up the lands to make them safe and habitable for traditional Aboriginal people who, as the member for Napier said, are semi-nomadic. I think that all of us regard the easy option of walking away from this issue as not being acceptable to the South Australian community. I share the view of the member for Napier that the Maralinga people must be assured that they and their children can live safely on the lands. After all, the Maralinga people are taking a very realistic view about the financial, environmental and scientific difficulties involved in a total clean-up. Indeed, a total clean-up might well be impossible, and the further fencing of some contaminated areas may well be the appropriate option. However, it is important that the Commonwealth and Brit-

ish Governments examine compensation as well as clean-up options. Again, this issue must be discussed with the Maralinga people.

RURAL ASSISTANCE

Mr GUNN (Eyre): Given the personal plight of many farmers and their families in South Australia, does the Minister of Agriculture consider that there is a need for a more flexible approach by the Government to enable farmers to leave their properties with dignity or to give them some breathing space to re-establish themselves?

I am informed that up to about 20 farmers on Eyre Peninsula are ready to walk off their properties and leave the banks to reap their crops. As many again are actively considering doing the same. The Rural Adjustment Scheme at present operates to re-establish farmers once they have sold their farm by way of a grant or, all too rarely, to extend a carry-on loan to enable the farmer to continue until his property can be sold. It is in this second area that there is room for more flexibility and compassion. Loans could be made more readily available, even to the extent that farmers, once they were declared non-viable, could have their loans reconstructed and be allowed to stay on their properties if, after three years, they demonstrated that they were viable.

The Hon. LYNN ARNOLD: This question refers to issues which I think ought to be taken up by the ministerial policy committee and which perhaps also should be discussed by the Ministers of Agriculture at the special meeting that will be held in late November to discuss rural assistance. I have already asked that certain matters involving rural assistance go on the agenda for that meeting. Of course, the point made by the honourable member is that there are different categories of rural assistance.

One category is particularly to assist people, when the decision has to be made that they leave their properties, with financial support while they are in the process of doing that. These are the farmers who are deemed non-viable. There are other categories of rural assistance, such as that for people with medium or long-term viability but not the wherewithal at this stage. What I think the honourable member is saying is that some farmers in the category of Part C-type rural assistance should, given another look, be in that of Part A-type rural assistance.

Again, that comes down to the guideline question raised by the member for Goyder. It is precisely those issues that I want to see looked at officially. At the end of the day, the matter comes down to the question of viability. In defining viability, there is an element of the assessor taking a punt to a degree and, even in the situation where someone has been deemed viable under the present guidelines for Part A, there are still some people who fail to fulfil that assistance; in other words, things do not work out the right way, so there are considerable bad debts.

Any review of the guidelines would have to occur in such a way that the bad debt situation would not escalate through the ceiling, otherwise it would put at risk the entire rural assistance scheme. Those cautionary words aside, I accept that there are areas we should be having another look at, and I am prepared to see that that will be done. The honourable member is perhaps referring to another point in the Part C scheme—whether or not there should be some special consideration for the timing of harvesting and, perhaps, the timing of income receipts, so that if there is to be a receipt as a result of a harvest at least the farmer gets the maximum opportunity to draw the benefit from that, rather

than the benefit going automatically to someone who may be a creditor. There may well be opportunities there: I am not certain about that. If that was the point to which the honourable member was alluding, I will have the matter investigated.

SEWERAGE SYSTEM

Mr HERON (Peake): My question is directed to the Deputy Premier, representing the Minister of Water Resources. What steps are taken to ensure that the latest technological advances and new techniques are incorporated into the operation of our sewerage system?

The Hon. D.J. HOPGOOD: A good deal of effort is being made to try to ensure that the most up-to-date techniques are being used, and I will give two or three examples of that. Considerable work is being done on flocculation with a view to reducing odours from sewage treatment works, in particular, of course, the Port Adelaide treatment works, which is in close proximity to a very large and important residential population.

Another area being looked at is the whole question of PVC. The honourable member may know that previously there have been some limitations on the circumstances in which PVC could be used, such as certain slopes for the outfall of either grey or black water, and, because of the implementation of new technology, it has been possible to use PVC in a greater variety of circumstances than might otherwise have been the case. This, in turn, has led to considerable reduction in costs.

They are two examples of the way in which new technology has contributed both to a reduction in costs and to a better standard of service to the consumer. I will refer the honourable member's question to my colleague, who is not with us today, so that we can obtain a more detailed written answer.

MULTIFUNCTION POLIS

The Hon. JENNIFER CASHMORE (Coles): Was Mr Will Bailey's Joint Steering Committee for the MFP provided with a copy of the findings and conclusions of the 'Stratigraphic investigation of the Gillman development site' commissioned by the Department of the Premier and Cabinet and completed by the Department of Mines and Energy in August last year; was the further investigation recommended by the Department of Mines and Energy completed before South Australia's final submission to the Joint Steering Committee; and, if not, will the Premier explain why the Government's final submission stated that the Gillman site's 'suitability for urban development has been thoroughly researched and confirmed'?

The Hon. J.C. BANNON: I cannot add much to the answer I gave earlier on this topic, in some considerable detail, to the member for Price, who asked me about this very matter. The whole basis of our proposal was linked to that site. On many occasions and as recently as less than an hour ago, I have gone through the basis for our selection of the site, and the joint steering committee was well aware of both the possibilities and the problems of that site. The work of research and analysis is ongoing and, indeed, the detailed study is taking place at this moment. There is no evidence and no suggestion that the site cannot be suitable for an MFP. If, much to everyone's surprise, the detailed work reveals that it is impossible to have such a development on such a site, we obviously have to go back to the drawing board, but that is not the situation.

THIRD PARTY PROPERTY INSURANCE

Mr FERGUSON (Henley Beach): Is the Minister of Transport aware that the New South Wales Public Accounts Committee has recommended to the Government that all motorists must take out third party property insurance? Will he monitor this move very carefully to see whether there is any advantage in the introduction of a similar scheme in South Australia? The *Daily Telegraph* of Tuesday 10 July 1990 reported on page 3 that the Chairman of the Public Accounts Committee in New South Wales had released a report with the recommendation that motorists must take out third party property insurance. Members would be aware that many offenders driving 'bombs' simply claim they have no money to pay for repairs. This creates difficulties for drivers who have comprehensive insurance but who lose large no-claim bonuses if and when an accident occurs.

The Hon. FRANK BLEVINS: I have seen the article in question, but I note in the same article comments by the spokesman for the NRMA, Mr Ron Payne (no relation to our former colleague, I understand), referring to those whose cars had been involved in collisions with vehicles owned by people who had no third party property insurance:

These victims lost up to \$2.5 million a year in repair costs through no fault of theirs. But, he said, there were major problems with compulsory third party insurance, including the prospect of higher premiums. It would lead to more litigation and some people would still drive uninsured cars. 'The only thing compulsory third party property insurance has achieved overseas is increases in premiums,' he said. State Cabinet [that is, in New South Wales] last year rejected proposals for compulsory third party property insurance because of increased costs to other motorists who were insured.

That explains the dilemma. I have no difficulty in principle in agreeing that everybody ought to have third party property insurance. The only problem is that nobody can come up with a scheme that is not horrendously expensive for all motorists, not just those who happen to be in a collision with somebody who is uninsured. Some estimates have been made, and I am very happy to give a report I have had commissioned to any members who wish to see it, but the figures that have been given to me indicate the cost of third party property damage insurance rising from approximately \$65 to \$130 per annum, which is a 100 per cent increase. That really is quite extraordinary.

Investigations done by the Legal Services Commission seem to confirm that figure, although the Legal Services Commission has a policy in favour of compulsory third party property insurance. The experience overseas is that the cost of providing this cover is on average 77 per cent of the cost of providing compulsory third party bodily insurance. Everybody can see that, if this was brought in, people would be up for a very large increase indeed. The calculations have been done but, with 660 000 private vehicles in South Australia, providing a compulsory scheme would result in an additional \$50 million cost annually to the motoring public. This seems somewhat excessive in addressing what appears to be a \$4.5 million problem. If we could solve the \$4.5 million problem, everyone would agree with that. The RAA would like to solve this \$4.5 million problem as much as the Government would. However, at a total cost of \$50 million to all motorists it does not seem that any scheme proposed so far deals with the problem in an acceptable way.

I congratulate those insurance companies that are making provision in their policies for people not to lose their no claim bonus if they are not at fault in an accident and the other party to the accident is not insured. I urge everybody to shop around and ask their insurance company whether it has such a provision and, if not, to change their insurance

company. Some insurance companies do have such a provision in respect of comprehensive insurance. I urge everybody to shop around until they find such a company. I also congratulate the RAA on the way it advertises its services. I do not want this to be a commercial, but I assure members that, if there was anything in a third party compulsory proposal for motorists, the RAA would support it. However, the RAA does not support it and is totally opposed to it, as is the Government at this stage.

MARIJUANA LAWS

The Hon. B.C. EASTICK (Light): Will the Premier advise whether the Government will review the marijuana on-the-spot fine system following police figures showing a 44 per cent rise in cannabis-related offences in 1989-90? This result runs completely counter to Government statements at the time on-the-spot fines were introduced that they would lead to a reduction in the use of marijuana.

The Hon. J.C. BANNON: I thank the honourable member for his question. I have not seen the report to which he refers, nor have I seen an analysis of it. Certainly, the experience to date, as reported to me, has been very positive. The horrendous consequences suggested—

Members interjecting:

The Hon. J.C. BANNON: We need to analyse the nature of it. First, the horrendous increase in marijuana use that was predicted has not occurred. Secondly, the effective policing of this area and the reduction of the possible impact of organised crime, and so on, which are all part of the overall package, has in fact been quite positive. However, I will certainly obtain a report for the honourable member.

HEALTH AND LIFE CARE LIMITED

Mr HAMILTON (Albert Park): Will the Minister of Health confer with the Minister of Consumer Affairs in relation to an account received by a constituent from Health and Life Care Limited in Croydon, Victoria. My constituent received an account dated 26 September 1990 from this organisation for an alleged unpaid debt of \$32. My constituent advised me that he had previously received an account for services allegedly rendered by that organisation. Despite my constituent's trying to obtain information from the South Australian office at that time, no details were forthcoming in relation to that account.

My constituent approached me and, upon contacting the office on 1 October this year, I was advised by an office assistant that this account had come from South Australia. Upon further questioning I was unable to obtain information from this employee about the details of the time, date or location of where this service was allegedly given to my constituent. Upon further questioning, no further information was available from that staff member about the name of the practice or organisation, which supposedly provided this service to my constituent. On 1 October I wrote to the organisation as follows:

Finally, should I not receive your advice on this matter within a week, it will be with the greatest reluctance that I raise this matter in the South Australian Parliament for investigation . . .

The Hon. D.J. HOPGOOD: I will certainly refer the matter to my colleague in another place. I am not sure what power of investigation she may have, but I am sure she will call for a report on the matter, and one would hope that it

can be resolved amicably between the honourable member's constituent and the firm concerned.

SITTINGS AND BUSINESS

The Hon. D.J. HOPGOOD (Deputy Premier): I move:

That the time allotted for all stages of the following Bills:

Financial Institutions Duty Act Amendment,
Land Tax Act Amendment,
Pay-roll Tax Act Amendment,
Stamp Duties Act Amendment (No. 4), and
Tobacco Products (Licensing) Act Amendment

be until 6 p.m. on Thursday.

Motion carried.

SELECT COMMITTEE ON THE CONSTITUTION (ELECTORAL REDISTRIBUTION) ACT AMENDMENT BILL

The Hon. D.J. HOPGOOD (Deputy Premier): I move:

That the time for bringing up the report of the select committee on the Bill be extended until Tuesday 13 November.

Motion carried.

PAY-ROLL TAX ACT AMENDMENT BILL

Adjourned debate on second reading.
(Continued from 23 August. Page 585.)

Mr D.S. BAKER (Leader of the Opposition): First, I indicate that the Deputy Leader is the principal Opposition speaker on this Bill, but I wish to lay down a few guidelines early in the debate. There is good reason why the Liberal Party opposes the amendment to the Act and any increase in payroll tax in this year's budget. The Liberal Party also opposes the increase in financial institutions duty (FID), which will take that duty in South Australia to the highest rate in Australia; and it does not compare favourably with Queensland, where there is still tremendous incentive because no FID is imposed.

It is also without question that South Australia is entering into a recession. After months of the Opposition's hammering the Premier, he is now coming around to recognise that the position is not as good as he thought before he went overseas. However, it is fair to say that South Australia is encountering tough times and that this State's position will be made much worse by the \$500 million that the rural area will lose in the present tragic situation. Of course, that will also impact on what is happening in the cities.

I refer to the increased impact of the problems of WorkCover and today's revelation that WorkCover's unfunded liability now stands at \$150 million. Before the last election and after it the Minister of Labour tried to hoodwink the South Australian public that WorkCover's unfunded liability was only \$18 million. Ever since that date, he has been trying to crawl out from under. After Christmas last year—and, in fact, in March—the Minister of Labour said that the unfunded liability may extend to some \$70 million. However, in June he was forced to say that it would extend to some \$93 million.

Members interjecting:

Mr D.S. BAKER: It has a lot to do with payroll tax, because it is about the economics of South Australia, and I will say what we would do to relieve the situation. I would

have thought that the honourable member, who knows a little bit more about finance than his colleagues on the front bench, would understand that. I am not referring to the honourable member on his left, who is destined for greater things than royalty; I meant the member for Henley Beach. However, there was absolutely no reason why State taxes in South Australia had to increase dramatically by some 18.2 per cent at the last budget. There was absolutely no reason at all why payroll tax had to be raised from 5 per cent to about 6.2 per cent. I will go through what is happening in some other States and, more importantly, I will point out what has been said by some eminent South Australians about the issue of taxation.

I noted with interest that last year the Premier and Treasurer gave glowing endorsement to the report by Professors Blandy and Walsh about budgetary stress. I will refer to the report because then the impact of increasing payroll tax, FID and other business taxes will be brought home, even to the Minister of Finance. The Blandy and Walsh report notes the 'large economic role of the public sector in South Australia compared with other States'. In other words, we have a larger public sector in South Australia than exists in the other States. The report continues:

What the Government can do to influence the rate of economic development, and hence its long run ability to deliver adequate levels of public services, is to help minimise costs to business and consumers by minimising its taxes and charges . . . the central reform requirement is to help ensure that taxes and public sector charges are not just lower than other States, but as low as possible.

Of course, it is all about providing some incentive for businesses to come to South Australia and to provide some incentive to people to do business in this State and not to do what is happening at present; to slowly tax business out of existence. Blandy and Walsh say that we must have a public sector that the taxpayers can afford, not a public sector that is bloated, bureaucratic and ever-expanding, as the Treasurer of this State seems to want.

I now turn to what really happened in the budget, where taxes were increased by some \$233 million. In his budget speech the Premier stated to this House that a total of \$140 million would be collected in tax revenue in 1990-91 and \$211 million in the full year. This compares not very favourably with the next document that came out—from the Treasurer's own office—entitled 'The Finances of South Australia'. That document states that the increase in taxation in South Australia amounted to 18.2 per cent and, in fact, \$233 million and not the \$140 million that the Treasurer tried to claim when he brought down the budget. I seek leave to have inserted in *Hansard* a statistical table from that document (page 37).

Leave granted.

Table 8
Taxation Receipts \$m

	1989-90	1990-91 (est.)
Land Tax	71.9	80.0
Gambling	111.7	128.0
Motor Vehicle Registration Fees and Driver's Licences	110.9	120.0
Payroll Tax	324.1	386.6
Financial Institutions Duty	49.4	109.1
Stamp Duties	310.6	335.3
Business Franchises	180.4	216.0
Business Undertakings	38.7	39.6
Levy on Sales—ETSA Fire Insurance Levies	35.7	37.9
Other Charges and Levies less Refunds and Remissions	50.0	63.9
	1 283.4	1 516.4

Mr D.S. BAKER: This table illustrates the absolute hypocrisy of the Premier in claiming in his budget speech that the tax increase amounted to \$140 million, when the documentation shows that the figure is \$233 million. Of course, there are very good reasons why this great taxation increase has been foisted on South Australians. That, of course, is Government spending. The document 'Finances of South Australia', against all the claims made by the Treasurer, shows that recurrent spending this financial year by this Government will reflect a 2 per cent increase in real terms. That is because the public sector is growing, and individual taxpayers, who are struggling, are asked to pick up the tab for the Government's mismanagement. Last year recurrent expenditure blew out \$76 million in South Australia because of lack of financial management. Last year, the number of public sector employees in South Australia increased by 2 444. They are the reasons for the tax increases. The reason, quite squarely, is mismanagement of the public purse.

Let us turn to payroll tax. Today we asked a couple of questions of the Premier, and it was interesting to hear his lack of answers. Payroll tax is universally condemned as a tax on employment. There is no question but that already tax on employment has shown some ramifications in South Australia. In fact, on seasonally adjusted figures, employment levels in South Australia have contracted by 9 200 in September. That shows a worsening economy around South Australia, not only in country areas but in the cities. That will continue to be a fact of life as payroll tax continues to bite into employment. Whether we like it or not, it is a tax on employment.

Today, the Premier was asked about his claims regarding what he had said in the past about payroll tax—and they were well enunciated in the question that I asked. He said that he would lead a national campaign to get rid of payroll tax and he would have a tax summit on it. All we have asked him to do is to put the issue on the agenda for the Premiers Conference when he goes there, along with the rural crisis, to see whether we can get some answers. But the Premier says, 'That is not practical. We have to get all the other States to agree to it before we can do anything.' That is a load of rubbish. The Premier can quite easily get into payroll tax and use some other areas of taxation, because payroll tax is an impediment to South Australia's growth and to this State's getting to a level that it should reach by providing incentive and competition for people to come to this State.

Because the Premier went away, he would have missed the budgets brought down by other Treasurers around Australia. If he had been here it would have done his ears good to hear what they are saying in terms of the economic approaches that they are taking. There are some interesting things going on around Australia. There is a realisation in most States that no longer can we tax business out of existence. We have to cut our cloth to fit. We must have a Public Service that the taxpayer can afford. We cannot go on bleeding the public for ever, because it will start showing up in employment levels and in the economic activity within the State.

I will quote from the budget speech of Premier Lawrence in Western Australia, because I thought she was succinct and definite in what she was trying to do for employment and to get Western Australia out of the mire that it is in, in contrast to the 'do nothing and rip more taxes out of the pockets of the taxpayers' attitude of the Treasurer of South Australia. I hope that the Minister of Finance will see his way clear to jot down a few comments made by Premier Lawrence. She said:

The key objective is to create jobs in the private sector so families can look to the future with confidence. That will be achieved by encouraging private investment. We were faced with a clear choice—to increase taxes across the board or to rein in public sector spending. The Government decided it was unrealistic to expect that the public sector can grow regardless of the economic conditions facing the State. Rather than savagely increasing the burden of government on the business sector, this budget reduces Government spending in real terms while maintaining services essential to families. We have made no increases in payroll tax, no increases in stamp duties, no increases in fuel levies, or in any other consumer or business taxes . . .

Let us compare that with what happened in South Australia: increases in taxes across the board biting into the private sector and making sure that South Australia goes further and further into the recession that it is in. It is a pity that the Premier would not listen to his counterpart in Western Australia. After all, I would have thought that he would be giving her some advice, as Federal President of the ALP, but obviously she did not listen to him.

Let us look at what has happened in Queensland. Treasurer DeLacy, in his first budget speech, preserved the low tax advantages of the previous conservative regime in that State. Mr DeLacy presented the Goss Government's strategy for a healthy private sector saying:

Financial responsibility means that we must live within our means.

There were no increases in taxes. In fact, the Government went further than that: it decided to rationalise 28 Public Service departments and to put a 1.5 per cent efficiency dividend on all departments to try to get more efficiency in that area. It said:

The Government has stayed out of the pockets of Queensland families and Queensland business. So there is no financial institutions duty.

In fact, there is a big incentive for South Australian businesses to relocate their enterprises in Queensland and reap the benefits. One major business in South Australia has written to me saying that it will save \$500 000 a year by relocating its headquarters to Queensland; it can still keep its business going in South Australia and negate its obligation to pay FID in this State. That will go on more and more, because there is a disincentive for people to do business in this State.

Let us look at what is happening with Premier Greiner in New South Wales. I hear wails from the Government benches about how terrible things are in New South Wales. Premier Greiner has had a good look at reforming public enterprises, because they are a drain on consolidated revenue. I am glad that the Minister of Finance is here, because we should look at what has been done to the State Transport Authority in that State. It was a huge drain on the public purse in New South Wales, but Premier Greiner has taken the bull by the horns, shaken the STA in New South Wales and said that something must be done about it. In the budget just handed down by Premier Greiner, the STA in New South Wales is budgeted to break even this year.

What a contrast to the STA in South Australia, which is continually losing money. In fact, it is budgeted to lose \$120 million plus, and nothing has been done about it. The Auditor-General has on several occasions said that something should be done. He commented critically in his last report, but his messages have gone unheeded, because the Minister of Finance is also the Minister of Transport and he has not been prepared to look at it. What chance have we in this State when the Minister of Finance, who is leading the razor gang, cannot even clean up the State Transport Authority in South Australia?

It is interesting that the New South Wales Treasury has just released a table, published in the *Australian* yesterday, which shows how quickly the cost competitiveness of South

Australia is being eroded compared with that of other States because we do not realise that we have to give people an incentive to come to South Australia. Mr Speaker, I seek leave to insert in *Hansard* this table, which was printed by the New South Wales Government recently and which shows

the lack of competitiveness in South Australia compared with the situation in other States.

The SPEAKER: Is the table purely statistical?

Mr D.S. BAKER: Yes, Mr Speaker.

Leave granted.

Tax rates following latest State Budgets

Major Taxes	NSW	Vic	Qld	WA	SA	Tas
<i>Payroll tax</i>						
—Average tax rate:						
(on \$1 million payroll)	3.5%	4.13%	3.33%	3.58%	3.66%	5.83%
(on \$10 million payroll)	6.65%	6.97%	5.0%	6.0%	5.99%	7.0%
—Tax-free threshold (max)	\$500 000	\$410 000	\$500 000	\$320 000	\$414 000	\$500 000
<i>Stamp duty</i>						
—Average conveyance duty						
(on \$150 000 property)	2.49%	3.47%	2.65%	2.35%	3.22%	2.62%
(on \$10 million property)	5.35%	5.5%	3.72%	—	3.99%	3.98%
—Insurance duty:						
General insurance (gen rate)	11.5%	7%	8.5%	5%	8%	8%
Motor vehicle	2.5%	7%	5%	5%	8%	8%
Life insurance (\$100 000 policy)	0.1%	0.12%	0.1%	0.1%	1.5%	0.1%
					on net premium	
—Vehicle registration duty						
(on \$25 000 car)	2.0%	2.5%	2.0%	3.0%	3.8%	3.0%
—Financial institutions duty	0.06%	0.06%	—	0.06%	0.1%	0.06%
—Share duty	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
—Loan security duty						
(on \$100 000 loan)	0.34%	0.36%	0.4%	0.35%	0.34%	0.34%
—Cheque duty	—	—	10c	10c	10c	—
—Hiring arrangements duty						
(week's hire Falcon car)	1.5%	1.5%	0.43%	1.8%	1.8%	2%
<i>Land tax (a)</i>						
—Tax rates (on \$1 million property)	1.27%	1.14%	1.63%	1.89%	1.13%	2.5%
(on \$10 million property)	1.48%	3.14%	2.1%	1.99%	1.82%	2.73%
—Tax-free threshold	\$160 000	\$150 000	\$150 000	\$5 000	\$80 000	\$10 000
<i>Business franchise fees</i>						
—Liquor licence (general fee)	10%	11%	8%	11%	11%	11%
—Tobacco licence fee	35%	50%	30%	35%	50%	50%
—Petroleum licence fee (motor spirit)	6.53c/l	6.44c/l (b)	—	4.17c/l	4.5c/l	6.15c/l
<i>Motoring taxes (private car)</i>						
—Registration flat fee	\$29	—	\$17	\$10.90	—	\$46
—Registration weight tax						
(six-cylinder Commodore)	\$121.15	—	\$206	\$78.32	\$101	\$62
—Drivers licence fee (1 year)	\$25	\$110	\$8	\$20	\$16	\$12
		(ten year only)				
<i>Gambling taxes (c)</i>						
—Racing taxes (on win/place, quinella)	14%	15%	15%	15%	14.5%	15%
—Bookmakers turnover tax						
(local metropolitan)	1%	2.25%	2%	2.25%	2.07%	2%
—Local lotteries (gross rate)	34.5-36.6%	35-36% + share profits	37-40% + 5% stamp duty	36-40%	36-40%	35.5% + 9.19% stamp duty

(a) Land tax applies to the principal residence in Victoria if the land value exceeds the threshold for taxation. In Tasmania, the principal residence and primary production land are liable, but at concessional rates.

(b) Based on a declared value of 58.58c/l from 1 August.

(c) Excludes taxes on casinos and poker machines since these forms of gambling are not common to all States.

Compiled by the NSW Treasury

Mr D.S. BAKER: I turn now to what has happened in Victoria. We all know about Victoria's problems. On a per capita basis, they are being mirrored in South Australia. There are huge losses by public enterprises and very sloppy public management. But at least the Roper budget has indicated that something has to be done. The Victorians have seen the writing on the wall and they are looking at privatisation, which is a dirty word in South Australia. They have already lost the State Bank of Victoria, but that was after South Australia, a much smaller State, had lent them \$400 million to try to prop up one of our mates over the border, as the Premier said, which put that money at risk to the taxpayers of South Australia.

The Government is having a look at the State Insurance Office, at the State forests and at its share in some of the commercial enterprises for which it says that it is not obtain-

ing a return on taxpayers' dollars. We have been thumping the table in South Australia for four or five years to try to make this Government realise that it is about time we started having a look at a return on taxpayers' dollars, since the taxpayers can no longer afford to keep propping up the inefficient enterprises this Government is running.

The Victorian Government has said that it will have a look at all taxation across the State to try to keep the State competitive. I give Victoria credit for the fact that in payroll tax areas the Government has exempted exporters, so that there is some incentive for people in Victoria, at least, to try to export their product. I might add that there is little incentive in South Australia to do that. I noted that the Institute of Public Affairs, in an article published recently, was quite scathing about what is happening in South Australia. It identified the fact that taxes and charges in South

Australia will increase by 18 per cent this year, or \$830 per head.

I was interested to read in the *Weekend Australian*, in a comment by Alan Wood about those Institute of Public Affairs figures:

South Australia has the dubious distinction of the largest increase in State taxes and charges in 1990-91 and its recurrent outlays are still growing comparatively strongly.

We have said that there is another way of going about this. There is absolutely no need for an increase in payroll tax and FID. We have said that those taxes should be frozen at present levels and that we should put the SAFA surplus—the \$99 million—into the State Treasury to give taxpayers of South Australia some chance of getting over the next 12 years while the Minister of Finance gets his razor gang going.

People have been worrying about this razor gang for eight years—and nothing has happened. Now we have the Minister of Finance heading it up. Let us see what he is made of. Let us see whether he has the intestinal fortitude to make some of the cuts that are necessary in South Australia. Let us see whether he can do that in a way that will benefit all taxpayers. The \$99 million in SAFA is there to be used in tough economic times, and that is quite clear, but I do not think that the Government has the guts to use it.

The Government would rather rip it out of the pockets of the taxpayers of this State. There is absolutely no question that the Government could use it: last year, in an election year, of course, it ripped \$60 million out of the SAFA reserves to be used during the election campaign. It is about time that these people realised that the taxpayers of South Australia are getting sick of this sort of financing. The Government should use the \$99 million to help South Australia. If it did that, I am sure all South Australians would applaud.

The SPEAKER: Order! Before calling on further speakers in this debate, I draw the attention of the House to the matter of relevance. The Leader was given fair reign as Leader, but the Bill we are debating is very specific: it is the Pay-roll Tax Act Amendment Bill, and I ask all contributors to this debate to keep their comments relevant to the Bill.

Mr S.J. BAKER (Deputy Leader of the Opposition): The issue is really quite simple: it is a matter of whether we want jobs or we do not want jobs; whether we want this State to progress or whether we want it to be retarded and continue in the same direction in which it has been going in the past eight years, and that is, basically, backwards. Today we are dealing with payroll tax and about whether we want to load our businesses with more costs at a time when the employment situation is doubtful.

It is a question of whether we want to assist those people who are straining to retain employment at current levels, doing without, cutting profits and going into loss situations in order to keep faith with their work force. Many of them have not been able to keep that faith, and in recent weeks we have seen job lay-offs. The key question is whether we want to penalise employment. That is why the Opposition has clearly signalled its intention to say 'No'. We have seen TV adverts about saying 'No': I think it is about time this Parliament said 'No' to the Premier.

There are two tax elements in this Bill, first, the fact that the taxation rate is increasing from 5 per cent to 6.25 per cent of payrolls and, secondly, that a fringe benefits tax will be included as a taxable item for the first time. Both of those components will impose additional costs on the business community of this State. The Government has estimated that the extra revenue generated will be of the order

of \$45 million in this financial year and \$70 million in a full year.

I will give the Government some credit: it has provided offsets in that those people with payrolls of between \$400 000 and \$2 million will pay no more tax this year than they would have paid last year. Of course, that does not actually account for the bracket creep that has taken place, but further adjustments for CPI changes will be implemented as of 1 January.

So, there have been some little adjustments in the system so that the people with small businesses are not bearing the full brunt. However, the people who will bear the brunt of these measures are the companies employing 70 or more persons or with payrolls of over \$2 million per year. There is no doubt that, whilst the increase of 5 per cent to 6.25 per cent does not seem to be extraordinarily large, we know from our discussions with employers, with farmers and with anyone trying to survive out there in a very difficult climate that every dollar becomes essential. Rather than taking away, we should be trying to give back. It is a time when the economy of South Australia is teetering on the brink, and Governments should be doing something to assist rather than to depreciate. I seek leave to insert a table in *Hansard*.

The SPEAKER: Is it of a purely statistical nature?

Mr S.J. BAKER: It is.

Leave granted.

PAYROLL TAX COLLECTIONS

	1982-83	1990-91	Per Cent
	\$m	\$m	increase
NSW	1 285.7	2 652	106
Vic	931.5	1 798	93
Qld	394.4	790	100
WA	254.0	554	118
SA	222.8	472	112
Tas	55.9	145	159

Estimated inflation 1982-83 to 1990-91 is 76%

Mr S.J. BAKER: The table shows that, whilst payroll tax has not been one of the great money raising measures of the 1980s, its collection has far exceeded the rate of inflation. For example, from 1982-83, when the Bannon Government first took office in this State, to the 1990-91 estimate, the amount has increased from \$222.8 million to \$472 million. That is an increase of 112 per cent. I have estimated the rate of inflation over that period as being 76 per cent, so we can see that tax collections have exceeded the rate of inflation by at least 50 per cent. We know that the increase in employment opportunities has not kept pace with that, so, that increase has been caused by the additional taxation measures as well as by bracket creep, which has also contributed to the Government's larger revenue takes.

The key to this debate about payroll tax revolves around the capacity of the Government to perform. I hope that over the past eight years I have impressed upon this House that the capacity of the Government either to assist or in some way to depreciate the process revolves around its ability to continue to save the taxpayers' dollars, to spend as little as is humanly possible so that people do not bear the retarding effects of taxation.

My major gripe with the Government on this measure is not only that it is actually increasing the rate of payroll tax during a difficult employment and economic situation but also that this Government has made no attempt to keep its house in order. More importantly, it has been absolutely dishonest about the way in which it has conducted government. I seek leave to have another table of a statistical nature, inserted in *Hansard* without my reading it. It demonstrates the relationship between the State Government

enterprises and revenue losses sustained over the past two years.

Leave granted.

	1988-89 \$'m	1989-90 \$'m	1990-91 \$'m	Drop on 1989-90 \$'m
State Bank	41.1	17.2	0	-17.2
Investment interest	37.9	45.0	25.0	-20.0
Public Trustee	5.4	5.6	0.4	-5.2
SAFA	294.1	385.0	270.0	-115.0
Total:				-157.4

Mr S.J. BAKER: The table quite clearly shows that, in 1988-89, investment interest and State Bank, Public Trustee and SAFA operations returned about \$379 million to the State budget; in 1989-90 these four elements of revenue to the Government contributed about \$453 million; and in 1990-91 that amount dropped to about \$295 million, a fall of \$157 million. If we took into account the fact that the State Bank is quite capable of contributing far higher amounts, that \$157 million is somewhat more. So, the State's financial management leaves a lot to be desired.

It is this very factor (and we have argued about this) that has really put pressure on all the other tax-raising measures, because the Government has not made enough effort to save money. The Government's equation is one of the simplest to consider: if it does not have the money, it says, 'Let's not save, let's tax.' It is a simple and destructive formula, and that is the way the Government operates in this State. Added to this \$157 million is the fact that prior to the last election the Government was given a grant of about \$52 million for improving water quality, but that sum was spent to prop up the budget during an election year.

In fact, if we analyse either this Government's bad management or the additional little grants provided by its smelly mates in Canberra prior to the last election, we find that over \$200 million is missing from the budget this financial year. That is why the Government is now engaged in the grubby game of taxing employment at a time when it can least afford it. The Premier and Treasurer of this State stands condemned for his inability to manage this economy and govern the State. It is about time that Parliament said 'No'; it is about time the Government was forced to live by its own determinations and, indeed, be responsible for saving taxpayers' money, rather than taxing business enterprises and taxing employment to make up the shortfall.

It has already been pointed out that South Australia does not have the highest level of payroll tax; New South Wales and Victoria have that rather dubious honour at 7 per cent each. Victoria has a scheme to assist export effort, and that must be very worth while. Prior to the last election, the Liberal Party proposed that there should be some payroll tax trade-offs; there should be some incentive for people to export from and increase the wealth of this State. The proposal was along the lines that if firms were exporting, that share of their value added activity could be deducted from the wages bill and, therefore, payroll tax would be applied to a lower wages sum. That indicated our effort to boost employment and exports. We have seen no sign of leadership such as that from this Government. I should point out that both New South Wales and Victoria have exemption levels of \$500 000, not the \$400 000 provided by the current legislation.

I will now refer to the very important issue of what actually happens when \$70 million is taken from the economy. I put out a release some weeks ago stating that that would cost 500 to 1 000 jobs and that Premier Bannon was

simply putting 500 to 1 000 people on the dole queue because of his incapacity to manage the State's finances. That was an underestimate, really; I was being conservative, as I always am. The fact that \$70 million is a large figure is not at issue: it is indeed a very large figure. The point is that if that is treated in the same way as investment is treated and if it is put into the economy, it generates a benefit, but if it is taken out of the economy, of course, there is a disadvantage.

In these circumstances, and on the basis of my work with the IMPACT econometric model, I estimate the loss to the economy at between \$120 million and \$130 million, resulting from the removal of that money from the economy; taking it from the business enterprises that can least afford it. It will mean that at least 500 to 1 000 jobs (if not more) will be lost. If members want to check that, they can go to Melbourne, pay some money and have the ORANI or IMPACT models run through. They can have both models run through if they take the time.

Obviously, the Government prefers to destroy jobs in the State rather than live up to its responsibilities; that is what Premier Bannon is saying. He knows that, as soon as he starts taxing at the levels we are talking about, it becomes critical, because there is no fat left in the economy. I would ask all Government members to go and talk to small, medium and large businesses and ask them how they are faring. How many would give a positive response?

I would like to give members a small sample provided by the Engineering Employers Association. We would be well aware that over a period that organisation runs surveys of members, just as the retail traders and a number of other employer organisations do. It is interesting to note the changes in attitude reflected in the survey results taken over the past year or so. In July 1988, order books for all employers who responded to the survey (and it was a representative sample) were considered to be very good by 13 per cent of respondents, satisfactory by 62 per cent and unsatisfactory by 25 per cent. In November 1988, 29 per cent said that the situation was very good; 58 per cent, satisfactory; and 13 per cent, unsatisfactory. These are employers, who are reasonably conservative about the way they approach life and not given to making extraordinary statements. By January 1989 we see the following result: very good, 38 per cent; satisfactory, 54 per cent; and unsatisfactory only 8 per cent.

I would like to tell members what those people say now: in September 1990, very good, zero; satisfactory, 44 per cent; and unsatisfactory, 56 per cent. It can therefore be seen that the situation was starting to deteriorate as early as August last year; the signs were already there. In August last year, for example, the response was as follows: very good, 29 per cent; satisfactory, 50 per cent; and unsatisfactory, 21 per cent.

From then it went downhill. If Treasurer Keating had gone to talk to some of these firms—and we are talking of firms at South Australia's leading edge of exports—he may have understood that his policies needed to be changed at least six months ago if not a year ago. That is the sort of thing for which the Opposition has been calling over a long period: a complete change to the total way in which the Government operates. In the same vein, the first survey results were based on objective measures, namely, the number of orders being received through the books. The second measure was whether the employers thought that the situation was improving, that there was no change or that the situation was deteriorating. I point out that in November 1988, 46 per cent reported that the situation was improving, while 46 per cent said that there was no change and 8 per

cent said that the situation had deteriorated—a very strong and healthy result.

However, by September 1990, 8 per cent indicated an improvement, 28 per cent stated no change had occurred, and 64 per cent said the position was deteriorating. These examples may well be a little anecdotal or may well only represent one sector of the industrialised work force, but they are an important indicator to me and, I hope, to Premier Bannon, as those companies are at the leading edge of export. It is one of the areas that has experienced significant growth over the past five years as the economy has been overheated by overseas borrowings on our balance of payments. They have been very strong performers. Now the situation is getting quite critical. Under the circumstances, the employer has to make a decision as to whether he or she will hold in the marketplace, retain employment and sustain or cut losses to survive in the longer term. Having talked to a number of employers about the situation, I point out that most are into the cutting loss situation. They do not believe that they can keep faith with their work force any longer because to do so will destroy the firms and companies involved.

They are the facts. It is a serious situation. If Mr Keating had changed his policy some six months ago it may have given a signal to employers in this State that the Prime Minister and the Treasurer cared about the future of this State, but they do not. Everybody knows, including the economist from the State Bank, Darryl Gobbett, that it is too late for many firms and too late for the decisions that have to be made because the turnaround will take at least 12 months. In the process we will face enormous inflationary pressures with which we must also deal.

When I answered a comment across the floor last week that we will hit well over 10 per cent unemployment, I meant it. We are heading for a very difficult situation. The measures put into place in the budget have a great deal to do with the level of unemployment that will actually result. If members want to check my figures, they will find that within six months a large number of South Australians simply will not find employment because of the policies of the Hawke and Bannon Labor Governments. It is absolutely vital that, whatever is done, whether it be by budget measures, by regulation or whatever else the Government involves itself in it, should provide a positive incentive to employers in this State rather than perpetuate the drag on employment that we have seen occurring over a long period.

We have to reduce the tax on employment rather than increase it. The Leader has already given examples where the Premier has reiterated that policy previously, yet when it comes to the bottom line he has failed to deliver, to the extent that rather than reducing payroll tax he is actually increasing it in difficult economic circumstances. I will now talk about those it will hit. I said previously that employers with 70 or more employees will be the principal payers of the tax because those with less than a \$2 million payroll will remain much the same except for the inflationary impact. Around 40 per cent of those responsible for the State's employment fall within the category embraced by the tax. We should think about the people involved. We should think about the motor vehicle industry. Thousands of people are employed by that industry in this State. General Motors-Holden's employs about 5 000 people; Mitsubishi, around 3 000 people—large employment numbers. Those companies are very sensitive to any cost increase under the current conditions—very sensitive indeed.

The Premier would know that cars are being stockpiled because the manufacturers are unable to sell them, as people have not been buying. Yet, the Premier says, 'Look, you

can afford to pay more for the right to employ.' Those employers have told the Government that they are holding on to their employees in the hope that conditions will improve. They are doing the right thing by their employees, but the Premier says that the Government will tax them for being good employers. One wonders which economic books the Premier has read.

I looked at some other firms that fall within that category. There will be retailing firms amongst them, as retailing turnover in South Australia has again gone down in real terms, and this will impact in that arena also. However, the manufacturing sector will be hardest hit. That is the area that we should be boosting. Those who attended the Chamber of Commerce dinner last Friday night would have heard from at least two of the speakers about the importance of manufacturing to this State and country. This taxation measure directly impacts on the manufacturing enterprises of this State.

The next item I wish to consider is the net benefit. When I said originally that we would lose 500 to 1 000 jobs, that was the net cost, assuming that for once the money would be used productively; assuming that the \$70 million that the Government is creaming off from the long suffering employers of South Australia would be used productively. If it is not used productively, the next cost runs into possibly 2 000 jobs because if the money collected is wasted there is no net benefit to the State from having that tax available—it is only a drag.

We have the debacles of Marineland, the Stirling bushfires and Satco, where money has simply been poured down the drain and has been of no benefit. If the taxes we are raising here are to continue to prop up or pay off these disasters, we have done a huge disservice to the employers of this State, yet that is what we have done in the past. I hope that for once the Government will get its act together and use every dollar wisely. When I said that there was a net result to the State of a loss of 500 to 1 000 jobs, I assumed that the \$70 million collected would actually assist employment on the other side of the coin, which is in the Government sector, and that the money would be used wisely.

I have already indicated that the Government has mismanaged the economy to the extent that its financial institutions alone have lost \$150 million. Employers and employees will pay for this mismanagement in jobs. I often question what price the Government pays for its mistakes and whether there should be a bonus and penalty situation in respect of Parliament. What price should Paul Keating pay for the damage that he has done to this nation? It is not good enough that the people have one chance every four years to express a point of view that may be marginally in favour of one Party or another to govern this State.

Why cannot the people have a just say? Who does pay the penalty when mistakes are made? Who pays the penalty for some of the disasters of this Government? It is the taxpayers of this State who pay, and they will continue to pay. The House has been provided with considerable detail about some of the wastage that has prevailed under this Government. I do not need to repeat all the items and the long list of areas where the Government could have improved its performance. It is important for people and for Parliament to understand that it is the people who pay for these mistakes.

Certainly, it is not the members of the House who pay, because we continue to receive our salary. We do not suffer any diminution in the quality of our life. However, people in the community suffer and it is about time that this Parliament, Federal Parliament and our Federal leaders understood that simple proposition. The Leader suggested

that holding payroll tax at the current level and using SAFA's surplus during this period of crisis is the appropriate way to go. I can only emphasise that that is possibly the most productive thing that this Government could do. The Government should realise that we are in crisis.

Today the Premier almost admitted that there was a recession. He did not admit it; he could not quite bring himself to do so, but I have no doubt that the admissions will start to flow a little further down the track when some of the horrifying figures become public. As I stated previously, at no time in my experience and at no time when looking over economic events post the Second World War have I seen so many disastrous factors coming together at the one time. Previously we have not seen the real level of interest rates prevail for so long. We have not previously seen an oil crisis and a rural crisis occur at the same time as a reduction in demand for our products. The dollar is at an all time high and we cannot sell our products overseas. All these and many other factors are coming together in a way that is quite unusual and quite frightening. For these reasons I suggest that there will be a recession of considerable proportion—

Mr Groom: You're hoping!

Mr S.J. BAKER: No. It is up to all of us to assist those people who are doing the right thing and trying to provide employment for South Australians. I believe that members of this Parliament could take a bipartisan approach to the needs of these people and agree that we will do with less in order to allow such people to keep up the fight on behalf of the people they employ. Certainly, I emphasise the words of my Leader. We intend to oppose the proposition. It is unusual for a Liberal Opposition to oppose a taxing measure, but we believe that this is the time and place to do so.

The Opposition will not condone a Government that arrogantly suggests that it can introduce legislation with a commencement date that precedes the debate in this House. I made the point when the Bills were first introduced that I could not stand by and allow this to happen. I will not do so, and this Parliament should not do so, either. First, we cannot assume that the Bills are competent, that every detail in the Bills will pass the scrutiny of Parliament and, secondly, as a matter of precedence it is wrong for any Government to assume that such measures will prevail.

I return to the point that this debate is about employment, the quality of life and the future of this State and our capacity to outdo the other States. The debate is also about our ability to perform in a difficult economic climate, about our doing all that is possible to make life easier for the people who are really doing something for this State and employing people, exporting and simply trying to survive. I commend the opposition of this Bill to the House.

Mr INGERSON (Bragg): Along with the member for Mitcham and the Leader, I oppose the Bill, and I oppose it principally on the ground that it is a tax on employment. In the past three months we have heard our Premier talk about the need for us to get together to make the community work. In the past four weeks we have heard the Premier, reported from overseas, talk about the need for South Australia to improve its ability to perform better, to become a better exporting State and generally to be a better performing State.

For that to occur we need to have opportunity in South Australia: we need the opportunity to be successful. However, for that to occur we need to have the right environment—an environment that will enable the business people of South Australia to employ more workers, to become bigger exporters and to improve our economy generally and

consequently provide advantages to the young people of South Australia. How will that occur? First, the economic conditions in the State and the nation have to be right.

We need to make sure that interest rates are not at their highest level in the history of this nation and, certainly, they must not be at that high level for three or four years at a time. We need to ensure that the micro-economic reforms that have been pushed forward at both State and Federal level are in place. We need to ensure that ratbag Bills providing for preference to unionists do not come before Parliament, putting at risk employment levels for our young people. Generally, we need to ensure that economic conditions are such that the State's unemployment level is not increasing, which is quite the contrary to what we have at present.

The September figures show that there were 9 200 fewer jobs in September this year than in the previous year. We have to ensure that the nation's inflation rate is reasonable, that it is controlled and is starting to go down. We need to make sure that all of those major economic conditions are right, and that we have a Government that is interested in making sure that they are right. At this stage in our history we do not need a Premier who is President of the ALP and a member of EPAC and who condones high interest rates. I notice that suddenly in the past few weeks that picture has changed.

I wonder whether Mr Hawke really did telephone the Premier on Sunday night and say, 'Have a good go today, because tomorrow the rates will come down and you will be seen as the Premier who put on a little bit of pressure.' I wonder whether that happened. It is my guess that it did. Those economic conditions need to be in place if we are to improve the job position in South Australia. What we do not need in this State, with the current economic conditions, is the introduction of significant taxation on jobs—and the worst tax one can possibly have is payroll tax, because it directly affects employment.

The Bill provides that, for every \$100 that is paid in payroll tax 6.25 per cent will come out once the wage expenditure figure is above the threshold of \$400 000. That massive amount of money could be used to employ hundreds and thousands of young people in this State. As members opposite know, the September labour figures showed a massive increase in the number of unemployed young people. In fact, the figure rose to somewhere near 22 per cent of young people. This increase is due to the current high level of interest rates, to the lack of action in the labour market area and to the high inflation rate in this country. All of those issues have, in principal, been supported by our Premier and by this Government for the past three to four years. In his role on EPAC, of which we hear very little, and in his role as President of the ALP, which he clearly sees as just a titular position, the Premier does not see the need to have any major involvement in the direction of the country. That sort of approach by the Premier of this State is incredible.

At least when things were going wrong for South Australia when Don Dunstan was Premier he would stand up and have a go. He won an election by having a go and bucketing the then Federal Government. He did that in the best interest of the State at the time; he really tried to get some benefits for South Australia. Unfortunately, the Liberal Party did not win that election, but at least Don Dunstan was prepared to have a go. We do not have anything like that now. We have quiet little ripples; if one looks around, one will notice a few press releases saying that we have to get stuck into exports and we have to do a few things.

Get stuck into exports! How can business in this State improve its exports opportunities if, in one year, it loses \$76 million of its profits in payroll tax, \$9 million in land tax, \$12 million—in broad figures—in registration fees, \$60 million in FID (of which 80 per cent is a business expense) and \$60 million in WorkCover premiums? Perhaps members opposite can tell me how business in this State can pay out over \$200 million in increased taxes in one year and then become a better exporter. It is absolute nonsense in this environment to tell business in this State that that is the way to go.

The Premier says, 'The Government will rip it off you; we will make sure that an extra 2 500 people are employed in the public sector, as there were last year. We will ensure that the public sector remains inefficient. But you over there in the private sector—the exporters, the job generators, the engine room of this State—will have money ripped off you and, by gee, we will do a good job. If things do not go well, it is all your fault. It is not my fault because I have been overseas; I have had a look overseas at the opportunities for us to become more export oriented.' The Premier used those same words in 1988 when he travelled overseas. He came back and said 'We must get into this exporting business,' and he repeated those words in 1990. The difference this time is that this year an extra \$76 million will be paid in payroll tax and, in a full year, that figure will be over \$100 million.

Who are the people paying this tax? It just so happens that the automotive industry—the big employers—have been hit hardest. All one has to do is go out to Elizabeth—and the member for Elizabeth would know this—to see the number of unsold cars in the car yards. One can go out and talk to management and ask them about the slow-down in employment and in the factory. This has all occurred because of high interest rates and the Government's payroll tax policy. One can then go down south and talk to management at the Mitsubishi factory about the same problems. They will say that Hawke and Keating's interest rates, supported by this Premier until Sunday, and the increase in payroll tax are the issues. They are the most important issues.

Mr Groom interjecting:

Mr INGERSON: I know I am not supposed to respond to interjections, but I will take up the comment of the member for Hartley, because he wants to know what is happening in New South Wales. Well, the figure has gone to 7 per cent, but it does not matter what is happening in New South Wales. The important thing is jobs in this State. I would have thought that, as a local member in this Parliament, the honourable member would be concerned about the advantages for South Australians. It is about time that the Government started to talk about the advantages and disadvantages for South Australian business in the economy. It is not a matter of whether our counterparts in New South Wales or Victoria are doing anything in relation to payroll tax.

Let us talk a little about the situation interstate. The Government's colleagues in Victoria have put in place payroll tax measures that we should follow. If we are interested in increasing business exports, we need to give incentive to companies in the export business. The Government's colleagues in Victoria have a system that is based on the fact that, if a business exports all its production, it does not pay payroll tax. That is the basis of the Victorian system, which scales down, depending on the proportion of export business versus local business. Therefore, there is an incentive in Victoria for businesses to get into export, to build up their export business and to employ more people. That is what we should be talking about.

This tax is anti-employment; it is the worst possible tax that we can have. I know that the Premier said today that we can not abolish it in one fell swoop. I agree with that. However, to ensure that South Australia has an advantage we should not increase payroll tax beyond its current level. We should look at ways and means by which we can improve the incentive to export. We should look at the waste and over-employment in the public sector and generally trim the machine. However, the Government does not want to do that. The Government wants to increase expenditure—not reduce it—at a time when the Premier is saying in presentations to business people in this State that they need to become a lean machine and become better operators. They are the words being used by the Premier and by the Minister of Industry, Trade and Technology to the business world.

They are saying that, if business becomes a lean machine and if it operates more effectively, the Government will support it. The Government then does the opposite in its own business—the public sector. Looking from this side, there seems to be no control in the workers compensation area. The Premier said today that the Government does not have any direct control over WorkCover. I point out to the Premier that the WorkCover board comprises seven employer representatives, seven employee representatives and an independent chairman. That independent chairman is employed by the Minister—he is the Minister's direct personal assistant. If there happens to be a tie in voting by the board, the Minister's personal staff makes the decision.

The Hon. D.J. Hopgood: He might also be in a minority of one.

Mr INGERSON: Very seldom is he in that position. In the instance of the combined board agreeing, there has to be a casting vote by the Chairman. For the Premier to say that Government policy or direction is not taken into consideration in some of those decisions is ludicrous. I am not suggesting that in every instance it is, but in many instances it has been. One only has to ask the employers and the employee representatives on that board, and they say that is so.

My concerns about increasing payroll tax relate to jobs and jobs for young people and private investment in our State. If we do not attract private investment, all the good ideas about the MFP, which I support, will go down the drain. If this State is not in a position to compete not just interstate but with an economic advantage compared with other States, we have nowhere to go. As the Deputy Leader clearly pointed out, there is a significant difference in exemption levels between South Australia, Victoria and New South Wales. Those exemption levels, when put together, make our tax rates very close to those in Victoria and in New South Wales. We do not have an incentive for exporters in our system, yet there is no doubt that the Premier is right in saying that that is what we need to do. But there is a difference between saying what is right and what needs to be done and actually acting. When given the opportunity, I intend to oppose the Bill on the grounds that it is anti-employment in this State, anti-private investment and not in the best interests or future direction of this State.

Mr GROOM (Hartley): I have heard three very disappointing speeches from the Opposition: the Leader of the Opposition, the Deputy Leader and now the member for Bragg, who joined the duo to form a trio. I was intrigued to hear the member for Bragg say that it does not matter what is happening interstate; he dismissed what is happening interstate. He could not have listened to the speech by the Leader of the Opposition, because that speech was all

about what was happening interstate as indeed, was the speech by the Deputy Leader.

The import of the Opposition in attacking this measure is that the impact of payroll tax increases which have been announced in the budget will mean a loss of competitiveness interstate. That just is not the case. Once again, we see the Opposition downgrading South Australia for nothing more than short-term political gain. I heard the Leader of the Opposition going back into the old 1970s furore of businesses leaving South Australia and going to Queensland, as if it was going to be brighter up in Queensland. We can all recall the car dealer in South Australia who announced that he was going to Queensland, where it was brighter and better, and who returned within weeks, saying that South Australia was not all that bad after all; it was a pretty good State in which to live. We have all heard these negative criticisms before. It is disappointing to see the Opposition slipping back into this negative role with its criticisms of South Australia. It puts South Australia in a negative light. The fact of the matter is—

Members interjecting:

Mr GROOM: By encouraging businesses, by planting the seeds in relation to leaving South Australia, the Opposition downgrades South Australia. There is no justification for that policy to emanate from the Opposition. The fact of the matter is that South Australia is a well managed State, despite the economic problems confronting Australia, the world and, indeed, this State.

One has only to look at the balance sheet of South Australia, which has been published in the 1990 information paper prepared by the Treasury. South Australia's net assets amount to \$13.1 billion. That is an encouraging result in terms of financial capability. It reflects a very well managed State. I note in that report (page 101) that the Treasury has asserted that the asset values, contained in the balance sheet table of South Australia's public sector on page 103, can be considered conservative. We all know what that means—that the asset value of the South Australian public sector is probably much higher than that.

When we look at the statutory authorities, we see that overall they reflect a very healthy State. SGIC's net worth—

Members interjecting:

Mr GROOM: Overall, the statutory authorities reflect a very healthy State. The two major props in South Australia, apart from SAFA, are SGIC and the State Bank. The net worth of SGIC is \$163 million. I know that this is painful to Opposition members. They do not like to listen to the fact that South Australia is a well managed and well governed State, is financially stable and viable and has the capacity to meet its ongoing needs probably more so than any other State. SGIC has a net worth of \$163 million as at 30 June—a conservative estimate, in accordance with the Treasury information paper. The State Bank has a net worth of \$221 million. All this is reflected in the Treasury information paper.

More than that, let us look at our overall debt position. The overall debt position of South Australia compares extremely favourably with that of other States. A table on page 59, 'The Government supported sector,' clearly shows South Australia in a very comfortable position. South Australia is reducing its net debt as a percentage of gross State product. If one compares table 24 with the situation in 1985, one sees that the net debt as a percentage of gross State product was 7.3 per cent. In 1990, it is 5.9 per cent. That shows that, notwithstanding the economic difficulties confronting South Australia, and indeed Australia, the Government in South Australia has been steadily reducing the net debt of people in this State.

When we look at table 25 (and, admittedly, these are the ABS figures and they are current to June 1987, but I do not think our position has deteriorated) again, compared with other States, we find South Australia at a very encouraging level. Northern Territory fared best at \$753 million, then came Tasmania with \$2 478 million and South Australia was third with \$3 987 million. New South Wales and Victoria were sixth and seventh respectively with \$19 947 million and \$20 328 million. South Australia ranks third. Looking at the net debt as a percentage of gross State product, South Australia comes in second at 19.3 per cent. Of the larger States, Victoria is 28.1 per cent and Queensland came in first at 15.2 per cent. But South Australia was second of all the States as regards net debt as a percentage of gross State product. Again, when we look at our net debt per head of population, we find a very favourable result for South Australia. South Australia comes in second.

So, South Australia not only is a well managed State, even though we have had to confront very difficult economic times, but has a viable, healthy public sector and has been steadily reducing its debt. Table 25 related to both total Government and semi-governmental debt, so that augurs far better for South Australia. Let us look at our taxation situation, as the import of the Leader and Deputy Leader's attacks on this payroll tax measure is that we are losing our competitiveness with regard to other States. That is just not the case. The 1988 Treasury information paper, at page 48, states:

South Australia has the second lowest taxation/GSP ratio of the States . . . According to Grants Commission analysis, the State has an ability to increase the overall tax burden by about 4 per cent before the tax burden would reach the (weighted) average level applicable across the six States.

That was in 1988. Let us look at the Treasury information paper for 1990. Dealing with South Australia, at page 52 it is concluded:

. . . total taxation effort or burden was also below average, including a well below standard effort for payroll taxation—

and I emphasise that, because it is relevant to the measure, of course—

gambling taxes and business franchise licence fees for tobacco (this relativity would probably have diminished somewhat in 1990-91).

So, even taking into account the increases in this measure, our total taxation effort is below the burden in other States. Indeed, I suspect that we have maintained our position to that reported in 1988, when we could have increased taxation by 4 per cent so that we would be on a par with other States.

Not only has this Government serviced its debt since 1985, steadily reducing it, but it has also maintained South Australia as a low taxing State. Opposition members wanted to say that, by telling businesses to move out of this State and go to Queensland or anywhere else, they are not downgrading South Australia. Of course they are downgrading South Australia! And why? For nothing more than short-term political gain. Why is Greiner not abolishing payroll tax in New South Wales? He is putting it up. What is the policy of members opposite? We do not really know. They said, 'Let SAFA use its reserves' but, year after year, budget after budget, they attack SAFA. They attack SAFA's having accumulated reserves, and they now have the gall to turn around and say, 'Use the reserves and don't put up payroll tax.' That is not what their counterparts in New South Wales are doing; they are increasing payroll tax, simply because the States must do that. They must strike a balance with regard to the mix of taxation. Other States are doing the same.

I want to turn to one other assertion in the Treasury papers and to underpin what I have been saying. The document states:

Measures of the States' own revenue raising activities are shown in tables 16 and 17. South Australia has a relatively low taxation/GSP ratio. This is partly the result of a lower taxable capacity in South Australia (for example, lower land values than in New South Wales and Victoria) and in some cases but not all, the result of lower rates of tax (for example payroll tax).

Of course, our rate of payroll tax will be 6.25 per cent, compared with 7 per cent in New South Wales and Victoria. In addition to that, the Government will be steadily increasing the exemption levels for payroll tax. They will be increased to \$414 000 on 1 January and \$433 000 on 1 July 1991. So, progressively, payroll tax will catch less. It is not a bad effort for a State Government in these difficult economic times.

An honourable member interjecting:

Mr GROOM: It is; it is a top effort, because South Australia is well governed financially, and that is reflected in the figures released from Treasury in relation to our State. But the Opposition does not want to accept this. It does not want to accept it, for short-term political gain. I heard the Deputy Leader of the Opposition asking, 'If you take \$100 million out of the economy, what do you get?' He should know what you get, because between 1979 and 1982 that is just what the Liberal Government did. But it took \$100 million out of capital works and induced a recession in this State. Of course, the Deputy Leader should know what occurs. If we take \$100 million out of capital works, we will induce unemployment and a recession—and that is exactly what Liberal policies did between 1979 and 1982.

Mr S.J. Baker interjecting:

Mr GROOM: It is not untrue. I know that the honourable member has difficulty understanding the finances of South Australia. I suggest that he go back and get some tuition, and read carefully what occurred between 1979 and 1982. I know it is painful to him, that the Liberal Party induced a recession. The Liberal Government lost office in 1982 because of its policies. It had the opportunity, but it took \$100 million out of capital works and, in addition, increased the deficit by \$63 million.

It was this Government that had to grapple with that. Now members opposite have the audacity to come into this Chamber and tell us how to run South Australia—and they are essentially the same people; they have not changed, they are still the negative group they were between 1979 and 1982, and since 1982. What would they put in its place? A consumption tax. A consumption tax will hit the rural sector, yet that is the Opposition's solution. That is the Liberal Party's Federal and State policy: to bring in a consumption tax of 10 to 15 per cent. Of course, they brought in payroll tax. We now have the payroll tax system because of the Federal Liberal Government.

An honourable member: They agreed to it.

Mr GROOM: Well, the States had no alternative. The Opposition has slipped back into its old negative ways of downgrading South Australia for nothing more than short-term political purposes. We do not hear anything about their policies. It is no wonder that the people have rejected the Liberal Party as a possible Government of this State. One has only to look at what has occurred in the past. The Liberals were rejected in 1982 because between 1979 and 1982 they did just what the Deputy Leader said they should not do. They were rejected at elections in 1982, 1985 and 1989, and they will be rejected in 1993.

Mr BLACKER (Flinders): I, too, oppose this measure, and I do so as a means of protest against what is happening to so many businesses within our community. I refer, in particular, to the farming industry, but I add also the many small businesses and service agencies that flow on from the producing sector of this State.

The House has just listened to the comments of the member for Hartley, but he did not utter one word about the difficulties being experienced by the producing sector of this State. He carried on as though there were no economic problems confronting this State or Australia at this time. Let us face it: the real problems are lack of job opportunities and lack of export earnings income. Both of those problems could be largely offset if the primary producing sector could be encouraged to have some economic viability, but the Government has not grappled with this problem. We heard today—and from the Minister last week—of some assistance being offered by the Government but, comparatively, this assistance is very minor. The best opportunities for employment are in the small business and farming communities but, unless those two areas are encouraged, not only will unemployment continue to increase and job opportunities to decrease, but our position will not improve.

We must encourage export, production and manufacturing. When we look at those three main aspects, we find that one of the inhibiting factors in the encouragement of employment is the Government's taxes on employment. It is no good saying that payroll tax is only a relatively small part of the problem. I have no doubt that the Minister will come back and ask what I am talking about, because practically no farmers pay payroll tax, anyway. We know that all of those rural businesses which service the community have to pay payroll tax, and that is added to by the prices of the commodities which farmers have to buy and the cost of living further down the track.

Unless the cost of employment is reduced, there is no indication that job opportunities will increase. The cost of employment needs to be assessed in the light of the total cost to the employer. It is not just the amount of a wage that is involved, it is the amount of a wage plus additional costs such as payroll tax, superannuation, WorkCover, etc. In a non-risk industry we are looking at the cost of wages plus 25 per cent. In many industries where there is a risk to the operator or the worker—and I refer in particular to the mining industry—we are looking at the cost of wages plus 150 per cent. So, instead of being able to say that an employee's wage is \$25 000, an employer must say that the cost of employment is \$25 000 plus 25 per cent. So, in reality, it costs in excess of \$30 000 to employ that person.

Unless that employee can return for his employer more than that \$30 000, there is no point in taking him on. This point needs to be appreciated by the Government and by everybody in a position of any influence whatsoever. The cost of employment is creating retrenchments and an environment in which people do not want to employ. Let us face it: many businesses would like to employ but cannot stand the cost of employment and cannot stand the red tape involved in it.

Mr Ferguson interjecting:

Mr BLACKER: The honourable member says that real wages have fallen in the past five years. Whether or not they have, it is all a matter of relativity and the ability of the employer to pay. Unless his business is productive enough, and he can see that he can get a return from employing an individual, he will not do it. The whole thing gets down to cold hard facts. A few of us on this side of the Chamber (I am not sure whether there are any on the Government side of the Chamber) employ people. We have

to look at our figures carefully to ascertain whether a potential employee will be able to pay his or her way if they are on our payroll.

Mr Ferguson: You're paying less now than five years ago.

The SPEAKER: Order!

Mr BLACKER: I am rather pleased about the interjection because it highlights the dilemma that this State is facing. A Government member has tried to defend the fact that we are paying less for the employee relatively speaking. I can appreciate that, but what is the return that that employee is bringing back to the business? That is considerably less and there is no relativity between the cost of employment and the cost of production of that employee if taken on. We have only to look at the reality of employment figures and job opportunities occurring in South Australia at present to see that what I am saying is correct. I for one would love to employ persons on the farm. I cannot do it because I cannot afford or justify the costs involved in that employment. This situation applies to hundreds if not thousands of farmers around the countryside.

The Hon. P.B. Arnold: You'd lose your farm if you tried.

Mr BLACKER: Of course. The reality is that that is happening now. The member for Eyre earlier today said that 20 farmers have told the banks that they can take the crop off the best way that they can. That is the stark reality of the situation. We must look very carefully at what part Government charges are playing.

Last week in a debate in this House, regrettably, most of the debate on both sides got away from the State political influence and got into national policies as well as national and international finance policy. We must look at the cost here on our home base. As I said in another debate last week, how can South Australians and Australians justify the cost to our export industries? For example, in the United States of America the slaughter cost per beast is \$39 and in Uruguay it is \$59 per beast. In Australia it is \$111 per beast—three times as much. How can we justify that? They are the problems with which this State Government must grapple. They are the costs with which the producing sector must cope. The whole issue of payroll tax involves the ability of businesses to be able to employ.

I was interested in an article that I obtained from the Library entitled 'Queensland: Goss's golden plans to lure business'. I will quote extracts from the article, which was referred to in the Library sheet that all members receive. The article states:

One constant for Queensland in the change from a National to Labor Government is that it remains a low-tax State. The Goss Government's refusal to join the other States in uniformly lifting charges, and its resistance to pressure from New South Wales and Victoria to introduce fuel and financial institutions taxes, offers what Premier Wayne Goss calls a 'golden opportunity for business'.

But despite the low-tax promise in its first budget, the Goss Government still faces scepticism from some business quarters, expressed mainly by the Queensland Confederation of Industry, that it can continue to deliver the comparative advantage that Queensland business has over other States.

It is quite obvious that any confederation of industry would be somewhat sceptical because they have seen what has happened in other Labor States throughout the nation and therefore do not believe that Premier Wayne Goss can in fact deliver his promise that he has stated, bearing in mind the examples set by his other colleagues. The article, quoting Mr DeLacy, the Queensland Treasurer, continues:

The single most important thing we can do for business is to keep taxes down. By doing this while the other States raise taxes and charges in a uniform and substantial way, the advantages of doing business in Queensland continue to grow. Unless our budget is good for business and business can expand, we can't introduce the equity issues our traditional supporters want.

It is rather hard to believe that they are the comments of a Labor Treasurer in a State which inherited a low tax position and one that has recognised the value of low taxes to that State and is aiming to continue that way. The article continues:

Financial responsibility includes the Goss Government's own budgetary constraints. All social programs are to be financed from recurrent expenditure . . . all accruing liabilities (including superannuation, workers compensation and third-party insurance) are to be fully funded (a situation inherited from the Nationals and which Labor is committed to retain to avoid the blow-outs in other States with subsequent rises in charges to business); and any debt raised by the Government is to be tied to projects that can finance the repayments (for example, coal railways, gas pipelines or toll roads—again following the previous Government!)

The fact that Labor inherited a budget with a debt servicing ratio of 6 per cent helps. If Queensland had Victoria's 16 per cent debt servicing ratio, the Government would have to find \$850 million in taxes and charges to provide the same level of services. That \$850 million approximates the savings in payroll and land taxes, stamp duties and other Government fees that Queensland business has over New South Wales and Victorian levels.

Further on, the article states:

The Government has just released a green paper on its trading enterprises and estimates that lifting the return on investment (or in some cases reducing losses) by 1 per cent in the largest seven would save the Government \$250 million a year . . . This sort of program is borrowing from the experience of other governments, particularly New South Wales, but Goss is quick to highlight Queensland's differences with what he calls the Greiner experiment. We don't want to be forced into the Dry Greiner situation . . .

'We're about holding taxes and State debt down while increasing the level of services through making the public sector more efficient.' . . . No matter what issue the Government might move on to the disapproval of business (such as lifting wages for nurses after an Industrial Commission finding that they were paid much less than nurses in other States), Treasurer De Lacy says business is protected by the Government's commitment not to raise taxes and charges above the rate of inflation and not to fund social services from debt.

'That locks us in to remaining the low-tax State', he says. 'It would be electoral suicide for us to break those promises now. There's a strong culture in Queensland to being the low-tax State.' The benefit for the Government is that the comparative advantage for business brought by lower taxes and charges maintains interstate immigration; which fuels economic activity (especially housing), which in turn flows into State revenues such as stamp duties.

The article continues and highlights the very subject we are debating, that pay-roll tax is an issue which has serious effects on the ability of any employer to employ. It has a serious effect on not only the cost of living but also on the cost of production, and all these things have a compounding effect.

It is very difficult for any of us to identify to what extent our cost of living is influenced by payroll tax, but we do know that every industry which pays that tax and which supplies a product to us has the cost compounded along the way. I acknowledge that farmers themselves do not have to pay payroll tax unless they are in the very big league, but their production costs are influenced by payroll tax. I think it was the member for Hartley who said, in reference to various graphs and statistical records in the Treasurer's information papers, that tax collections have exceeded inflation by about double.

Mr Groom: I did not say that.

Mr BLACKER: I am sorry. No matter who said it, I do not think that that matter is relevant: the whole issue is whether our employers can employ in today's economic climate and whether our producers are able to produce in that climate. I fear that unless we can see a realistic grappling with this problem and a freezing of charges at all levels of government—Federal, State and local—we will not see an improvement in the position.

I cannot see how the Government can proceed with increasing a series of charges as it has forecast in the budget speech, and as it proposes to do in the next week or two, yet stand by and see one sector of the community supposedly gladly accept a 50 per cent reduction in income. No sector of the community can do that, and members cannot point the finger at the farming sector and claim that farmers are responsible for the position they are in, because the farmers are not responsible.

Farmers acted on Government advice; they acted on legal and accounting advice provided at the time. We had the Governments of the day saying, 'Get big or get out.' We had all of that, as well as Government decisions influencing people to acquire extra land. In so doing, they are now saddled with a problem that they cannot overcome. As the member for Eyre said today, many farmers will walk off in the near future, and I would hate to think of the number of people who will be placed in that position in the next six months or so. I am firmly convinced that the Government's action in failing to try to contain those added on costs that employers are expected to pick up will mean the demise of not just farmers but others as well. Farmers are only at the head of the chain. There are service agencies and manufacturing industries, and we know what has happened recently to John Shearer, the machinery manufacturer.

Members should count how many machinery manufacturers are left in South Australia. There are certainly not many. The Government must look at itself seriously and at its policies to determine why those machinery manufacturers are no longer here. The Government should look at the marketplace where, if the manufacturers were still operating, they would be selling their products. Frankly, it is a reflection on the policies of the Government of the day and of past Governments that we have only a small machinery manufacturing sector left in South Australia.

We have a vehicle manufacturing industry which I am told is subsidised to the extent of \$25 000 per employee. If that \$25 000 were provided in respect of every employee in the rural industry, at least there would be some export earnings coming into Australia, but that is not happening. For any Government to defend the position of providing \$25 000 per employee, at the same time merely standing by and watching our rural industry go down the drain, clearly its priorities are all wrong.

That is amply demonstrated by the number of persons actively involved in the rural area as reflected on the Government benches and throughout the whole Parliament. Regrettably, our numbers are small but the rural contribution to the State's economy through export earnings has been great. I refer to those rural areas collectively encompassing primary producers, service agencies and the businesses that support them. Their contribution to the State's economy is enormous and far greater proportionately than the number of members representing those interests. I guess the question is: who is really contributing to the wealth of this State and who is really trying to drag it down? I oppose the Bill.

The Hon. P.B. ARNOLD (Chaffey): It is depressing to have to listen to the misguided rhetoric of the member for Hartley on occasions like this when he tries to justify the position of the Government when it is in the process of increasing taxation in South Australia to the tune of some \$230 million. The Government has a shortfall in its budget of \$230 million, and its only answer to this problem is to increase taxation by that amount. No-one else can do that. No-one in the private sector, no matter what business they

conduct, whether it be in manufacturing or primary production, can increase the end price of their commodity to meet the shortfall in their budget. But, that is what the Government does, and it wonders why people right across the State are going broke.

The member for Hartley suggested that South Australia is a well-managed State: a well-managed State by whose standards? It is certainly not by the standard of the people who daily come into my office, people who have just been forced off their properties, out of their homes, and sold up by the banks, because they can no longer survive under the present economic circumstances which have been created by this Government and its Federal colleagues. Daily, people in my community who are in that situation are coming into my electorate office.

I would like to see the member for Hartley convince people in the Riverland that this is a well-managed State; he might be very surprised at the reaction he gets. I invite him to come to the Riverland and suggest to these people who have just lost their properties and who have been forced out of their homes that this is a well-managed State and that there is a need for the Government to impose a further \$230 million on those same people who have just lost everything that they have worked for their whole lives.

This payroll tax increase will apply to companies which are out there being productive, and from that productivity every member opposite derives an income. One has to look very hard to find a member opposite who has actually ever been out there and produced something for the export market with an income return to this nation—and perhaps this is where the trouble lies.

No matter what company one refers to—whether it be the Berri Renmano wine complex or Berrivale Orchards which produce Berri fruit juices—with this increased payroll tax they have only two options: they can either pay the increased payroll tax and retain their present work force or reduce the size of their work force to maintain the present cost. If they maintain the work force the additional payroll tax has to be met, and that means there will be that much less directly available to the growers and, as I said, those growers in many instances are already being forced off their properties by the banks and have virtually no equity left in their properties. On the other hand, if companies decide not to pay the additional tax, in order to maintain their present expenditure they have to reduce the work force. Therefore, it is a direct tax on employment. So, once again, the State loses. This Government has got itself into a never-ending situation.

What is the alternative? That question has been asked here today. Well, there are alternatives. For one thing, we have an oversized Public Service in this State; Government departments could be further trimmed. I can remember that in 1979 to 1982 the Tonkin Government reduced significantly the size of the Engineering and Water Supply Department. I have noted that in that instance the present Government has not increased the staff numbers in that department. It has increased the number of staff in other departments, but not in that department. The Liberal Government reduced the numbers in that department—by natural attrition and early retirement—by some 1 500. That was regarded by members opposite as an absolute disaster. They said that the implications would be horrific. However, the department went on and did its job with 1 500 fewer employees, and all credit to it for reallocating the positions, jobs and workload. That was achieved and the department still provides a service similar to what it provided prior to the cut in the size of its overall work force.

Efficiencies can be implemented within the Government work force, and that should be done right across the Public Service. I venture to state that there is ample room within the total Public Service, across all Government departments, to have absorbed that \$230 million in the circumstances. It is not a matter of sacking anyone; it is a matter of natural attrition and those people who want to take early retirement. During the period of the Tonkin Government not one person was sacked and yet the overall Government department work force was reduced by in excess of 2 000 people in a matter of three years. So, it can be done and it would have beneficial effects, inasmuch as South Australia would become more competitive with the eastern States.

The member for Hartley has raised the question of what is happening in other States. He said that we must follow suit; we must do exactly the same as the eastern States. I say that there is an alternative and that we can, by natural attrition, reduce the size and increase the efficiency of the Public Service. This was proved back in the period 1979 to 1982, and the E&WS Department is still an effective department with about 1 500 fewer people than it had when the Liberal Party came into office in 1979. So, the member for Hartley can huff and puff as much as he likes, but the trouble is that one of these days he should get out into the real world and actually be productive for a change—and produce something in the interests of the nation. To date he has not succeeded in doing that; he has tended to live off the misfortunes of other people in the community.

Mr Groom interjecting:

The SPEAKER: Order! The member for Hartley is out of order.

The Hon. P.B. ARNOLD: So there are alternative ways of doing it. In conjunction with their Federal colleagues, members of the Government have now, belatedly, attempted to marginally reduce interest rates. If interest rates were dropped dramatically in this State, the dollar would come down from 80c against the US dollar to 75c. If the Australian dollar was in the 70c and 75c bracket against the US dollar, we would be back in business. We would be able to export and, if we had reasonable interest rates to go with that, the problems we are confronting in the horticulture and agriculture industries across Australia today would largely evaporate.

This is the first of the Bills increasing tax in the Government's present budget. I oppose this measure for the reasons that I have outlined. I will oppose the other Bills that the Government is bringing in to support its budget for the very reasons I have given today. There is an alternative, and I believe it ought to be pursued.

Mr OSWALD (Morphett): This afternoon it is very interesting to note that the Government has put up only one speaker to try to defend its actions. I would like to think that, as the evening goes on, we will hear more from Government members. The Government has put up only one speaker because its argument is indefensible. The Government, to justify its argument, cannot come in here and say that it needs to increase payroll tax. The Government knows that payroll tax is a tax on business. Given the existing business climate, the Government does not want to be seen to be knocking business but, whichever way one looks at it, it is a tax and an impost on business.

I thought it was very interesting that the member for Hartley got up and gave his usual speech that he gives every time the Government puts him up, where he talks up the economy as seen by the Labor side of politics. We hear justification for the high taxation levels that this country and this State in particular has to endure. However, nowhere

in the member for Hartley's speech did we hear about the Government's plans for industry growth or what the Government will do to increase job numbers or staff. All we heard was justification for the increases in taxes. He gave that justification in the form of saying that, because the Government is trying to reduce the State debt, it is a good thing. He did not say that the Government has been taxing business in this State blind and unemployment has gone through the roof. It is small logic for him to say that the Government is wiping out debts when at the same time the State is being crippled.

If the member for Hartley is to be the only Government member to speak in this debate, we should have liked to hear about how the Government will redress this massive downturn in business confidence in this State. Whichever way one looks at it—whether it be the rural community, primary industry, secondary industry or the retail industry—there is a downturn in business confidence. All we got today (and I hope someone else opposite gets up and speaks) was the Government, through a saturation of statistics, trying to justify the high level of taxation that is crippling this State.

It is interesting to pause and look at the Government's hypocrisy, given that payroll tax in this country is a Labor Party tax. Whilst Labor leaders have tried to distance themselves from it, the fact is that historically Labor Governments have continued to enforce it. Let me give some examples—

Mr Groom interjecting:

Mr OSWALD: The member for Hartley again interjects and says, 'It is a Liberal Party tax.' He is wrong, and I will demonstrate that. It is a public perception the Government tries to put abroad to distance itself from the tax. We all know from the discussions that are occurring down in Trades Hall—and no doubt in the ACTU—that the attitude is, 'To hell with the employers. It is a source of taxation, so get into them.'

Payroll tax started federally back in 1941. It started under a Federal Labor Government. It was brought in in 1941 to help workers with large families. The idea was that money raised by the tax would be paid back to family men in the form of the child endowment scheme. Members might remember the 1941 child endowment scheme. In 1971 it was a Liberal Country Government which, after pleading by State Governments for a growth tax, handed over payroll tax to the States. I remind members that in 1941 a Federal Labor Government initiated the tax; in 1971 it went to the States. Who was the Premier in 1971? The Hon. D.A. Dunstan.

The Labor Government picked it up in 1971 and ran with it. The State immediately raised it from 2.5 to 3.5 per cent and it continued to increase to 5 per cent. Then came that period in Opposition for the Labor Party when the Hon. David Tonkin came into power. Over the year payroll tax was increased for the betterment of general revenue in this State. When Mr Bannon became Leader of the Opposition, the first thing that he did was to run a campaign to abolish payroll tax.

If ever one saw more hypocrisy than we got in those days, we saw it in the period 1979-82. I was a new member. I sat on the Government side of the Chamber and in those three years I watched how the Labor Party, through various spokespersons, attacked what it had supported over previous years. Payroll tax was an example. Throughout that period, 1979-82, there was a continuous attack on the Tonkin Government by the then Leader of the Opposition (Hon. Mr Bannon), who claimed that it was unjust, that it was destroying small business and that it had to go.

In fact, in 1980 the *Advertiser* stated:

The Opposition Leader, Mr Bannon, is ready to lead a national campaign to abolish payroll tax. He called today for a conference of Premiers and State Opposition Leaders to discuss the issue.

The member for Hartley, who tried to shift the blame to the Liberal Administration, both Federal and State, would do well to listen. Sadly, he was not in the Chamber in those three years. If he had been, he might have been able to guide the then Leader of the Opposition into a more sensible and sane debate, instead of falsifying the public debate by claiming that he opposed and wanted to abolish payroll tax. The article continues:

Mr Bannon has written to the Prime Minister, Mr Fraser, telling him of the move and asking him to arrange the conference. He said the tax must go . . . The tax was a cause of unemployment because it added to the wages bill, discouraging employers from hiring more workers.

Later in the article, again he says, 'The tax must go.' If ever we saw hypocrisy, it was then.

We roll on now to 1982. The same thing was going on. An article in the *News* of January 1982 states:

Small businesses in South Australia were suffering because of the State Government's refusal to act on payroll tax exemptions, the Opposition claimed today.

This is ascribed to the then Leader of the Opposition, Mr Bannon. He said:

It is completely unfair to penalise small businesses in this way. History went on and the Tonkin Government was unfortunately defeated, and the Bannon Government, regardless of the dishonesty of its campaign, came into power on an expectation, no doubt in the business community, that it would carry on with that campaign in office. It is history that it did not carry on with that campaign. It picked up the historical significance to the Labor cause of payroll tax, as it has applied since 1941, and it continued to turn the screws on business generally with the imposition of the tax.

History has proved it and history will prove it again. I shall not support this legislation tonight because I do not believe—and I do not think that the business community of South Australia believes—that this Government is fair dinkum in wanting to help small business through relief from payroll tax. It had an opportunity in the early days of the 1940s and it had an opportunity in the 1970s. We heard it all through the period 1979-82 when the Premier, as the then Leader of the Opposition, spent three years telling the business community that he was opposed to payroll tax for all the reasons we know that cause problems for business and he was going to do something about it. He was going to lead the attack on Canberra and he was going to have a Premiers Conference there to abolish payroll tax; but we now have \$472 million imposed upon this State in payroll tax collections.

In 1972-73, the take was only \$222 million. A sum of \$472 million is now being taken out of business by our Labor socialist friends opposite for one purpose only: to put it into general revenue, without the slightest regard for its impact on the community. As this country rolls from a recession into a depression, I should have thought that some members opposite would show concern for the employers of this country who are trying to keep businesses solvent, who are trying to employ people and who are trying to preserve the assets which are diminishing daily because of inflation. They are in a holding pattern hoping that, when interest rates fall and exports rise, they may have another chance.

Do we find any relief from Government members? No, there is no relief. We have heard only one contribution from that side, and that member justified the reason why the Labor Party likes high taxes. That is no solace to

employers and employees who hope that one day the country will come good. I urge members to consider seriously their position and the future of this State and nation if we do not give relief to the employers of this country. What is said here should be reflected at Trades Hall. If members opposite were responsible and had the future of this State at heart, at Trades Hall they would make the same statements as I am making.

Members interjecting:

Mr OSWALD: Members opposite protest, but they are not interested in employment in this State. The trade unions of this State are interested only in those who are lucky enough to have a job. They are not interested in the unemployed. That has been demonstrated over and over again. If a man has a job, the unions will look after him. Only the other day, 50 workers were put off at Clipsal. If every employee at Clipsal had dropped his salary by 3 per cent, fewer workers might have been put off.

An honourable member interjecting:

Mr OSWALD: Yes, I would. If we could get general agreement across the State I would take a lesser salary so that the money could be used to save jobs, cut costs and employ more labour throughout the State.

Members interjecting:

Mr OSWALD: Members opposite scoff because they would not dare give up one cent. They represent the trade unions, which are hell bent on increasing salaries for those who are lucky enough to hold jobs in this country. No-one seems to have regard for those who are unlucky enough to be out of work. This legislation is about people who are at risk of going on the unemployment lists because employers lose the ability to employ as the cost of employing labour becomes too great. We know that members opposite do not care very much about anything I am saying, but that is what differentiates a Labor member from a Liberal member. We do care about employment in this country, and about both those in jobs and those out of jobs and, given this time of depression, members opposite should show some consideration for the unemployed and those at risk of becoming unemployed.

I look forward to a contribution from someone other than the member for Hartley, who always makes a contribution on economic matters. We hear very little from other members opposite, who are probably too embarrassed to speak on the subject, having to follow the line set by Trades Hall. Because many members opposite are decent men and women at heart, they feel it difficult to make a contribution. Let them prove me wrong. Let us see them all speak up for the unemployed and for those who are about to be unemployed. The taxes imposed on employers in this country are crippling them and, if we in Parliament do not do something about it, I feel sorry for those people who will become the next lot of statistics.

Economists believe that this payroll tax legislation will result in another 500 to 1 000 people going on the unemployed list over the next 12 months. I do not want to have that on my conscience. If Labor members want that, so be it, but they have the opportunity to redress the matter by not supporting this piece of legislation, and I urge them to do so.

Mr S.G. EVANS (Davenport): I do not really accept the member for Playford calling me 'dear'. However, if that is his way, it is not mine. I oppose in the strongest terms the Bill before the House. Any society that taxes people for employing other people at a time when unemployment is high and job opportunities are scarce is a foolish society. I go so far as to say that, if we were back with the true

working class representatives of the parliamentary Labor Party in the 1960s—the Walshes, O'Hallorans and others—and we suggested bringing in a tax on employers who employ approximately 15 or 20 people, and suggested a rate of 6.25 per cent of salary, these people would have laughed the suggestion out of the Party room.

They may even have excommunicated those who made the suggestion, yet that is what we are doing: we are saying that those who find that they might be able to employ people must pay a tax for doing so. If an employer gets to where he is just inside or outside the point of paying the tax, will he employ the next one or two people who will put him inside the range of the tax or will he avoid it? Of course he will avoid it. If it means his doing more work himself or having the family assist, or if it means finding another way around it by using machines, he will use machines. The vast majority of the machines that are used in industry in this country are brought in from other lands or other States, and members ought to contemplate that.

The greatest majority of machines we use are made not here in South Australia but elsewhere. So, every time that an employer avoids employing someone because of taxes on that employment, the money to buy the machine goes out of the State and the employment so created is outside the State. But, no thought is given to that. No thought is given to it, because the Bannon Government is not prepared to look at matters in this State in an economic way.

I will give one example, while the Minister of Transport is in the Chamber. A median strip is being laid down Portrush Road, and artificial grass is being used on the confounded thing. What the heck for? What a waste of public money! Putting that down the middle of a median strip on a public highway is a waste of public money.

An honourable member interjecting:

Mr S.G. EVANS: I don't care whether the council wants it, whether one or two citizens want it, whether some engineer thinks it looks great, or whether someone has a contact who wants to sell the damned stuff—it is a waste of money, and that is bad management. That is just a minor example. We spend money on timber companies in New Zealand, projects in the South-East that we are not sure will take off, and equipment for a sawmill in the Hills that is sold off at a loss even before it is installed. Yet, we say that we need to tax people more for that sort of government. How ludicrous! It is shameful. If members managed their households in the same way, their friends and relatives would tell them that they were really foolish.

This Government is one that is not prepared to take the hard bite when it comes to cutting the costs of government: it wants to continue to apply taxes. Some members say that it is an offence to ask the Government to spend money in their electorates yet, if members do not do that, they find that all the money is spent in the electorates of members who are closest to the Ministers and the Cabinet while the electorates represented by the Opposition do not receive a fair share of the tax cake.

The SPEAKER: Order! While this debate is wide-ranging, and while the honourable member has the right to raise these points, the debate relates specifically to payroll tax, so I ask the honourable member to bring his remarks back to that topic.

Mr S.G. EVANS: I will do that by saying that it is considered to be a crime to ask for part of the tax cake of \$70 million, which the Government expects to receive in one full year, or \$45 million which it expects to receive in the remainder of this year from 1 October. It is considered wrong for a member to say, 'My electorate needs a share of that cake'; one is expected to sit back and let it be spent

in other electorates, perhaps marginal seats or in electorates where Ministers have the closest contact with their pals. I am not at all ashamed to ask that my electorate be given a fair share of the cake, whether it be a cake of \$45 million for this year or \$70 million extra for next year, a total of \$472 million for a full year from payroll tax. And I shall do it.

I ask the members of the Australian Labor Party, who say that they represent the workers, those who are employed, on what basis do they justify saying to those people who wish to be employed, 'We are going to tax the employers to the point where they don't want to employ you.' That is the truth of it: they will tax them to the extent and say, 'We don't want you to employ people. The more you employ people the more we will tax you for doing so.'

Several speakers made comparisons with the other States. The member for Hartley cited someone who went to Queensland, said it was a great place because there were fewer taxes, but came back. I am happy to see that now an ALP Premier can see the benefit of the sort of government, in terms of taxation, that was evident in Queensland for many years. He can see a benefit to the extent that he and the socialists in Queensland are now saying that they will not go down the same path as the Government of this State is taking. They are happy with the type of system that operated in Queensland.

I refer again to the comment made by the member for Hartley in this debate. If a State or a business expands quickly in terms of population and development, there will be some ebbs and flows that retard, for a short period, the speed of the flow, and some will be disappointed because they tried to establish themselves at the wrong time. This State has not had a massive growth in population. Our young people are leaving us—the best brains in our State are leaving us—because we do not have job opportunities for them. The population of Western Australia has surpassed that of South Australia, and Queensland's population is growing more rapidly on a percentage basis than that of any other State. And that is because incentives are provided for people to establish there. This payroll tax is not an incentive: it is a disincentive.

Reference has been made to the 7 per cent payroll tax in other States compared with 6.25 per cent in this State. Those States have a level of \$500 000 before it applies. Our limit is less than that, so that evens it out, because we drag more in earlier. But, must we concern ourselves with that? One great advantage a State can have is a cost structure that is lower than that in other States. When that situation applies, people can be encouraged into that State because of that benefit. What benefit do we have now? No member has told us. The Premier has not told us. We have an ageing population, and that may involve a benefit to some businesses if they can avoid the payroll tax area. What are the other advantages? I do not know. Those in the building trade have had a reasonable go; they have not fallen into the same holes as have people in other States, although their profit margin is low because they have had to compete and, in some cases, compete with Government agencies. Government agencies and trade unions also have a big influence on the prevailing conditions.

In discussing this tax, I am amazed that the closest ally to a Labor Government, a socialist Government, the Bannon Government, that is, the trade union movement, has not uttered a whimper about a Government taxing people for employing other people. Where has the old trade union philosophy gone of creating employment for people who wish to be employed, those who want to use their expertise or talent? Where is the whimper about such a wicked tax

as a payroll tax? Sure, it has prevailed for some time, but why the big increase in this time of depression? Why not tackle the problem of cutting costs in government?

The Government now has a Minister of Finance—the Minister presently on the front bench—who has the task of attempting to make some cuts, but that is to be done after the tax is applied. Why not say that we do not need the tax and we will make sure that we make the cuts and stay within the bounds of a budget without this extra penalty being applied to those who want to employ people?

We have seen members on the other side, on the few occasions they have been in Opposition, take out their handkerchief and virtually cry about the lack of opportunities for the unemployed. We have seen all those crocodile tears—in fact displayed by one member on one occasion as a show of his concern. But where are they today? They have gone, because the Government does not wish to bite the bullet.

There are areas in which the Government can save funds without applying this tax. By putting a Minister in charge of making cuts after the tax is applied, and also by making collection of the tax retrospective, the Government is really showing its true character. As an example, I cite the article about the MFP in today's *News*. We have had all the hurrahs about how great it is, but suddenly we find that, after money has been spent on getting to this point, perhaps it will not be a goer because the money was not spent in the right place to carry out the right procedures to determine whether or not it was appropriate to proceed. It may be that millions of dollars have gone down the drain—millions of our tax dollars—because the proper tests and surveys were not carried out in the first place.

This is another example of not taking the right action first so that if the project could not proceed, because of the difficulties now apparent, there would have been no need to pay for these costs from the money raised through this proposal. Costs have been incurred in proceeding with a project that might not be viable. I am not saying that the project should not proceed, but there is doubt about it in part if not in total. How should we view a Government that operates in this manner?

We have seen in this State many projects in recent years where money has been wasted. I could list them, but that would be outside of your ruling, Mr Speaker, to stick to the payroll tax measure being debated. Along with several of my colleagues, over the years we have not understood why the Government taxes employers who want to employ people, especially at a time when so many people are unemployed. Perhaps if there was full employment with more jobs available than people to fill them and if we were able to export goods from South Australia overseas to get ourselves out of debt, then there may be some small justification for payroll tax. However, that is a different proposition. Australia has high interest rates and a high dollar value so that materials produced overseas are imported to this State and cost less than the products we are making. This makes it difficult for our manufacturers and producers to compete. Yet now we are saying that we will impose another burden on employers to ensure that they cannot survive in the marketplace. That is what we are doing through this measure.

Members know that they can go to any supermarket and see imported items for sale. Often they are similar goods to those that we produce here. These goods are imported with their transport costs paid and different groups handle them including shipping and other agents, and wholesalers, yet these items appear on supermarket shelves cheaper than our

own products because we in South Australia cannot produce cheaply enough to compete with imported items.

We are saying to people struggling in those industries, 'We will tax you for employing the people you have on your payroll.' I cannot understand that approach. There is no doubt that we are in a depression, and people who come into the electorate offices of my colleagues and me are going broke and losing their homes. We know what the story is. Members sit here in reasonable comfort, but many people out in the community are suffering. How would members feel if they were faced with the consequences of someone saying, 'Your job is on the line. Someone has levied a few extra charges on us and we cannot keep you on: you will have to go.'

It has got to the point where many employers are considering whether or not they can keep workers on. The member for Bragg referred to the car industry, and I also refer to that example. Members can imagine the sort of bill that car makers have in respect of payroll tax while at the same time they have a yard full of cars which they are having to discount in order to stay in the marketplace. Manufacturers in other countries are exporting their goods here in large numbers and to the detriment of our industry. There is not much more that I wish to say, although I know that the member for Coles intends to speak later in the debate.

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

The Hon. T.H. HEMMINGS (Napier): If one follows the line of debate of members opposite, one could assume that they are not only opposing this Bill but will also come out publicly and say to the South Australian community that at the next State election they will abolish payroll tax. After what I have rather grudgingly heard from the Leader, the Deputy Leader and every other Opposition speaker—because when making a contribution to any debate one has to listen to what the enemy is saying—I have concluded that not only is raising the level of payroll tax wrong but also payroll tax *per se* is wrong, despite the logic put by the Minister in his second reading explanation and by the Premier in Question Time this afternoon. If payroll tax is to be abolished a common alternative has to be offered to the people of Australia by all the States, yet none of the other States have moved to reduce the level of payroll tax or abolish it—in fact, they have raised that level.

The Minister made perfectly clear in his second reading explanation that the level of payroll tax in this State is less than in other States. If one follows the line taken by members opposite one will see that they must have either suddenly concluded that they will adopt a different strategy and abolish payroll tax completely or that they are saying that payroll tax is okay but that they will not accept this increase.

Already on the Notice Paper we have private members' motions which, if agreed to, will cost the Government \$180 million. The member for Davenport seems to think that the two go together: he can criticise the Government for raising the level of payroll tax and at the same time reserve the right to come cap in hand to the Treasurer and the Government and ask it to spend X million dollars here and there, bleating to this House, 'Is that a crime?' Well, it is a crime if, on the one hand, he says he wants this money and, on the other hand, he says he wants the Government to abolish payroll tax in this State. I am sure the reason why the Opposition is not saying to the public that it will abolish payroll tax at the next election is that it well remembers what it publicly promised in 1979.

The Hon. Jennifer Cashmore: And what we did.

The Hon. T.H. HEMMINGS: Sure, in 1979 the Opposition sensed that the Government of the day was on the ropes, so it had to have some topping, some cream on the cake, to actually push it over the line. It thought of the abolition of death duty and gift duty, and it was more surprised than we were when it won office. So, it had to abolish death duty and gift duty. If my memory serves me correctly, those duties were bringing in the Government of the day about \$40 million to \$45 million a year. Abolishing that tax, which I as an individual thought was a very fair tax, created havoc with the finances of this State and, subsequently in 1982 and onwards, the Labor Government had a hell of a job to right the problems that had been created by the Tonkin Administration through that one stupid decision, that carrot with which it lured the electorate in order to gain office.

I think that some of the more astute members opposite realise that that was their problem and that it would be their problem now. We might have had the Leader of the Opposition saying that he would abolish payroll tax. I think the member for Chaffey said that there was another form of taxation that the Opposition could institute in place of payroll tax. But, what is there to replace it? The only thing that can replace payroll tax is a consumption tax. Members opposite can talk about all the problems that are occurring in the business community as a result of payroll tax, but I am sure that even they know what diabolical problems would face the people of South Australia if we instituted a consumption tax.

A consumption tax has been supported by the Leader in this place, and it is a policy of the Federal Liberal Opposition. However, if we look at the problems that a consumption tax would cause in this State, all the perceived problems which seem to have been generated only in the minds of members opposite in regard to payroll tax would seem—

An honourable member: They are very quiet now.

The Hon. T.H. HEMMINGS: Of course they are very quiet now. When they face sheer logic, members opposite are dumbstruck. They can prattle on with all that emotive nonsense about what payroll tax is doing, but they seem to forget the jewel in their crown—Mr Greiner—has payroll tax at 7 per cent. I have not noticed anyone opposite standing up and berating Mr Greiner for what he is doing in New South Wales.

Mr Groom: They said it is all right for him to do it.

The Hon. T.H. HEMMINGS: That's right; it is all right for Mr Greiner to do it, but if our Premier and this Government increase payroll tax—with all the checks and balances to help small businesses—to a level nowhere near that in New South Wales, they say that the world is coming to an end.

Let us see what would happen if the Leader of the Opposition and the Deputy Leader got their way and we had a consumption tax. There would be complete inconsistency between the States. That may not worry the Leader of the Opposition, the Deputy Leader or the speakers who have so far had their twopenneth worth in this debate, because they know that, with what they have to offer the people of South Australia, good government will remain here in South Australia under our Premier.

We will lose money from the Grants Commission if we introduce a consumption tax. I hope that the member for Coles, as one of the more intelligent members opposite, has looked at this simple arithmetic exercise. If we introduce a consumption tax, what do we do when the Federal Government says that it will automatically decrease our grant from the Grants Commission?

I would like the member for Coles, who I understand will be following me unless someone else nips in ahead of her, to say what she would do about that. If consumption tax is to become effective, it must be introduced across the board. Does the Leader of the Opposition or the Deputy Leader give the House an assurance that consumption tax would be introduced completely across the board in Australia? No, because we would have to get agreement between the States—and that is hard to achieve on anything, let alone this. That is the point that the Premier made today in his reply to a question—that to get agreement by all the States to abolish payroll tax would be impossible.

The lowest and highest income earners would be hit equally by consumption tax. Where is any form of social justice on that? It is non-existent with a consumption tax. There would have to be as much as a 30 per cent increase in pensions to compensate those people on lower incomes.

Mr Groom: What about the rural sector?

The Hon. T.H. HEMMINGS: I am coming to the rural sector. The member for Flinders once said that there are aspects of the consumption tax that cause him concern. It does not cause his Party concern, but I would rather listen to the member for Flinders, he being the only representation of the National Party in this State—a very good member, I might add. The inflation rate would increase from 10 per cent to 15 per cent. How would that affect the grocery bills of people out in the community? Will the Opposition say that when it gets into Government it will introduce a consumption tax, abolish payroll tax, and thereby increase in the inflation rate by a further 5 per cent?

There would be a tax on foodstuffs such as basics like bread and milk—the staple diet of all members of the community—and those prices would increase. Most food and clothing items would be taxed. Many goods are tax free, for example, goods for charities, schools and churches, Government departments and local councils. All of those items would be caught in the net of a consumption tax. The problem is that, if by a fluke members opposite get into Government—and you, Mr Speaker, would then be sitting with us over here—or over there—abolish payroll tax and or introduce a consumption tax, it cannot be reversed. They cannot say, 'Oops, we made a mistake. The Government was right; a payroll tax was the fairest way to levy the kind of money we want in this area. We got it wrong when we put it to the people of South Australia.' Members opposite cannot reverse it and say, 'We'll will go back to a payroll tax'. If that happened, we would be the laughing stock of the rest of the country.

The Leader of the Opposition, in a speech he made some time ago when he was promoting a consumption tax, talked about a broad-based consumption tax in the United States. For that reason he was all for it. It was almost like 'All the way with LBJ' all over again, what the Americans do in relation to taxation, the Liberal Party will follow hook, line and sinker. One only has to consider the United Kingdom, where the notorious value added tax (VAT) is struck on all goods and services, to see not what VAT has raised in that country, but the real problems that it has created there. Even the massive amounts of money that the United Kingdom got from North Sea oil have not been enough to compensate the misery that has been inflicted on people in the lower income groups in that country.

The general rate is 20 per cent on household goods, 10 per cent on motor cars, 20 per cent on motor cars over \$45 000, 50 per cent on all luxury goods and 30 per cent under a general all-embracing consumption tax. That has created real misery. Before members opposite firm up their policy to the people of South Australia, based on the argu-

ments that they have put forward today, and say that, despite what is happening elsewhere in Australia, they will abolish payroll tax and replace it with a consumption tax, I advise them to take a trip to the United Kingdom and see what misery has been created by the VAT. I think that they would then come to their senses and realise what they are doing. They are grandstanding. I can imagine what will happen with the string of Bills that we have before us this week: they will all make the same speech, in effect, with slight variations; but they will not have the guts to put it down as part of their policy.

We have just been through two weeks of Estimates—two weeks which will remain in my heart for ever. In those two weeks, when they dealt with the Treasury lines, there was a mechanism that would have allowed them to reduce the line under consideration by as little as a dollar. If the Opposition were serious, that would have been the time to do it. But the Opposition had not thought about it then, plus the fact that basically we know that Opposition members are lazy. They react. As the Minister is answering a question, they suddenly fumble and get the next one. They did not think about it then, so they have cobbled up this new strategy over the weekend. They will oppose this Bill and the financial institutions duty Bill, and they will most likely oppose the tobacco tax Bill as well. If I know them, that is the way they will operate.

I ask the most senior member of the Opposition and, without trying to give her too much credit, the most intelligent member of the Opposition—the member for Coles—whether she opposes not only this increase in payroll tax but payroll tax *per se*. If she does, will she, in her 20-minute contribution, outline the Liberal Party's policy for the next State election?

The Hon. JENNIFER CASHMORE (Coles): The member for Napier has given me a lead in and, in doing so, has managed to avoid many of the principal issues relating to this Bill on payroll tax. Speaking without notes, and clearly without reference to any documentary material at all—he has the grace to blush and smile and admit that is the case—he has managed to create an entirely wrong picture of the application of the consumption tax in the United Kingdom and to ignore totally the details of the coalition's proposals for reform of the existing system of sales tax which, in effect, is a consumption tax. When I have dealt with the Bill, I will attempt, in the time available, to deal with the member for Napier's spurious remarks and careless treatment of the truth.

First, let me deal with what the Bill actually does. It proposes to increase the levy from 5 per cent to 6.25 per cent of payroll, which is a very significant percentage increase by anyone's standards. The Bill includes under the taxable wages those employee benefits falling within the Commonwealth fringe benefits tax legislation. The Bill also increases the exemption level to compensate for inflation, and there can be no argument with that. However, the Opposition argues with the basic principle of an increase, believing that an alternative option is open to the Government, that is, that for this year the Government use the SAFA surplus to compensate for the shortfall in receipts which it faces.

The Bill provides offsets for firms with a wages bill in the \$400 000 to \$2 million range, to maintain effectively the tax at the current rate. By the application of the legislation, the Government proposes to increase payroll tax collections by \$45 million in the current year and by \$70 million in a full year. The increase in the tax rates will have a heavier impact on those firms with 70 or more employees, that is to say, medium to large businesses in South Australia.

The Government is well aware of the increasing level of bankruptcy of those businesses and it must also be aware of the impact on employment which will inevitably occur as a result of the application of this legislation to businesses employing more than 70 people.

As the Premier said, it is true that New South Wales and Victoria have increased rates to 7 per cent. However, they have also increased payroll exemption levels to \$500 000. The reference by, I think, the member for Napier, and certainly the member for Hartley, to Governments in other States, notably the Greiner Government in New South Wales, must be seen not in the light of the increase to 7 per cent but in the light of the increased exemption level.

For the Government to be planning on a \$70 million increase in revenue from payroll tax in a full year means that that \$70 million is \$70 million that will not be available to employers in this State for employment purposes, for improvement in productivity, for traineeship schemes or for staff training and development, all of which are being called for by the Labor Party's Federal colleagues. That \$70 million will not be available for improvements in plant or infrastructure, nor will it be available for marketing. It is \$70 million sliced right out of the productive sector of this State, which means that those funds simply will not be available for the purposes necessary to get this economy on the road again.

That in itself should be condemned, and indeed it is condemned outright by the Opposition. Every member of this Chamber is well aware that most businesses in this State are running on very, very fine margins of profit. In fact, in the current year, many businesses are operating at a loss. One only has to look at the business pages of the papers every day to know that that is the case. The Stock Exchange is regularly posting losses for major businesses in this State, those which keep the economy turning most effectively, so there is no way that employers can find this \$70 million out of profits. Employers must take the \$70 million out of operating accounts and reduce those beneficial activities which I have already mentioned: staff training and development, marketing and export development—which is critically important and something that the Premier is continually calling for. All those activities will suffer as a result of payroll tax increases.

[*Sitting suspended from 6 to 7.30 p.m.*]

ACTS INTERPRETATION ACT AMENDMENT BILL

Received from the Legislative Council and read a first time.

PAY-ROLL TAX ACT AMENDMENT BILL

Second reading debate resumed.

The Hon. JENNIFER CASHMORE: Before the dinner adjournment I was outlining the purpose of this Bill to increase payroll tax and attempting to analyse the spurious arguments of the member for Napier who, in what was a manifestly unresearched speech, made some extremely careless remarks about payroll tax and the Australian Labor Party. It is very instructive to go to the files of the Parliamentary Library and read what the Labor Party has said about payroll tax over the years.

It is also instructive to refer to the *Hansard* record of debates and the record of the Labor Party on legislation.

and voting in regard to payroll tax. Allow me to refresh the memory of the member for Napier by reference to a report in the *News* of 21 January 1980. Under the heading 'Bannon campaign to axe payroll tax', the article states:

The Opposition Leader, Mr Bannon, is ready to lead a national campaign to abolish payroll tax.

This is the Premier who today is encouraging us to vote for a Bill to increase payroll tax levels in South Australia. The article continues:

He called today for a conference of Premiers and State Opposition Leaders to discuss the issue. Mr Bannon has written to the Prime Minister, Mr Fraser, telling him of the move and asking him to arrange the conference.

Later in the same article, and bearing in mind that a Liberal Government was in power at the time, we read:

The State Government introduced a payroll and land tax rebate scheme on 1 January. It is designed to encourage decentralisation and to create more jobs. Country industries can apply for a 100 per cent rebate and those in the outer metropolitan zone can apply for a 50 per cent rebate.

That seems like a very sensible, reasonable and enlightened move by the Liberal Government to reduce the burden of payroll tax and the penalty placed on employment in this State. I note that the member for Napier, presumably in a state acute of embarrassment, has left the Chamber.

When elected to Government two years later, what did the member for Napier's colleagues do in the subsequent year? I refer to *Hansard* of 3 May 1983, where Premier Bannon made this announcement:

The Government has also decided to abolish the payroll tax refund and exemption scheme introduced by the previous Government to encourage youth employment. Under the exemption arrangements, payroll tax is waived for extra full-time employees under 20 years of age where the firm's total work force also increases while, under the refund arrangements, a \$600 refund of tax is paid for one teenage employed, and a \$1 800 refund is paid for two or more teenagers employed, where an employer adds to the number of his employees.

If ever a Party were exposed for being a bunch of hypocrites, the exposure is in that *Hansard* reference. As soon as this Party achieved Government, instead of campaigning against payroll tax, it proceeded to abolish the exemptions the previous Government had introduced. It is not possible—indeed, not desirable—to take the Government seriously. It is no wonder Government members sit there in silence—they must be acutely embarrassed at the unemployment levels in their own electorates and at the knowledge of what this taxation burden will do to employers throughout the State.

Mr Ferguson interjecting:

The Hon. JENNIFER CASHMORE: The member for Henley Beach says that the unemployment rate is much better than it was in 1982. Has he seen the latest figures which show that South Australia's level of unemployment is higher than that of any other mainland State? The hypocrisy of these people has to be heard to be believed!

I refer members on both sides of the Chamber to an interview, which is also in the payroll tax file of the Parliamentary Library and which contains some very constructive information, that was conducted in 1978 with Sir Thomas Playford on the anniversary of his becoming Premier of the State. The principal opinion expressed by Sir Thomas in that interview was his belief that payroll tax was an iniquitous tax under any circumstances. In the interview, which was conducted by Ray Folley of the *Advertiser*, Sir Thomas said that it seemed anomalous to tax employment when jobs were needed, and there was no doubt that it was inflationary. Sir Thomas's suggestion was to exempt all apprentices from payroll tax; to exempt extra employees taken on for the remainder of the financial year (1978); and

to exempt all work in the home building and dwelling repair industry for the time being. The article continues:

Sir Thomas said the first and second items would cost the State very little but would be a help to employers.

Sir Thomas also made the point that 'because payroll tax is tax deductible as a business expense, the Commonwealth pays 40 per cent of it, anyway'. He went on to say—this is 12 years ago—that:

... a metal industries apprentice costs his employer nearly \$1 000 in payroll tax. That is a wonderful incentive to train him, isn't it?

Again, Mr Deputy Speaker, there is not much by way of response from the other side because members know in their heart that everything that is being said is valid and that their performance in respect of payroll tax is not creditable.

The Opposition proposes that this year, in a circumstance of extreme economic hardship for the State and its employers, we should use the SAFA surplus of about \$330 million to compensate for the loss of revenue which the State is experiencing in other areas, notably in the areas of stamp duties, which last year were down by \$19 million; business franchise, which was down by \$4 million; the State Bank contribution to the Treasury, which was down by \$23 million; and stamp duties on property and vehicles, which were down by \$3 million and \$4 million respectively.

Mr Brindal: Questions should be asked.

The Hon. JENNIFER CASHMORE: The question certainly should be asked: why won't the Government do it? It has the capacity to do it, and it would be the wise thing to do, but it is refusing to do so. In the time remaining I want simply to put paid to the member for Napier's arguments about the Liberal Party's consumption tax policy.

Mr Brindal: More ramblings than arguments!

The Hon. JENNIFER CASHMORE: That is true: more ramblings than arguments. It was abundantly clear that the member for Napier had not studied the Opposition's consumption tax policy, nor did he attempt to acknowledge the level of the black economy in this country and the need to address it by ensuring that a system of taxation is introduced which will make it impossible for tax evasion to occur. A well-constructed and properly applied consumption tax is obviously the principal means at a Government's disposal to ensure that that occurs. None of this was taken into account by the member for Napier. He referred to the Opposition's 'emotive nonsense about payroll tax'.

It is hardly emotive nonsense to recognise that we already have consumption taxes in this country. They are applied in the form of highly inequitable sales taxes on a range of goods. They are not applied in any logical fashion. They are not applied—

Mr Ferguson: They let the farmer off.

The Hon. JENNIFER CASHMORE: The member for Henley Beach makes reference to the farmer. Any member who has the gall to suggest that farmers are being well treated in Australia today should say so outside this Chamber and in the main streets of country towns of this State, not from the security of the Government benches.

Mr Brindal interjecting:

The Hon. JENNIFER CASHMORE: There may once have been a market garden in the electorate of Henley Beach. They have pretty well been swept away by now. The consumption tax arguments have been put very forcibly by the Labor Party. An *Advertiser* article of 10 May 1990 headed 'Keating fuels tax debate' states:

An attempt by the Treasurer, Mr Keating, yesterday to kill off debate on a consumption tax is in danger of backfiring badly.

Of course, we all know there was a time when Mr Keating was strongly in favour of a consumption tax. Another article

in the *Australian* of 9 March 1988, headed 'Treasury in fresh push for sales tax', states:

The office of the Federal Treasurer said in February that if the Government were to introduce a consumption tax it would be done without prior consultation.

In other words, suddenly, one day it could come, and it could well come under this Government. So, members should be rather careful about the way they make reference to this.

Mr Ferguson interjecting:

The DEPUTY SPEAKER: Order! They should be even more careful about disorderly interjections! The member for Coles.

The Hon. JENNIFER CASHMORE: Thank you for your protection, Mr Deputy Speaker. I stress again that the coalition's adoption of a broadly-based consumption tax is designed to avoid the distortions that have crept into our taxation system as a result of pursuing policies such as the payroll tax policy that the Government is wanting us to re-endorse tonight. I should remind members opposite that not only did their Leader, as Leader of the Opposition, call for the abolition of payroll tax but also that part of their Federal Party's 1977 Federal election campaign policy was to abolish State payroll tax.

Mr Brindal: They have the intellectual rigour of an unset jelly.

The Hon. JENNIFER CASHMORE: Yes, a very good point worth repeating: the intellectual rigour of an unset jelly. They wobble all over the place. In 1977 their trump card policy was to abolish payroll tax. That was not just a State policy but a Federal policy designed to apply in all States.

Mr Holloway: And you opposed it.

The Hon. JENNIFER CASHMORE: No, there was no opposition. There was plenty of critical comment from the media. The Federal Liberal Party did not adopt that policy, but we have had the courage to adopt a broadly-based consumption tax in the belief that that is a more equitable and more reliable means of ensuring that the tax burden is spread across the country and does not fall inequitably on employers and thereby have a damaging effect on employment. In an editorial of 23 November 1977, the *Australian* really sums it up, as follows:

There can be no argument that payroll tax is a bad tax, one that places a penalty on a business for being successful to the point where it has to expand to meet its orders.

The editorial goes on to state that it is just one factor in the massive burden of taxation, and one that we oppose.

The DEPUTY SPEAKER: Order!

Mr QUIRKE (Playford): I must say that I do not intend using all the time that is available to me tonight. I hope I do not need to use it all to get a few remarks on the record. Some of the early contributions—

Mr S.J. Baker: Tell us about the motor vehicle industry.

Mr QUIRKE: I will have plenty to say about that to the Deputy Leader. I am pleased that he has some interest in it. I must say that the member for Davenport, in his earlier remarks, must have misconstrued some comments from this side of the Chamber. He suggested that the member for Playford—a position that I now hold—had called him 'dear'. I must say that I have been inclined to call the member for Davenport a number of things in my life, but I have never called him 'dear'. A number of people may in fact have addressed Stan in that way, but I am not one of them.

The SPEAKER: Order! The honourable member is well aware of the Standing Order which provides that members cannot refer to other members merely by their name. Members must be referred to by the electorate that they represent.

The other point is that the relevance of these comments to the payroll tax legislation is eluding the Chair at the moment.

Mr QUIRKE: I assure the Chair that I will very shortly be getting straight back to the topic. The dear member for Davenport made tonight a number of assertions which I thought were pretty much the same as many of the other speeches that he has made over the past several weeks that we have been here.

Primarily, the only way to describe it and many of the contributions of members opposite is that it is just whingeing and niggling criticism. The reality is that any Government must debate and put before Parliament a series of taxation measures—that is our job—and at the end of the day there will always be an argument about balance and about which group is unfairly hit. In the end, we find a series of carpings, whingeings and what can only be described as moaning from members opposite because some of their mates, they believe, are being badly hurt.

Any taxation measure has an impact on employment. That ought to be made quite clear so that the debate is put on the correct footing. If a consumption tax were introduced by members opposite, it would hurt not only a great number of people in South Australia, especially low-income earners who at a State level it would be impossible to compensate, but also many industries.

There is absolutely no doubt that there would be a great deal of market resistance to the consequent price increases. As to the nonsense advanced by some members, particularly the measures against the black economy which we have just heard from the member for Coles, I find the whole thing quite curious. When the Federal Government moved to introduce the most effective means of ending the black economy, members opposite were out screaming, jumping up and down and shouting and saying, 'No, we do not want that sort of stuff; that is not on at all.'

The member for Hayward has made a couple of assertions which I did not hear properly, but he held up a 'For Auction' sign in his contribution to the debate. He holds it again now, and I see that it relates to Elders. That is typical of the Opposition's disloyalty to the former, and perhaps current, Liberal Party President (I am not sure of the exact status of Elders now, or who owns it). It seems sad that the member for Hayward does not know, either. As to the car industry and every other industry in South Australia, it needs to be clearly understood that a regime of taxation that would introduce a consumption tax in this State, and broadly in the country, would not do any of those industries any good at all.

There is no doubt that the member for Mitcham should pay strict attention to this debate, because it needs to be said that any concept of taxation must be balanced. In the present state of the South Australian economy, there is no doubt that payroll tax, however hard it may fall in certain areas, is a necessary move to establish and ensure that we have financial stability for government in South Australia.

Over the years a number of proposals to replace payroll tax have been canvassed, such as State taxation or a consumption tax. If this State were to go ahead with that, there would be a flight of industry, because the last regimes that would thus be engineered and the inflationary impact of such changes would be devastating. An awful lot of humbug has come into this debate today and it has been used as a vehicle to carp and whinge, primarily that there is too much Government waste. It has been said that we ought to cut back on Government services and on this, that and the other. However, in the same breath and not even waiting for a member opposite to raise it, members have said that,

even though there is terrible waste, more money is needed for certain projects.

In reality, the Party that does not have any credibility is the Opposition, and it does not have any credibility because it cannot have it both ways—and that is exactly what it has been attempting to do in this and every other money debate over the past couple of months.

The Hon. FRANK BLEVINS (Minister of Finance): I will not take very long to respond to this second reading debate, because I will confine my remarks to the Bill, and that should make it relatively brief. If nothing else, this debate was very wide-ranging. I think that every tax that is leviable in this State, and some taxes not leviable, was canvassed far and wide. I certainly do not intend to respond to something that was not in the Bill.

In quieter moments I have re-read the second reading explanation, and it certainly struck me that members opposite have not read it. They could not have read it or, if they had, they could not have understood it. To me it seemed to be a particularly well written, clear second reading explanation. It dealt with the issue with clarity and brevity, and it should not have provoked the kind of response we heard today. Also, I think that members opposite could not have been here during Question Time, because I thought the Premier gave a quite detailed response, for a Question Time response, to the principles involved in payroll tax and he also went through some of the history of the tax and the necessity for it. Judging by the contributions of members opposite, it is as if the Premier had not spoken.

The point to restate about payroll tax is that it is not a tax that anyone likes. Nobody on this side is saying that it is a good tax, a desirable tax or a tax that they would not like to replace with something else. There has been no proper analysis in the contributions of members opposite as to what we could replace it with. The Opposition has said that we should abolish the tax—just like that.

Members interjecting:

The SPEAKER: Order!

Mr Oswald interjecting:

The SPEAKER: Order! The honourable member for Morphet is out of order. The honourable Minister.

The Hon. FRANK BLEVINS: Thank you, Mr Speaker. As I was saying, no-one on this side supports this tax. What we are saying is, 'Come up with a sensible, rational and carefully thought through initiative.' The Premier is on the record—and we are proud of the record—as opposing this tax and his opposition goes back a long way. He has fought, and I am very proud to say that I stood alongside him at the tax summit and also fought, for the summit to consider this issue—the abolition of payroll tax and its replacement with something more appropriate—and it did.

Quite obviously, as the measure is here before us, to this stage no-one has been able to think of a suitable replacement for this tax. That is not the case only with Labor States; Liberal Governments also have not come up with a replacement measure. If it were possible to abolish this tax, if it were possible for one State to do that, and if it were as easy as has been suggested, why has not Mr Greiner taken such steps in New South Wales? If it is so desirable and so necessary to abolish the tax, if it is so easy to do so—and the Liberals can see it clearly—why has not Mr Greiner done it? There is no response from members opposite who were very busy interjecting a few moments ago. The answer is perfectly clear, as I stated: there is no satisfactory alternative at this stage. The sooner one can be found, the happier everyone on this side will be, as will members

opposite and Mr Greiner. The first sentence of the second reading explanation states:

During its entire term of office the Government has never increased the rate of payroll tax, despite increases in every other State except Queensland.

Until today, we have never increased this tax in the period during which we have been in office—never. Again from the second reading explanation—and that is available to everyone and has been for almost a month now—and without going through all the figures (they are there for all to see), I point out that we have constructed this tax so that it falls lightly, if at all, on small business. The increases affect big business; they do not affect small business. So, the fact that the tax is there is regrettable, but the way in which it is constructed is a credit to the Government.

The Leader's contribution was strange and it is one that I have heard before. Apparently he has caught the member for Kavel's disease: having one speech and recycling it irrespective of the measure before the House. I am bored with it already and he has been Leader for only a few months. However, he obtained the leave of the House to have inserted in *Hansard* a table. The table was printed in the *Advertiser* of Monday 8 October. Among other things, the table gave the level of increases in State taxation in the various State budgets of this year. The Leader was quite scathing about the South Australian Government's increase in taxation, which is stated in the table as being 18.2 per cent. What the Leader failed to point out is that there is another column to that table. I am not sure whether that other column was included in the copy that was inserted in *Hansard*, because I did not see that table, but just in case the full table was not inserted—not that I mistrust the Leader at all, but he did not indicate to the House the second column—I seek leave to have the full table inserted in *Hansard*.

The SPEAKER: Is the table purely statistical?

The Hon. FRANK BLEVINS: It is.

Leave granted.

STATE TAXATION—1990-91		
	% Increase (a)	\$ per head
New South Wales	10.0	1 129
Victoria	16.3	1 214
Queensland	7.5	727
Western Australia	8.1	973
South Australia	18.2	830
Tasmania	12.6	868

(a) Per cent increase on 1989-90 from State budget papers.

The Hon. FRANK BLEVINS: When one examines the table it can be seen that it does indeed show that in this budget the South Australian Government has increased taxation more highly than in any other State. However, the second column also shows the general level of State taxation per head amongst the various States. It shows that for South Australia it is \$830 per head, which is the second lowest—second only to Queensland, which is \$720 per head.

In New South Wales the per capita is \$1 129 per head, compared to South Australia's \$830 per head. That was not spelt out by the Leader of the Opposition; there was no mention of that. So, in the interests of showing the complete picture to anyone who reads *Hansard*, I appreciate the House allowing me to incorporate that table. The table shows New South Wales being about 40 per cent higher in State taxation than South Australia. Even with this increase—and it is an increase (the first such increase we have ever had to impose)—this State's taxation is still 40 per cent below New South Wales—the state of the Opposition's hero, Mr Greiner.

The member for Flinders quoted from part of a table (and I am not sure whether it was incorporated) from the *Business Review Weekly* of 28 September 1990. He stated

that in Queensland payroll tax was lower. I have a copy of that table—not that I mistrust the member for Flinders, I would not doubt his word for one minute. I am innately curious, so I had a look at the table myself. In some areas it does show that Queensland has a lower rate of payroll tax at certain levels than has South Australia, but it is also higher at another level. For example, on a \$1 million payroll—that of a small business, which is what we are talking about—South Australia has the lowest in Australia. The table demonstrates this. I was surprised that the member for Flinders did not point that out when he was looking at the table. One would have thought that the member for Flinders would want to point out something to the benefit of employers of this State but no, unfortunately, the member for Flinders misrepresented that.

There are some other interesting figures in this table. I am pleased that the member for Flinders drew members' attention to it because in other areas of taxation, in particular land tax, on a million dollar property—again we are talking about small business—South Australia is the lowest in Australia. So, we care about small business. We just do not mouth off about small business, we tangibly demonstrate our support for small business.

Mr Ferguson: And farmers, too.

The Hon. FRANK BLEVINS: We do not charge farmers land tax at all. However, we give a tangible expression of our concern by having the lowest rates in Australia at that level, which applies to the very many small businesses in this State. It was interesting to note in passing in this table that we are the lowest State of those States that do have a fuel franchise fee; Queensland does not have any. That is stated in this table, and I commend it to the House.

The Hon. T.H. Hemmings: I'll put a copy of that in my electorate office.

The Hon. FRANK BLEVINS: It is well worth it. I see no reason to deal with the other matters raised by members opposite because, as I said, they did not address the Bill at all. They did not speak to the Bill; they spoke to everything around the Bill.

In summary, I would like to say that nobody likes payroll tax. Everybody, including Mr Greiner, wishes that there was a way in which we could do away with it, that we could find a formula that gave the tax to the States that they all need. The fiscal imbalance in this country is as well known to Liberal as to Labor States. That matter will be on the agenda for the Premiers Conference later this month, where I hope some of these things can be resolved, or at least lead us in a direction to resolution. That is the whole idea of the conference.

All the States, whilst not acting in total concert, are united on some fundamental principles, one of which is that payroll tax ought to go and that the sooner a formula can be arrived at that will dispose of it the better. But as it is here, ours, by Australian standards, is a low payroll tax. It is constructed to fall most lightly on those businesses that can, on paper at least, least afford it. In fact, because of the high exemption level, payroll tax does not fall at all on the majority of small businesses, because they are exempt.

Mr Ferguson: We look after small business.

The Hon. FRANK BLEVINS: We certainly do. It is regretted that the Bill provides for an increase in payroll tax, but, as it is the first real increase since this Government has been in office, I feel quite comfortable in asking the House to support the second reading.

Bill read a second time.

In Committee.

Clause 1 passed.

Clause 2—'Commencement.'

Mr S.J. BAKER: I move:

Page 1, line 13—Leave out this clause and insert new clause as follows:

2. This Act will come into operation on the first day of the month immediately following the month of the enactment of this Act.

We have six pages of amendments, and this is the first. It takes the Bill back to what we believe is reasonable. The first proposition is that we cannot have the Bill until it has been passed by the Parliament and that it should not come into operation until it has the approval of Parliament. That is the first principle in the Bill. The second principle is that in these dire economic times, there shall be no extra charges put upon the business community and we should be doing everything possible to encourage employment in this State. Those are the principles involved. We have virtually drawn up a whole new Bill. If we are unsuccessful in moving our amendments, we shall oppose the whole proposition.

I will speak to the matter of retrospectivity and whether the Government should be so arrogant as to say, 'Because we have deemed it shall be so, then it shall be so, and Parliament shall pass the measure.' We have a particular principle about retrospectivity. There is a difficulty with a number of taxation items, because some—indeed, the collection years—are out of kilter with the budget years, but there is no such problem in this situation; it is the date on which the Government shall determine the measure shall first come into operation. There is no difficulty in saying that it shall be 1 October, 1 November, 1 December, whereas there may be with some of the other measures with which we shall be dealing in this total package of Bills.

The Government has been absolutely arrogant in the way that it has handled this piece of legislation. Members will recall that in 1983 the new Premier, who promised no new taxes, brought in the FID Bill. He brought that Bill in prior to the budget because he knew at the time that it would not pass through the House in the required time unless he brought it in prior to the budget. He made a determination so that he could start the final quarter of the year taxing the population with a new FID Bill.

That was the determination of the Premier. The Premier said, 'Well, I really don't care about you lot in Parliament. I really don't care about precedents in Parliament. We are going to go ahead and tax you when, where and how we like.' That is pure arrogance. The Premier could have easily set a commencement date of 1 November.

The CHAIRMAN: Order! The Leader of the Opposition is out of order. I ask him not to continue with the practice of using a cellular telephone. The Deputy Leader.

Mr S.J. BAKER: Everyone on this side of the Committee believes, as do I, that the Government has no right to assume that any measure it introduces will be passed by Parliament. I have stated the reasons why we resist the Premier's intention to have this measure in place before it is debated fully by Parliament, and I commend the amendment to the Committee.

The Hon. FRANK BLEVINS: I oppose the amendment as I will oppose all the amendments. I cannot see anything exceptional in this date. This year, for a peculiar set of circumstances, it has been a long time between the date when the budget was brought down and the date of this measure coming before Parliament. There is no question about that.

The measure was announced on 23 August and everyone has had plenty of opportunity to make provision for it. Employers do not actually start collecting the tax until 7 November, anyway, so it is not as if it were retrospective in the true sense of the word. We are not imposing a levy or a tax in retrospect, nor are we increasing a tax in retro-

spect. Because of the time of the announcement almost two months ago, it is quite clearly prospective. I see no reason why the amendment ought to be supported by anyone. It is a very ordinary and normal procedure.

The Committee divided on the amendment:

Ayes (21)—Messrs Allison, Armitage, P.B. Arnold, D.S. Baker, S.J. Baker (teller), Becker, Blacker and Brindal, Ms Cashmore, Messrs Chapman, S.G. Evans, Goldsworthy, Gunn and Ingerson, Mrs Kotz, Messrs Lewis, Matthew, Meier, Oswald, Such and Venning.

Noes (21)—Messrs L.M.F. Arnold, Atkinson, Bannon, Blevins (teller), Crafter, De Laine, Ferguson, Gregory, Groom, Hamilton, Hemmings, Heron, Holloway and Hopgood, Mrs Hutchison, Messrs Klunder, McKee, Mayes, Peterson, Quirke and Trainer.

Pairs—Ayes—Messrs Eastick and Wotton. Noes—Ms Lenehan and Mr Rann.

The CHAIRMAN: There are 21 Ayes and 21 Noes. There being an equality of votes, I give my casting vote for the Noes. The amendment is therefore defeated.

Amendment thus negatived; clause passed.

Clause 3—'Interpretation.'

Mr S.J. BAKER: I move:

Page 1, lines 16 to 24—Leave out paragraph (a).

As everyone would realise, that paragraph relates to the insertion of the fringe benefits tax in the Act. The Opposition has made its position on this matter quite clear: while in principle there is not much difference between the Opposition and the Government as to whether the fringe benefits tax should come under payroll tax, at this time it is an additional burden on the employers of this State.

That position has been made quite clear by all members of the Opposition tonight. The fringe benefits tax is, and will result in, an additional burden. I understand that it will bring another \$4 million into the budget each year. That is fine and dandy in a situation in which employment is flourishing, similar to the period we experienced up until 18 months ago, when we had increasing levels of prosperity. Today it is not appropriate to demand one more cent from the employers of this State because eventually this will impact on employment. For that reason I formally oppose clause 3 (a).

The Hon. FRANK BLEVINS: I oppose the amendment. As the Deputy Leader said, there is no argument that fringe benefits ought to be included in the calculation of payroll tax—no question at all. If we are looking for a precedent, we do not need to go far. We do not have to go any further than New South Wales where Mr Greiner imposes payroll tax on fringe benefits, as indeed is the case in the ACT, Tasmania—

The Hon. P.B. Arnold interjecting:

The Hon. FRANK BLEVINS: We are certainly not doing what other people do.

The CHAIRMAN: Order!

The Hon. FRANK BLEVINS: Mr Greiner is not an orphan. This occurs in the ACT and Tasmania, and Victoria has a slightly different system. This Government does not tax them as highly as Mr Greiner and most of the other States. That is the difference, for the member for Chaffey's information: we are less.

Members interjecting:

The CHAIRMAN: Order! There is too much audible conversation and there are too many interjections from left of the Chair. I ask members to come to order and I ask the Minister of Finance to return to the clause.

The Hon. FRANK BLEVINS: As I said, I welcome the contribution by the Deputy Leader who said that, in principle, there was no difference between the two principal

Parties in the Chamber. Given that that is the case, it is not necessary to argue with the Opposition.

Amendment negatived.

Mr S.J. BAKER: I do not wish to pursue the other two amendments to clause 3 standing in my name because they are consequential to the one with which we have just dealt. We are seeing a very unusual precedent in that we are relying on the Federal legislation to determine the ambit of operation in this State. I do not think that there is a precedent of this occurring in other areas of taxation, but there may well be. I ask the Minister: what precedents exist for this action given that the Federal legislation is outside our control and that all other forms of taxation have been within the ambit of this Parliament? Further, I refer to the exemptions from the Federal legislation and the fringe benefits tax. I have here a very complicated document which runs into 118 pages. How the employers comply with it I am not too sure—it is probably by guesswork and God work rather than by any sort of capacity to perform to the standards prescribed in it. However, I would be grateful if the Minister could answer those questions.

The Hon. FRANK BLEVINS: The answer to the first question is very simple: it is administratively easier to do that. The Federal Government has no problems with it, it saves duplication in establishing the structure here. It seems to be eminently sensible. I do not know whether it is a precedent, but it is not done very often. It may be worth while pursuing in other areas in the future. Certainly, it saves adding to the bureaucracy here, which would be pointless.

In relation to the honourable member's second question as to how employers will cope with it, I cannot answer that. Employers cope with very many things, as do employees, with varying degrees of skill, and by obtaining advice from various sources. The majority of employers would employ an accountant—probably all employers employ an accountant. I am sure that advice is available from professionals in this area if they feel that they cannot cope with it themselves.

Mr S.J. BAKER: As the Minister would be well aware, various companies pay their taxation dues under the Commonwealth legislation either annually or quarterly. I know they are bringing forward the payment of taxation. How does the normal employer cope with the monthly collections and satisfy the requirements of the complicated regulations that we have before us? Also, is this an exact duplication of the Commonwealth legislation, and are all the exemptions fully covered under our legislation by this enactment?

The Hon. FRANK BLEVINS: As I understand it, the fringe benefits tax is paid annually to the Commonwealth. I understand that it is very easy for employers to make a very good estimate of the monthly break-down and, if at the end of the year an adjustment is required, that is not a problem. Members will be pleased to know that the New South Wales Government has also made this arrangement with the Federal Government for the collection of this part of the payroll tax, so I know that this is something which other Governments are considering also.

Mr S.J. BAKER: Could I have some clarification on that? The Minister said that the New South Wales Government had made an arrangement with the Federal Government to collect the tax. I am not sure that I heard him correctly, because we are dealing with payroll tax, which is collected by the State Government. How does the Commonwealth collect the fringe benefits tax proportion of the New South Wales tax? I am becoming concerned about this tax.

The Hon. FRANK BLEVINS: My understanding is that the same piggyback arrangement has been undertaken between the New South Wales Government and the Federal Government. Those same arrangements will apply here. They have been found to be satisfactory, and we see no reason why they will not be satisfactory here.

Clause passed.

Clause 4—'Imposition of pay-roll tax on taxable wages.'

Mr S.J. BAKER: As the Minister would well appreciate, this is the key clause of the Bill. It represents the raising of the surcharge on employers from 5 per cent to 6.25 per cent for all payrolls over \$2 million. Those under \$2 million have some offset provided by a special formula. I assure the Minister that I have been through the formulae, and they do actually work. I am sure the Minister will be pleased to know that they do what they are meant to. The clause seeks to increase payroll tax from 5 per cent to 6.25 per cent. I do not seek another second reading debate, but obviously some comments by Government members were not in keeping with the quality of the debate by members this side of the Committee. We have a fundamental concern: we are not talking about the abolition of payroll tax, although we would all seek to abolish it if we could.

We are talking about time schedules. If within 10 years we could have another taxation regimen that was less regressive than payroll tax, we would do it tomorrow. We may achieve it in five or 10 years. It should always be our goal to have a less regressive taxation system. That is what all members should seek. The Opposition's view on this measure, particularly this clause, is that we are in a period when all employers in this State are bleeding, when everyone needs as much encouragement as can possibly be provided, whether it be through the State Government or many other areas. Assistance should be given because the situation will become critical before it actually improves. I was delighted to see that the Federal Treasurer finally has come to his senses about interest rates. We know that the inflationary outcomes of that will be difficult because he has taken too long to act and interest rates could go up in the medium term, anyway.

I do not want to discuss what will happen with Federal policies, because they are in total disarray. I make the point that the State Government should be doing everything possible to encourage employment and to encourage employers to hang on to employees at this crucial time. The Opposition is adamantly opposed to any increase in the rate of payroll tax. I cannot say it any stronger than that.

If the Government had exercised judicial management of its financial institutions and had set about saving money, rather than spending it, and had set about orchestrating its finances properly, rather than using the cheap, nasty and easy way out during the election period, we would be in a sound financial position to the extent that we would not even have to consider this matter. However, having considered it, we believe the Bill should be rejected in favour of cost cutting measures introduced by the State Government. For all those strong and compelling reasons I request the Committee to resoundingly oppose this clause, which seeks to increase imposts on employment in this State.

The Hon. FRANK BLEVINS: I do not want to go through all the second reading debate again, but I fear that we are in danger of doing that. In response to the Deputy Leader, I point out that no one is happy about increasing payroll tax. Indeed, no one is happy about having payroll tax at all. Further, the increase applies to only those payrolls above \$2 million. For the overwhelming majority of small businesses in South Australia there will not be an increase, if they pay payroll tax at all. Whilst the Government regrets

having a payroll tax and having to increase it, we have constructed it to have the minimum impact on small business, if it is to have any impact at all.

That may be cold comfort for the large employers in this State, and I am not denying that. Nevertheless, if we must have taxes such as this, it is important that we construct them carefully so that those who at least theoretically have the greatest ability to pay do so. I will not go through all the points raised in the second reading debate and my response to them. Suffice to say, the Government regrets that it must insist on this clause.

Mr S.J. BAKER: Can the Minister provide the Committee with details of whether the Government or its officers measure the impact of the various taxation measures to determine the appropriate taxation mix? I have done some work on taxation mix in respect of the impact on investment and changes in the interest rate, as well as shocks in terms of large injections of capital or a large rejection of capital from a system and worked out the impact on the system. I refer to the ORANI model, which is used by the Department of Trade to measure things like tariff and tax changes. Has the Government used such an econometric model to determine the taxation mix and whether we should shy away completely from payroll tax in favour of another type of tax?

The Hon. FRANK BLEVINS: Government departments quite obviously attempt to measure the impact of various charges and taxes, etc. Econometric models are a useful tool without being the last word. More economies around the world are off the rails whereas theoretically they are doing extremely well, but to people involved in those economies it seems that the text book or the econometric model is wrong. Quite clearly, in the Department of Industry, Trade and Technology and Treasury, just to name two Government departments, there is a great deal of economic and actuarial advice, and the Government has its own political judgment in these things.

Certainly commonsense tells you that payroll tax, for example, has the potential in certain circumstances to have an impact on the level of employment and in other circumstances no impact at all: it all depends on the circumstances at the time the tax is imposed. But, plenty of advice is available to Government from Government departments and other sources. Every day you can pick up a newspaper and all the pundits are giving advice. I think that Paul Keating's resident galah in every pet shop is also pouring out advice to the Government. There is absolutely no shortage of advice and, at the end of the day, the Government's view of what is the appropriate tax mix for the economy prevails.

The Committee divided on the clause:

Ayes (21)—Messrs L.M.F. Arnold, Atkinson, Bannon, Blevins (teller), Crafter, De Laine, Ferguson, Gregory, Groom, Hamilton, Hemmings, Heron, Holloway and Hopgood, Mrs Hutchison, Messrs Klunder, McKee, Mayes, Peterson, Quirke and Trainer.

Noes (21)—Messrs Allison, Armitage, P.B. Arnold, D.S. Baker, S.J. Baker (teller), Becker, Blacker and Brindal, Ms Cashmore, Messrs Chapman, S.G. Evans, Goldsworthy, Gunn and Ingerson, Mrs Kotz, Messrs Lewis, Matthew, Meier, Oswald, Such and Venning.

Pairs—Ayes—Ms Lenehan and Mr Rann. Noes—Messrs Eastick and Wotton.

The CHAIRMAN: There are 21 Ayes and 21 Noes. There being an equality of votes, I give my casting vote for the Ayes.

Clause thus passed.

Clause 5—'Deduction from taxable wages.'

Mr S.J. BAKER: My amendments are consequential on my succeeding earlier in the piece and are part of a very intricate package that took a long time to put together as an alternative to the Minister's proposals. Therefore, I will not pursue those amendments. They were developed so that we could preserve the benefits in the Act in terms of the CPI adjustment from 1 January onwards. I pay a tribute to at least one person for their assistance in this matter.

The Minister has repeatedly quoted the situation in New South Wales and Victoria; for example, New South Wales had a smaller increase in payroll tax than did South Australia. That is another issue, but both Victoria and New South Wales have an exemption level of \$500 000. Can the Minister inform the Committee when he will bring this legislation into line with the exemption level applying in those States?

The Hon. FRANK BLEVINS: I thank the Deputy Leader for the invitation, but I will have to decline it: I cannot give any commitments of that order. The Deputy Leader did mention—only in passing—that New South Wales had imposed a lower increase than that in South Australia. I also point out in passing that South Australia's rate of 6.25 per cent is still considerably less than the rate in New South Wales, which is 7 per cent.

Clause passed.

Clauses 6 and 7 passed.

Clause 8—'Registration.'

Mr S.J. BAKER: This clause provides:

Section 14 of the principal Act is amended by striking out from subsection (4) '\$6 900' and substituting '\$7 500'.

If the sum of \$7 500 is multiplied by 52 weeks, the total is \$390 000, which falls short of the \$400 000 limit and, indeed, the higher rate that will apply as of 1 January. Can the Minister explain why?

The Hon. FRANK BLEVINS: It appears that this is following the previous practice of employers who drifted in and out of having to pay payroll tax because of the cut-off rate. It is primarily to protect the revenue base. There is nothing novel in it. It is not a new provision that is trying to sneak something from employers. Similar provisions have been in the Act probably since it started, so this is just a continuation of past practice.

Clause passed.

Remaining clauses (9 to 12) and title passed.

The Hon. FRANK BLEVINS (Minister of Finance): I move:

That this Bill be now read a third time.

Mr S.J. BAKER (Deputy Leader of the Opposition): I simply express my disappointment at the final outcome of this Bill. We believe it is a vital ingredient of the management of this State that the Government show to the employers of this State that it cares. That has not been the case. The Opposition is disappointed, and we will be dividing on the third reading.

The Hon. FRANK BLEVINS (Minister of Finance): I, too, express my disappointment that it has been found necessary for the first time since this Government came into office in 1982 to increase the rate of payroll tax. I must point out, as I did in the second reading explanation, during the second reading debate and in Committee that, given that an increase has been found necessary by the Government, it is very carefully constructed so that small business is not affected, and it is only the larger employers that will have this slight increase. I also point out that payroll tax in this State is lower than in most States of Australia and that,

although we have had this increase, it still leaves South Australia's rate significantly below that of our principal interstate competitors.

The House divided on the third reading:

Ayes (21)—Messrs L.M.F. Arnold, Atkinson, Bannon, Blevins (teller), Crafter, De Laine, M.J. Evans, Ferguson, Gregory, Groom, Hamilton, Hemmings, Heron, Holloway and Hopgood, Mrs Hutchison, Messrs Klunder, McKee, Mayes, Quirke and Trainer.

Noes (21)—Messrs Allison, Armitage, P.B. Arnold, D.S. Baker, S.J. Baker (teller), Becker, Blacker and Brindal, Ms Cashmore, Messrs Chapman, S.G. Evans, Goldsworthy, Gunn and Ingerson, Mrs Kotz, Messrs Lewis, Matthew, Meier, Oswald, Such and Venning.

Pairs—Ayes—Ms Lenehan and Mr Rann. Noes—Messrs Eastick and Wotton.

The SPEAKER: There being 21 Ayes and 21 Noes, I cast my vote in favour of the Ayes.

Third reading thus carried.

TOBACCO PRODUCTS (LICENSING) ACT AMENDMENT BILL

Adjourned debate on second reading.

(Continued from 23 August. Page 584.)

Mr S.J. BAKER (Deputy Leader of the Opposition): The Opposition will not actively support this measure, but neither will it be opposing it. As the Minister will be aware, we are not in the habit of giving credence to any taxation measures in particular, because we have not had a clear commitment from the Government that it will spend the taxpayers' money wisely. Looking at it on the scale of one to 10 in terms of the negative impact that this tax will have, I guess this Bill would be at one or two compared with other taxes, such as the payroll tax, at eight or nine out of 10. The Opposition does not commend the Government for its taxation measure, but it is happy to allow it to pass.

It is important that people in South Australia understand how much money will be taken by this measure. The tobacco merchants will have their impost, excise or levy on the products that they sell increased from 28 per cent to 50 per cent of the cost of those products. That means that the Government will receive an additional \$27 million this year and \$40 million in a full year. Tasmania and South Australia now have the highest levels of tobacco products tax of all the States.

In 1982-83, the tax on tobacco products raised \$16.057 million whereas the 1990-91 estimate stands at \$83.5 million, which represents an increase of over 400 per cent in the revenue gathered by the State Government. That is a very impressive taxation record: 400 per cent in the space of about eight years. It is important to understand that it is a large amount of revenue in the scheme of things and it has become a far more important element of the budget.

However, I ask members to cast their mind wider than the tax itself and to consider that all taxes have a negative impact. This tax has one of the least negative impacts, but it still has a profound effect. I bring to the attention of members the fact that, whenever cigarettes are taxed, it is ultimately paid by the consumer. A large proportion of consumers can ill afford to smoke and the people who can afford to smoke do not. When people get into their 30s, the National Heart Foundation and the Anti-Cancer Foundation get on their back and, like me, they succumb and give up smoking.

Mr Becker: You have given it up?

Mr S.J. BAKER: I have given it up and, if I take it up again, I will have to wash 50 bedpans at the Royal Adelaide Hospital, so there is a fair amount of incentive for me to stay away from cigarettes and from contributing to Government revenue, and that is a pleasing thought. However, I ask members to consider for a moment the plight of people in the lower socioeconomic groups who have an addiction, who do not get the messages from the National Heart Foundation or, if they do, they do not necessarily relate to those messages. Invariably, cigarette advertising is pitched at a certain psyche. We do not necessarily get the message across to heavy smokers.

This taxation measure will affect the population by groups rather than as a broad base. It is the poorer people of South Australia who are most affected. That means, like it or not, families do without things such as bread, butter and milk. Because the Government has placed the price of cigarettes higher through this measure, there is less disposable income for the essentials. I am not making a judgment. I am simply pointing out to the House that no tax ever invented by man or woman is costless. There is a price to be paid, and this one is paid by those people who smoke and by their families, who ultimately pay the bill for that smoking.

On the positive side of the ledger, the Opposition agrees that people do become price sensitive, that an increase in the price of tobacco products provides a positive incentive for people to give up cigarettes. People work out what they could do with all that extra money that they would not spend on cigarettes. An average smoker smokes between 20 and 30 cigarettes a day. It is so long since I have bought a packet, but I assume that it costs over \$3 for a pack of 25 cigarettes. That means a weekly saving of \$21 for those people who are willing to give up cigarettes.

That is very positive, since it means more money for themselves and for the families involved. The key is to be able to use the opportunity to increase the number of people giving up cigarette smoking and other tobacco abuse. Obviously, the tobacco companies know that a large lift in the price of cigarettes would be detrimental to those people who may be very price conscious, so they do not lift their price immediately. They stage the price increases so that those addicted to the product do not have the huge lift that immediately sends them into tremors and forces them to think whether they should be smoking.

So, the cigarette companies are obviously very smart in the way in which they absorb some of the costs in the early stages to ensure that they continue to have a strong clientele. During the debate on the estimates, Premier Bannon stated to the House that the estimates of revenue had been predicated on the assumption of no decrease in the amount of tobacco consumption. This means that he is really saying that, despite the obvious price increase in the product that will result from this excise, it will not actually decrease the level of smoking.

That response is a little at odds with the second reading explanation in which the Minister says that one of the major features of putting up the price was to induce people to give up smoking. He says:

It is significant also that price increases have a greater impact on tobacco consumption by lower income groups. Increasing tax on tobacco products is therefore likely to be less regressive than might be imagined from a simple analysis of tobacco consumption prior to a tax increase.

What is being urged upon us in this second reading debate is that 'price increases are the most effective way of preventing or reducing smoking, particularly amongst young people.' I do not think that young people are particularly price conscious. It is the people with family commitments who are more conscious of the changes.

I wish to canvass two other matters during this debate. One is the date on which this provision comes into operation. Again we get ourselves into difficulty, since the date of operation is 1 November but, because of the way in which the tax is collected, the collections started on 1 September 1990. There are no clear-cut rules. Whilst the date of operation does not offend the Opposition, as it did with the previous Pay-roll Tax Amendment Bill, it also has some interesting side effects, since the collections would have already started by the time the Bill is being debated.

The other issue I wish to look at briefly is that of Foundation South Australia. Members would have noted that Foundation South Australia, instead of receiving 10.7 per cent of the collections, will drop to 6 per cent, so that its share of the revenue is preserved. It is not useful to open a debate on Foundation South Australia, as we could be here all night.

I simply make the point: if Foundation South Australia is going to be a very strong and meaningful body in the fight against smoking or tobacco abuse, or whatever members like to call it, we really should not be giving an incentive that relates to the share of the profit from the sale of tobacco products.

We should have the reverse situation: as the consumption goes down, Foundation South Australia should be rewarded for its efforts. If Foundation South Australia believes that it has a future in South Australia and that it has a large amount of money to be handed around, it will prosper the longer people smoke. Someone should look at this anomaly. Whilst not warmly supporting this proposition, the Opposition accepts that this measure has some positive and negative aspects.

The Hon. FRANK BLEVINS (Minister of Finance): I thank the Deputy Leader for his support. He strayed into the subject of Foundation South Australia, but I will resist the temptation to explain to him the position of that organisation other than to say that, if it founders because of lack of funds caused by people giving up smoking, there will be no-one happier than the Chairperson (David David) and the rest of his team.

As regards the logic of keeping cigarette prices down so that the poor can afford milk and bread, I find this to be a rather strange proposition from the Deputy Leader. It is patently absurd that, as a social welfare measure, we should continually reduce the price of cigarettes to enable the poor to buy more milk and bread.

One of the great benefits of this tax is that it is avoidable; no-one has to pay it unless they choose to do so. Whilst I am sure that a number of smokers object to the price of cigarettes being increased, on balance, society welcomes measures such as this because of the expected health gains that will ensue. There is no question that the amount of taxes raised from the sale of tobacco products does not go close to compensating society for the damage and expense caused by people indulging in tobacco products. I am making no moral judgments on this matter; that is the position. I thank the Opposition for its support of this Bill.

Bill read a second time.

In Committee.

Clauses 1 and 2 passed.

Clause 3—'Licence fees.'

Mr S.J. BAKER: My first question relates to the problem of avoidance. We have discussed some very interesting cases, and there has been some exchange of shots in the quite interesting history of this provision in terms of the inclination of one or two individuals to avoid the duty placed upon them by this Parliament. Have there been any

finer or prosecutions in the past 12 months for avoiding the payment of duty?

The Hon. FRANK BLEVINS: No, there have not been. The position seems to have sorted itself out one way or another mainly by the 30 per cent tax imposed on tobacco products in Queensland. That has certainly made it less attractive to try to avoid the tax here in South Australia. The problem has sorted itself out with the assistance of the Queensland Government.

Mr S.J. BAKER: They are my feelings also. Does the Minister believe that, with the 20 per cent differential created by this measure, there will be a problem? I note that New South Wales did not actually increase its levy of about 35 per cent on the basis that it did not want gunshots on the border and had had enough of trying to control the illegal trafficking of cigarettes. The New South Wales advice was that it was better to avoid the aggravation and problems created on the border, so there was a reasonable nexus between the Queensland and New South Wales measures. What information does the State Government have on that matter?

The Hon. FRANK BLEVINS: We do not believe that the disparity is so great as to make it financially worthwhile to attempt to avoid it. The tax is 30 per cent in Queensland, 35 per cent in New South Wales, 50 per cent in Victoria (which is our immediate neighbour), and 50 per cent in Western Australia, but that is not terribly relevant to the point made by the Deputy Leader. Everyone now believes that the disparities are not large enough to create a problem. The very large disparities, when Queensland had a zero rate and other States varied up to, in some cases, 35 per cent, created the problem. None of the States is anticipating any major problems.

Mr S.J. BAKER: New subclause (6) (b) provides that 'it is appropriate on account of amendments effected to this Act': will the Minister explain why that has been included? It seemed unnecessary on my reading of the Act. Perhaps the Minister knows of something that has happened which needs correction.

The Hon. FRANK BLEVINS: The provision is included in an abundance of caution to ensure that when people do pay in advance, and subsequently it is found that they ought to have paid more, the additional tax is able to be collected.

Clause passed.

Remaining clauses (4 to 6) and title passed.

Bill read a third time and passed.

ADJOURNMENT

The Hon. FRANK BLEVINS (Minister of Transport): I move:

That the House do now adjourn.

Mr HAMILTON (Albert Park): One matter that many members have spoken about at length over a period of years is vandalism. I have noted with great interest the role that the Victorian Government has taken in this matter. I refer to a press release of 1 October 1990 from the Victorian Minister of Transport, Mr Spyker, which is headed 'Spyker takes tough stand on graffiti' and which states:

Graffiti vandals will be forced to clean up their mess for the first time in Victoria under new legislation proposed today by the Minister for Transport, Mr Peter Spyker. Announcing the move today, Mr Spyker said the public was no longer prepared to tolerate the wanton destruction of its property.

It is fair to say that people in South Australia have a similar view. Members will be aware of the legislation that has passed through this House, and I hope that it will soon be

proclaimed so that a similar law will apply here as applies in New South Wales where people caught vandalising public transport are made to clean up their own mess.

I recall that many years ago when I first started talking about this matter people said to me, 'Kevin, the next thing you will want to bring back is the stocks.' Of course, that is not the case. I would never want to see that, but I do believe the public at large has had a gutful of people wandering around seemingly at will wantonly vandalising public property. Although I have indicated to the House previously the need to cater for some graffiti artists, if you like, I do object strongly to people tagging merely for the sake of tagging.

If one looks at public transport facilities here and interstate, one asks the question what Governments and authorities can do to overcome the problem. The cost of this activity in South Australia and other States runs into tens of millions of dollars that could otherwise be put to more productive areas, for example, housing, child-care centres (as my colleague the member for Henley Beach has said), schools and police, and I know that the District of Henley Beach is in need of social workers.

It is a matter of considerable concern to me and I am pleased that there is a national trend towards making people who are so irresponsible clean up their own mess. It is easy to be smart and move around in the still of the night and apply graffiti to public buildings. One of the latest activities of such vandals is to put graffiti on cars. The sooner this Government proclaims the legislation the better. I can remember that years ago when I first raised this matter with the then Minister of Transport (Hon. G.F. Keneally), the *News* ran an editorial on this topic saying that it was about time that this was brought into effect.

The sooner it happens the better. Not only will the public support such a measure—and have supported it; it will bring about a greater feeling of security for people travelling on public transport. People who travel on public transport say they are concerned about travelling on public transport because of vandalism.

One of the things covered in the conference I attended in Victoria was that when the New York Met cleaned up its rolling stock, the public returned more and more to public transport. I believe that that is what is needed in South Australia. I look forward to the proclamation of the legislation, which will give magistrates the opportunity to make vandals clean up their mess. Tonight when I went to my office I noticed the fences along West Lakes Boulevard where these—

The Hon. T.H. Hemmings: Louts?

Mr HAMILTON: I do not know whether they are louts; I do not know them personally—people have sprayed graffiti. Whilst I have some sympathy for those who want to paint murals, I do not have sympathy for those who want to put their tags on not only people's fences but Government property.

Some months ago when I walked from Tea Tree Plaza to the city—for a number of reasons, one being for exercise and another to look at what was happening along the O-Bahn—I was appalled to see that these taggers had sprayed paint all over the speed signs that were erected for the guidance of STA bus drivers; a bus driver who misread a sign because of the graffiti and thereby ploughed into the back of another bus, killing some of the passengers, would have a hell of a burden on their conscience. I do not have a great deal of sympathy for those who vandalise for the sake of vandalising.

I have received a large amount of correspondence from my constituents and from people outside my electorate. I

received a telephone call from a Labor supporter who lives in the southern suburbs; because that person was not prepared to see a Liberal member, he contacted me and supplied me with information from the Victorian Minister of Transport and newsletters of a Liberal member relating to this matter. I note from that correspondence that, whilst that Liberal member praised his colleague for attending this conference in Melbourne, no mention was made of the member for Albert Park or of his involvement. I thought that that was rather churlish. I thought that he could at least give some recognition to those people who were prepared—

Mr Ferguson interjecting:

Mr HAMILTON: Absolutely. I agree with the honourable member. To that person's credit, I hasten to add in the interests of fairness, that he did provide a copy of the correspondence from the Minister in relation to the Transit Squad and other matters. It is very easy to make cheap political mileage, but I believe that, as I always did when I was in Opposition, one should always give credit to the Government of the day. I always thought that people judge you by what you do.

Members interjecting:

Mr HAMILTON: I think the electorate of Albert Park has judged me on a number of occasions.

The Hon. T.H. Hemmings: With an increased majority.

Mr HAMILTON: Absolutely, and I believe it was very appropriate that it did. Returning to the question of vandalism and graffiti, I know that when this legislation comes into effect there will be ongoing support for what the Government is prepared to do to address the whole question of law and order. I know that the public, particularly the people of my electorate, are prepared to give that recognition to the Government that I believe it deserves.

Finally, I believe that where people are caught and are made to clean up in a public place, it will not take very long for the message to get through to the rest of those people who think that they can go around and vandalise at will. I hope that they will change their ways, but I do not think that that will occur until this legislation comes into effect.

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

The Hon. TED CHAPMAN (Alexandra): On Friday 21 September this year a significant number of people gathered at the township of Kingscote on Kangaroo Island to demonstrate their concern at that time for the recently adjusted space rates on the *Island Seaway*, particularly as this related to the *Island Seaway's* service link between Kingscote and Port Lincoln. It is not my intention in these few minutes to canvass all the details of that subject because, as members would well know, the matter of the *Island Seaway* has featured publicly, and sometimes quite dramatically, in the community at large and in this place since her commissioning in 1987. I want to raise just a couple of points about that occasion and prior to it, and also, briefly to refer to some of the publicity that followed it.

On the day, a group marshalled and, as I understand it, cultivated and led by some quite concerned employees of the Kangaroo Island Export Abattoir, quite understandably expressed their concerns about their domestic and economic future. Together with them were other people from the community with an interest in the matter and they, too, expressed their concern accordingly. Incidentally, it was interesting to note that the representatives of the employers of those meat industry people were not present. Further, it was interesting to note that following the incident the report

in the *Advertiser* mentioned only one local officer of authority.

It was also interesting to note that no reference was made in that report to the subject of space rates generally or to the comments on it in this place some two days before, that is, on 19 September, and some weeks before, on 9 August. By the way, the reporter was a fellow called Colin James, a relative newcomer to South Australia—clearly inept in his profession and, indeed, he demonstrated on that occasion, if not on others, that he was not terribly fussed about the facts or about doing his homework. Be that as it may, I will go into the subject of his ineptness as a journalist at some other time.

The important point that I want to make relates to the occasion and the very deep concern that was held by that group of employees during the waiting period involved in the leadup to this season's opening by the abattoir. Among other efforts by those people to draw attention to their plight and that of the island's economic interests generally, a petition was circulated. As often happens, the petitioners signed the forms in a way that they thought was appropriate for receipt by this House. In fact, although some 500 signatures were collected, representing about 15 per cent of the island's population, unfortunately only part of the forms are structured in a way that is acceptable to this House.

However, I draw that matter to the attention of the House prior to the formal lodging of the acceptable forms later this week, so that at least it is on the record that a significant number of concerned people in this instance sought to identify their message. I will not go into all the details of what the petitioners sought to demonstrate at this stage, except to say that very clearly they were claiming that the recently applied charges to the already high space rates on the *Island Seaway* were damaging to our community at large and to their welfare as employees of the Kangaroo Island abattoir.

Everyone in this place knows that I have been vocal about this situation for a long period. I do not withdraw at all from my earlier claim that the Kangaroo Island community, if it were to be serviced by a *Troubridge* replacement, should be serviced by a no-frills freight only ferry. I note that members on both sides of the House acknowledged my reference to that subject and their recollection of my making it in this place in the corridors by petition, by submission to Ministers and at every other level at my disposal. Be that as it may, it is somewhat history, and stuck with that blasted thing that sometimes plies between mainland South Australia and the island at a rate that has become so exorbitant in its space charges that the people of Kangaroo Island simply cannot afford to use it other than when they have absolutely no alternative.

Having again referred to the considerable and consistent attention given to this subject, I must say that in recent weeks there are good reasons for my not canvassing the subject too strongly or too loudly. I have not sought the coverage of the newspapers, and I do not want to go into that subject in any great depth at this stage. However, it is difficult to find a journalist who is prepared to do their homework and research their subject and leave out the emotion and the crap and deal only with the facts at issue. Members will recall that I mentioned Colin James as being one of those upstart reporters who is prepared to shoot from the hip and, indeed, represent a reporter of rumour rather than a journalist of research.

The leaders of my community—the Mayor of Kingscote, the Chairman of Dudley council, the Chairman of the local transport committee and maybe one or two others—will meet with the Premier of this State on Thursday to try to

sort out some rational and apolitical approach to this very important subject. That arrangement has been in place for a number of weeks—certainly for longer than the period involving the cultivation of attention of the island-based meat workers.

For reasons that I do not have time to go into at the moment, I have been deliberately reluctant to comment too much on this matter. It is one of those situations about which we do not need publicity; we simply need fair attention. It is better left unreported in the broad media because, frankly, at the present time, and given the climate of the rural community and the country townspeople who have their back to the wall, our property values in both the country and town areas are deteriorating fast enough without the bad news publicity that some seek to cultivate in this hard economic period. We are clearly in a situation where we need to address this subject without emotion, where possible, and indeed with the sensitivity and responsibility that the subject deserves.

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

Mrs HUTCHISON (Stuart): I should like to address a matter that concerns one of my constituents, Mr Lloyd Reichelt, who resides in Port Pirie. In July 1988, Mr Reichelt decided to come to Adelaide to buy a lounge suite, and he went to a firm called Decorator Warehouse. He ordered the lounge suite from Decorator Warehouse and was asked to pay a \$600 deposit, which he did in good faith. The reason he was asked to pay that amount was that in the past Decorator Warehouse had had some problems with people who had ordered goods and had not picked them up.

I will read a letter into *Hansard* from my constituent, which he forwarded to Decorator Warehouse after six months of constant phone calls and so on to find out what was happening with regard to his lounge suite. He writes:

Attention: Mr Badcock

Dear Sir,

We ordered a lounge suite on 24/7/88. Your order No. 67 of same date. As yet this suite has not been supplied.

The letter is dated 31 January 1989. He continues:

Several phone calls were made in October 1988 to determine date of supply. It was promised within 10 to 12 days.

This is six months later. The letter goes on:

We were told that the furniture had been manufactured and only had to be delivered. Further calls were made since this all promising supply within 10 or so days.

More recently phone calls were made in early January 1989 during which we were told that we would be advised by phone in mid-January of the status of our order. No phone call was forthcoming from you.

On the 25th, 27th and 31st January 1989, further phone calls were made regarding the status of our order. None of these calls was even given the courtesy of a reply. We therefore request cancellation of the order and a refund of our deposit of \$600 plus interest at 15 per cent for the period which has elapsed since payment of our deposit (i.e. a total of \$650 to be refunded). We look forward to your early attention to this matter.

We are now in October 1990 and Mr Reichelt is still waiting for a response to that letter. One would have thought that, after six months and having had that letter, the firm in question would have refunded the gentleman's money. I might add that Mr Reichelt is a pensioner and that phone calls from Port Pirie to Adelaide are fairly costly and he was involved in quite a bit of this during this period.

As no refund was forthcoming, Mr Reichelt went to Consumer Affairs, and he also contacted the former member for Stuart, who I believe contacted the firm in order to ensure that the refund was given to the gentleman concerned. Unfortunately, there was no result from that, and

Mr Reichelt was advised to sue the firm in order to get his money back. One would have thought that that would be a fairly simple procedure, but it has been very time consuming and has caused a lot of trauma to Mr Reichelt and his family and much financial hardship in order to get his money refunded.

The court procedures had to be carried out in Adelaide, so again he was required to make numerous phone calls to follow up what was happening with his summonses. However, before he could issue the summons he had to research to discover who he had to sue, and he ended up suing Rob Badcock Nominees Proprietary Limited, trading as Decorator Warehouse. The first summons issued by Mr Reichelt had a fairly rocky passage and was unable to be delivered. The first date that was suggested for the court obviously could not be carried through because the summons was unable to be issued to the person concerned.

Mr Reichelt had to reissue another summons. Meanwhile, it was costing him a lot of money to get back the \$600 which he paid in good faith. The bailiff continued to have problems delivering the summons and, as late as 30 August 1990, Mr Reichelt received a letter from the Magistrates Courts Division which stated, in effect, that that court had examined the file concerning this matter and agreed that there had been some unexplainable delay between the date of the request for the unsatisfied judgment summons and the issue of the summons to the bailiff. So, there were some tie-ups in that direction, as well. The letter continues:

In this matter, the Assistant Bailiff attempted on four occasions to serve the summons without success. Attempts were made at the defendant's North Adelaide shop and their Unley shop. The defendant, Mr Badcock, is most difficult to locate. The Assistant Bailiff has a number of other processes for Mr Badcock which he is unable to serve . . .

The letter suggested that Mr Reichelt apply for the unsatisfied judgment summons to be reissued and advised him that a further fee of \$11 would have to be paid by him in order to do that. So, in order to get his money back, this gentleman has had untold difficulties. It is appalling that, after two years, this pensioner who tried to do the right thing in paying the required deposit and who gave the firm a total of six months to produce the goods on which he had paid that deposit does not have those goods. Now he is having a great deal of difficulty just getting his money back. I promised Mr Reichelt that I would raise this matter in the House so that other people could see what was happening to him.

Because he resides in the country, his job is far more difficult because the processes can only be carried out through the courts in Adelaide. Although the court in Port Pirie was very obliging to Mr Reichelt, in the end, it was Mr Reichelt who had to do most of the negotiation down here. That gentleman has had a tough time of it, and I applaud the fact that he has tried to do the right thing all the way. I hope that I can resolve this matter for him. If not, I will be seeking other avenues to achieve that.

The SPEAKER: Order! The question before the Chair is that the House do now adjourn.

Mr OSWALD: On a point of order, Sir, because the member for Stuart did not use all her time, I seek the call for the remaining three minutes of this debate.

The SPEAKER: I assume that that will take the place of an Opposition spot tomorrow.

Mr OSWALD: No, there is a precedent.

The SPEAKER: Order! The question before the Chair is that the House do now adjourn.

Mr BLACKER: On a point of order, Mr Speaker, my understanding is that it is perfectly legitimate for the member for Morphett to take the remaining time. It has occurred

before. In fact, when this procedure was established in the House, I vividly recall the member for Mitcham doing just that.

The SPEAKER: All right, there are two minutes left.

The Hon. T.H. HEMMINGS: On a point of order, Sir, whilst I understand the logic of the point made by the member for Flinders regarding the three minutes that remained on the clock, the fact is that, when the member for Morphett stood up, he did it in such a light-hearted way that he did not expect you, Sir—

The SPEAKER: Order! There is no point of order. As I understand, precedents have been set for the remaining time to be used. Therefore, the member for Morphett has the call.

Mr OSWALD (Morphett): I will use the one minute I have to respond to the member for Napier. That was really an out of court remark. The honourable member knows jolly well that I rose to my feet, and it was because of the discussion at the Speaker's table that I resumed my seat

while the Speaker and the Clerk resolved whether or not I was to be able to speak.

The Hon. T.H. HEMMINGS: On a point of order, Standing Order 127 states:

A member may not . . . impute improper motives to any other member.

I maintain that what the member for Morphett has just said—

The SPEAKER: Order! The honourable member has made his point. The member for Morphett.

Mr OSWALD: The honourable member is doing all he can to ensure that I do not have my one minute. I was merely going to compliment the member for Albert Park and say that I thought his grievance debate contribution tonight was excellent. The subject—

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

Motion carried.

At 9.46 p.m. the House adjourned until Wednesday 17 October at 2 p.m.