LEGISLATIVE COUNCIL

Tuesday 23 October 1990

The PRESIDENT (Hon. G.L. Bruce) took the Chair at 2.15 p.m. and read prayers.

NEW MEMBER

The PRESIDENT produced a letter from the Clerk of the assembly of members notifying that the assembly of members of both Houses of Parliament had elected Dr Bernice Swee Lian Pfitzner to fill the vacancy in the Legislative Council caused by the resignation of the Hon. M.B. Cameron.

The Hon. Bernice Swee Lian Pfitzner, to whom the Oath of Allegiance was administered by the President, took her seat in the Legislative Council in place of the Hon. M.B. Cameron (resigned).

The PRESIDENT laid on the table the minutes of the assembly of members of both Houses held this day to fill the vacancy in the Legislative Council caused by the resignation of the Hon. M.B. Cameron.

The Hon. C.J. SUMNER: I move:

That the minutes be printed.

Motion carried.

QUESTIONS ON NOTICE

The PRESIDENT: I direct that the following answer to Question on Notice No. 35, as detailed in the schedule which I now table, be distributed and printed in *Hansard.*

MAWSON COLLECTION

The Hon. DIANA LAIDLAW (on notice) asked the Minister of Local Government: In relation to the future of the Mawson collection currently entrusted to the Mawson Institute of Antarctic Research at the University of Adelaide, have discussions between the University and the Mawson family regarding a proposed new museum ensured that the collection remains in Adelaide in perpetuity?

The Hon. ANNE LEVY: The Mawson collection remains the property of the Mawson estate and discussions about the future of the collection are continuing between representatives of the Mawson estate and the University of Adelaide. On 14 September 1990 the Council of the University of Adelaide resolved to establish a University of Adelaide Museum with funds for a curator to be provided by the University of Adelaide Foundation. The retention of the Mawson collection would be a major success for the new museum and the University of Adelaide intends to continue negotiations to that end. It is the university's intention that, if the collection is housed in the university museum, it will be held *in toto* in public trust, in perpetuity.

PAPERS TABLED

The following papers were laid on the table:

By the Attorney-General (Hon. C.J. Sumner)—
- Electoral Department—Report 1989-90.
- Department of Labour—Report 1989-90.
- The Treasury of South Australia—Report 1989-90.
- South Australian Superannuation Scheme—Report by Public Actuary, 1988-89.

By the Minister of Corporate Affairs (Hon. C.J. Sumner)—
- Corporate Affairs Commission—Report 1989-90.

By the Minister of Tourism (Hon. Barbara Wiese)—
- Reports 1989-90—
  - Bookmakers Licensing Board.
  - Greyhound Racing Board.
  - South Australian Department of Housing and Construction.
  - South Australian Housing Trust.
  - Department of Industry, Trade and Technology.
  - Metropolitan Milk Board.
  - Port Pirie Development Committee.
- Drugs Act 1908—Regulations—Food Hygiene.
- Food Act 1985—Regulations—Food Hygiene.

By the Minister of Local Government (Hon. Anne Levy)—
- Reports 1989-90—
  - Native Vegetation Authority.
  - Office of Tertiary Education.
- The University of Adelaide—Report 1989 and Statutes.
- Royal Commission into Aboriginal Deaths in Custody—
  - Report of the Inquiry into the Death of Stanley John Gollan.

MINISTERIAL STATEMENT: PRISONER ACCESS TO MEDIA

The Hon. ANNE LEVY (Minister of Local Government): I seek leave to make a statement.

Leave granted.

The Hon. ANNE LEVY: On Thursday 18 October 1990 I gave a ministerial statement to the Council, on behalf of the Minister of Correctional Services in another place, in which I said that prisoners released on special unaccompanied leave were not made to sign a form restricting their contact with the media. This was incorrect.

Members interjecting:

The PRESIDENT: Order!

The Hon. ANNE LEVY: The Minister of Correctional Services has been further advised that, since 1984, prisoners released on the program have been required to sign a pro forma entitled 'Prisoner's Role and Responsibilities and Conditions'. One of the conditions states that prisoners shall not contact the press or other media respresentatives without the prior approval in writing of the Minister of Correctional Services.

The misunderstanding was due to the current situation where unaccompanied leave is used for two distinct purposes: first, as a programmed leave coordinated by programs personnel and, secondly, as an operational procedure when the prisons are full. It is this operational use of the leave program which is coordinated by the Inspector, Establishments. The institutional information sent to this officer does not have the same degree of detail as that forwarded to head office for use in programmed leave, and, as such, the Inspector was unaware of any condition relating to media contact by a prisoner.

As this apparent restriction is contrary to this Government's policy of allowing the maximum practical contact between the media and prisoners, the Minister of Correctional Services has ordered the deletion of any media conditions on any release forms.

QUESTIONS

NATIONAL CRIME AUTHORITY

The Hon. K.T. GRIFFIN: I seek leave to make an explanation before asking the Attorney-General a question about the National Crime Authority.

Leave granted.

The Hon. K.T. GRIFFIN: On 13 February this year, I asked the Attorney-General a number of questions and received replies the following day. The questions I asked were as follows:

1. When Mr Faris decided not to deliver Mr Justice Stewart's report to the South Australian Government, and in reaching that decision, did Mr Faris or any member or officer of the NCA speak formally or informally, officially or unofficially, to anyone acting for or on behalf of the South Australian Government? If so, on what occasions was this done and to whom did Mr Faris or others speak?

2. Did Mr Faris write his 11 page report on the Operation Ark investigation at some time after 12 December and, if so, what was the reason for this delay?

In a reply on 14 February the Attorney-General advised:

I have formally referred these questions to the NCA for comment as a complete answer can only be given by Mr Faris.

The Attorney-General also stated:

I have confirmed that as far as the Attorney-General, Mr Kym Kelly, CEO of the Attorney-General's Department, and the Police Commissioner are concerned, there were no such discussions with Mr Faris.

This last point is completely contradicted by the revelation by the Federal Joint Parliamentary Committee on the NCA, in its report tabled last week, that the Police Commissioner did in fact have discussions with Mr Faris on 4 August last year about the Stewart Report. My questions to the Attorney-General are:

1. On what basis did the attorney-General previously advise the Council that the Police Commissioner had no discussions with Mr Faris before Mr Faris decided not to deliver the Stewart Operation Ark Report to the NCA?

2. Did the Attorney-General have a written minute from the Police Commissioner to this effect and, if so, will he arrange to have it tabled when the Council sits tomorrow?

3. In the light of the discrepancy now revealed, will the Attorney-General seek a full explanation from the Police Commissioner and also have that tabled tomorrow for the further consideration of the Council as to why and how it has been misled in this matter?

The Hon. C.J. SUMNER: Last week's allegations of misleading were extraordinary enough and were, I suspect, totally without foundation, but this question, with the suggestion in it that there has been a misleading of the Council, is way off the mark. The meeting that has been referred to in the minority report of the joint parliamentary committee between Mr Faris and Mr Hunt occurred on 4 August. As is clearly on the record in previous answers that I have made in relation to this matter, and I think it is also contained in the joint parliamentary committee report. Mr Faris decided to review what we now know as the Stewart document or Stewart report, before he had any conversations with me, Mr Kelly or the Police Commissioner. That was the question, as I understood it, that the honourable member asked, and that he has repeated in the Council today.

There were no conversations, at least on behalf of those officers, and, as far as I know, with the South Australian Government and Mr Faris which led Mr Faris to review the report. It was his decision; it was a decision of the authority. I have said that before—without any consultation with the Government. If the honourable member wants to make the allegation that I, or the Chief Executive Officer of the Attorney-General's Department, or the Police Commissioner had some influence over whether Mr Faris decided to review that report and suggest that that was done, there is a simple way of resolving the matter: the honourable member can go outside and repeat it—

The Hon. K.T. Griffin: I am just asking you to answer the question.

The Hon. C.J. SUMNER: Okay, I am saying that you can go outside and repeat it and we can have the matter resolved in a court.

The Hon. K.T. Griffin interjecting:

The Hon. C.J. SUMNER: I have answered this question previously in this Council, and in fact the honourable member has referred to my answer, and said that there were no discussions relating to Mr Faris's decision to review the Operation Ark report before Mr Faris took that decision. He took the decision in early July, after he took over formally as Chairman of the National Crime Authority. It was not until subsequently that there were any discussions with the Police Commissioner or myself about that matter. That was the question that the honourable member asked and that was the answer that was given—which I repeat.

The Hon. L.H. DAVIS: I direct my question to the Attorney-General. At the meeting in Adelaide on 1 August 1989 between representatives of the South Australian Government including the Premier and the Attorney and Mr Faris of the NCA, was there discussion about the progress of Operation Ark in view of the fact the Attorney-General had become aware that Operation Ark 'was the subject of discussion and review within the authority in July 1989'? If so, what information did the NCA provide at that 1 August meeting about the progress of Operation Ark?

The Hon. C.J. SUMNER: This is not a new matter, either, and I have already answered this question. The Hon. Mr Davis asked me that question on 8 February this year, and I provided a reply (which is in *Hansard*) on 14 February this year, in which I said that Operation Ark was not discussed at the 1 August meeting. That is my recollection of it, but I have checked with the officers concerned, and that is also their recollection, that Operation Ark was not discussed on 1 August—which was the basis of the reply that I made.

The Hon. R.I. LUCAS: I seek leave to make an explanation before asking the Attorney-General a question on the subject of Operation Ark.

Leave granted.

The Hon. R.I. LUCAS: Earlier this year the Attorney-General indicated that he first became aware of the Operation Ark report some time in December—I forget the exact date.

The Hon. C.J. Sumner interjecting:

The Hon. K.T. Griffin: Well, what does that mean?

The Hon. C.J. Sumner: That's what I have said consistently.

The Hon. R.I. LUCAS: It isn't what you have said consistently. The Attorney seeks to interject now and place a sort of proviso on it, that it was officially, but that is not indeed the statement—and we will check the statement of the Attorney. Certainly, he indicated earlier this year, during the February to April session, that he did not become aware of the existence of the Operation Ark report—and from my recollection, he also indicated that during an interview with Mr Ian Altschwager on the *7.30 Report* some time earlier this year (and, again, a transcript is available of that).

That statement, and some others that the Attorney made earlier this year in this Council, have really been brought into serious question following comments on Friday by the Police Commissioner, Mr Hunt, which were broadcast on ABC radio news on Saturday morning. Mr Hunt referred to this meeting (to which the Hon. Mr Griffin has referred) that he had had with the NCA on 4 August last year. During

that meeting, revealed for the first time in the Federal Parliamentary Joint Committee's report, Mr Hunt was informed that the NCA was vetting the Stewart report. Referring to this meeting on ABC radio on Saturday morning, Mr Hunt said, 'It may be that the Attorney-General was present.' That is, the Police Commissioner is suggesting, and is recorded as saying, that the Attorney-General may have been present at this meeting on 4 August.

In the light of Mr Hunt's statement which was broadcast on ABC radio news on Saturday morning, I ask the Attorney-General: was he or any other Minister, or any officer representing him or the South Australian Government, present with Mr Hunt at the meeting on 4 August? Secondly, did he receive any report verbally or otherwise of this meeting? If so, from whom, and when did he receive such a report?

The Hon. C.J. SUMNER: A number of assertions have been made about this particular matter. The point which was being made, and which is apparently now being made by members opposite, is as follows: according to the taped interview—which is in fact the point made by the Hon. Mr Gilfillan—the Commissioner is not sure and even suggests the Attorney-General may have been present when the report was discussed in August 1989 with the former Chairman, Mr Peter Faris. The Police Commissioner has provided a comment which is that the report or document's contents:

. . . were not discussed with Mr Faris.

Secondly, that references to Mr Sumner in the Nicholls interview were speculative, as to who might have been present—

An honourable member interjecting:

The Hon. C.J. SUMNER: Just a minute—

but in the interview I definitely stated that he was not.

So, obviously, Mr Nicholls has chosen to run those parts of the interview with Mr Hunt which suited him and apparently left out the section where Mr Hunt said, 'Definitely I was not present.' Certainly, as far as I am concerned, I have no recollection of being present at such a meeting with Mr Hunt or Mr Faris.

The Hon. I. GILFILLAN: I seek leave to make a brief explanation before asking the Attorney a question about the NCA.

Leave granted.

The Hon. I. GILFILLAN: It is established that there was a meeting on 4 August between Commissioner Hunt and the Head of the NCA, Peter Faris, and with the South Australian officer Mark LeGrand in the NCA's headquarters in Adelaide. It is reasonable to assume that the Attorney was not present at that meeting, in the light of his answer to the previous question.

However, the fact remains that the South Australian Commissioner of Police, Mr Hunt, in this meeting—although maybe there was no detailed analysis of the content of the Stewart report—was quite clearly told, so it appears, of the existence of the report, and that he was also told that the then Chairman, Mr Faris, was vetting the report and intended to present it in company with some addendum material prepared by Mr Faris.

In the light of the seriousness of the contents of the Stewart report, it is most unlikely that the Commissioner would not have been inordinately curious as to its contents, and, in his role as Commissioner of Police, very concerned that its contents either be dealt with forthwith in a proper and responsible manner or the issues raised be reassessed. To date, no information has come from anybody in relation to those uncertainties—certainly not the Commissioner nor the Attorney, whom I am taking as not having had that knowledge. However, from this situation I think questions must be asked through the Attorney, as to the propriety of the action of Commissioner Hunt. It has been put to me that the Commissioner, under the circumstances, would have felt an obligation to discuss with responsible members of the Government the implications of the contents of the Stewart report.

So, I ask the Attorney: did Commissioner Hunt on 4 August or any time up until 21 December 1989, communicate in any way with the Attorney or any other member of the Government, indicating knowledge of or reference to the Stewart report? If not, will the Attorney establish why Commissioner Hunt failed to inform him of the existence of the Stewart report and discussions relating to it? Does the Attorney believe that the Police Commissioner kept the existence of the Stewart report from him or the Government for the 4¼ months? If so, why? Finally, was the Attorney himself aware of the Stewart report, either formally or informally, prior to 21 December 1989?

The Hon. C.J. SUMNER: There is nothing new in the matters that are currently being dealt with by the Council, except the statement in the joint parliamentary committee report. The matters that have been dealt with, including the previous questions, were dealt with at great length, as a perusal of *Hansard* will determine, in February and March this year. The new information on which members are relying is the statement in the report of the Joint Parliamentary Committee on the National Crime Authority, which was tabled last week in the Federal Parliament. It refers, in particular, to a minority report—

The Hon. I. Gilfillan interjecting:

The Hon. C.J. SUMNER: Just a minute. It refers, in particular, to a minority report provided by the then Liberal and Country Party members of that committee. That referred to Mr Faris informing the Commissioner that the new authority was vetting the report. I must say that I am somewhat surprised that the word 'report' is used without qualification in that paragraph, because the whole tenor of the joint parliamentary committee report in other areas is doubt about the status of the Stewart document or report.

Anyone who reads the joint parliamentary committee report will see that there are differing views between Mr Faris and Mr Stewart about the status of that report—differing views which have been outlined in this Council on a previous occasion. So, it is a matter of record in this place, and now in the Federal Parliament through the joint parliamentary committee report, that there was a dispute between the Stewart authority and the Faris authority. It is also worth while noting—

The Hon. K.T. Griffin: The majority wouldn't let Stewart get in.

The PRESIDENT: Order!

The Hon. C.J. SUMNER: It is also worth while noting that Mr Faris has referred to the Stewart report in his correspondence, which I have tabled, as a document. He has referred to it as a document which it was proposed to furnish as a report. He referred to it on 30 January 1990 as 'certain internal documents'; he referred to it on 30 January 1990 as a 'proposed report'; and he has also made it clear to Government that it was not a report of the authority. I cannot answer that question, because there is clearly a dispute between the Stewart document or report and the Faris authority.

An honourable member interjecting:

The Hon. C.J. SUMNER: I will answer your question in a minute; I think it needs to be put into context. Mr Faris made it clear that it was not a report of the authority. He referred to 'certain internal documents' and a 'proposed report'. I think that really provides the difficulties that we

have in this debate, because of the lack of clarity as to the status of that report at the time that Mr Faris took over from Mr Stewart.

Mr Faris has also made it clear that the authority rejected that proposed report or document; that is, the Stewart document. He also opposed its release, because he said it would be wrong if the names in the report were to be made public. He also said that it was written in an unsatisfactory manner and would unfairly damage the reputations of a number of police mentioned by name.

So, it remains a moot point whether or not it was a concluded report of the Stewart authority. I suspect that doubt about the status of the report or document has led to any confusion which may have existed. I have said that I dealt with the matters at length in February and March of this year, and that is clear. Virtually all the questions which are now being asked were asked at that time. I refer honourable members to the *Hansard* of 14 February, when I answered a question which was asked by the Hon. Mr Davis on 8 February and to which I referred earlier. I refer members to an answer to a question from the Hon. Mr Griffin on 15 February and to answers to a question by the Hon. Mr Lucas on 22 March.

The Hon. R.I. Lucas: They're all inconsistent.

The Hon. C.J. SUMNER: They are not inconsistent. All I can do is quote those answers. In my answer on 14 February, apart from dealing with the question of Operation Ark not having been discussed on 1 August (the question that has been asked again today), I stated—and I ask members to listen:

> The Government was officially advised of the earlier document on 21 December 1989. The Attorney-General had become aware that Operation Ark was the subject of discussion and review within the authority in July 1989. The Attorney-General was certainly aware of it by 19 July 1989 but there is a possibility that Mr Le Grand had advised Mr Kelly, the Chief Executive Officer of the Attorney-General's Department, that there was to be a review of the Operation Ark matter earlier in July.

That is how I answered the question and as I recollect the situation: that we were not officially advised until December but that I was made aware that there was a review of the Ark matter in July. That matter was further dealt with by the Hon. Mr Griffin in his question on 15 February. In answer to that question in relation to the 19 July discussions, I stated in part:

> I took the opportunity to meet informally with Messrs Faris, Leckie and Tobin over dinner. We did that. We discussed a number of matters relating to the authority's operations in South Australia. So far as I can recall—and I cannot recall the details of all the discussions—the Operation Ark matter was discussed, and there was an indication that there would be a review of that matter by the Faris authority. As I say, it was not a meeting that was recorded but an informal discussion to discuss aspects of Mr Faris's attitude to the South Australian reference and what the South Australian Government expected out of the NCA with respect to that reference.

Those are answers to questions that I gave in February. On 22 March the Hon. Mr Lucas specifically put those questions to me. He quoted those sections as well as a section from Mr Dempsey's public statement that he made when he held his public hearing, and the questions were answered again on 22 March. All those matters have been put on the public record since then. I believe that what I have said there is consistent with what has been said previously.

If there was any earlier misunderstanding, I regret that, but I think that, once I had checked the material with the departmental officers and given those answers, there was no room for any further doubt as to what occurred. As I said, I think that the misunderstanding, to a significant degree, has to do with the fact that the status of the Stewart document was not clear then and is still not clear, despite the joint parliamentary committee's inquiries. At that time (in February) I had matters checked from a bureaucratic point of view, as I said, and was advised, as I have already indicated, by Mr Kelly that Mr Le Grand had advised us of the existence of the inquiry by the NCA into the Operation Noah matters in May—that is, of the inquiry; not that there was a report but that the matter was being inquired into.

Between 30 May and 30 June, according to the records Mr Kelly has been able to check, no information, communication or letter was received from the NCA in relation to the Noah investigation. As to the debate about the letter of transmission that was allegedly signed by Mr Justice Stewart, between those dates and subsequently—at least in the June-July period—no report or letter of transmission was furnished by the NCA to me or the State Government.

There is no record of any official contact by way of information, communication or letter on the files during that period. So, what I have said before was that I was informed of the existence of the inquiry—which I have repeated today—and that the Government was not aware that there was to be a review of the Stewart document until the dates that I have mentioned. We did not receive the alleged letter of transmission signed by Mr Justice Stewart, and we did not receive the report at the time of the changeover from Mr Justice Stewart to Mr Faris.

I have indicated previously and I repeat that I asked the NCA on 30 November for a round-up of matters, because I had indicated then that I wanted to give the Parliament a report on what the NCA had been doing. I included in that round-up a request for a report on the Noah inquiry. As is now clear, I was provided with that official report—that is, the Faris report, the only report of the authority on the best information—in December 1989, and I released that report in January at a press conference, together with the action that the South Australian Government and the Police Commissioner had agreed to take to respond to the recommendations made by Mr Faris in that official report. Subsequently, as members know, I called for and received the Stewart document.

I repeat that the Stewart report or document was not transmitted to the South Australian Government until January 1990. I did not see any report, document or letter of transmission relating to this matter until the official report was formally sent to me in December 1989. Subsequently, it is obvious that there was a dispute. That dispute is apparent from the correspondence from Mr Faris that I tabled in full in this Chamber in February, along with the response from Mr Justice Stewart.

That dispute remains, because the joint parliamentary committee has been unable to resolve it. I repeat that the decision to review the Stewart matter, document, report or investigation (whatever you like to call it) was made by the National Crime Authority acting on its own initiative and, until the time when the decision to review it was taken, there was no discussion by the Government or by me or, I am informed, by Mr Kelly or by the Police Commissioner with the National Crime Authority as to whether the matter should be reviewed.

I reiterate that in this matter there have been no findings of corruption against any police officers. What happened was an administrative failure within the South Australian Police Department at the time the Operation Noah matters were being dealt with in February 1989—and that is all that has been found. It was a failure of the police, which was recognised in the reports, to deal with those complaints of corruption in an administratively efficient manner. There

are common findings in the Faris and Stewart documents on that.

I repeat: all this fuss revolves around a situation where no police officer was found to have been corrupt. I know that the media—at least some sections of it, not all of it—is particularly keen to try to imply that somehow or other there was some suggestion that the police were corrupt, but both Faris and Stewart found there were no findings relating to corruption of police officers in the handling of the Operation Noah matters. All that, apart from the reference to the joint parliamentary committee, I have advised the Council of previously, and I have repeated. As I say, if there was any earlier misunderstandings, I would have thought that they were cleared up obviously by the questions which I answered in February and which I have repeated here today.

The Hon. Mr Gilfillan asked me a series of questions. I am not sure that I am in a position to answer them in detail because some of them, I think, relate to matters that would not be within my personal knowledge. So, I will—

The Hon. I. Gilfillan: I would say question No. 1 is.

The Hon. C.J. SUMNER: There may be some of them. If the honourable member wants to repeat them one at a time I will try to respond to those parts of them to which I can respond.

The Hon. I. GILFILLAN: As a supplementary and at the invitation of the Attorney: did Hunt on 4 August or any time up to 21 December communicate in any way with the Attorney about the Commissioner's knowledge of the Stewart report or document?

The Hon. C.J. SUMNER: I think I have already answered that, but I can certainly check the records. I have said there was no documentation, according to the checks that I had within the department, relating to this particular matter. But, I will check and bring back a reply.

ULTRAMAN

The Hon. DIANA LAIDLAW: I seek leave to make a brief explanation before asking the Minister for the Arts a question about the *Ultraman* television series.

Leave granted.

The Hon. DIANA LAIDLAW: In October last year, when the Premier announced the contract for the 13 episodes of the *Ultraman* series in association with Tsuburaya, he indicated that those 13 episodes were to be a pilot for a potential 36 further episodes. Then, in June this year, the Japanese producer of the series, Mr Suzuki, in one of his rare public statements following the departure of Mr Watson as Managing Director of the Film Corporation, said that he would have reservations about working with the Film Corporation again. That statement was in the *Advertiser* of 15 August.

The following day the Acting Managing Director of the Corporation, Ms Worth, indicated that Mr Suzuki's reservations were at odds with Tsuburaya executives' applause after seeing the first three episodes of the series in Sydney. According to Ms Worth:

> They stood and said they were very, very pleased. In fact, we will meet with them in a few weeks time to discuss the possibility of making further episodes—a very real possibility.

Such a contract, of course, would be a most welcome boost to the industry in South Australia; it would provide at least 18 months continuous work for technicians, designers and film makers, and it would ensure that many of the skilled people in the film industry would remain working in South Australia.

It is now four months since Ms Worth indicated that discussions would be held with Tsuburaya regarding the production of the 36 further episodes of *Ultraman*. In the meantime I note that last month the *Ultraman* feature films, a spin-off from the series, were mixed in Sydney at Atlab Australia rather than in Adelaide. Yesterday I also received well-sourced information from both Queensland and South Australia suggesting that Tsuburaya will be producing all 36 further episodes of *Ultraman* in Queensland, possibly at the Village Roadshow's $18 million studios at Coomera on the Gold Coast. Therefore, I ask the Minister:

1. Given that the Film Corporation completed the first 13 episodes of the *Ultraman* series in August, what are the prospects of the corporation's winning the contract from Tsuburaya to produce the 36 further episodes of *Ultraman* in South Australia, rather than losing that production work to Queensland as has been suggested to me will be the case?

2. As the contract signed with Tsuburaya last year gave the corporation the rights to sell the series in Australia and New Zealand only, have distribution contracts been determined and what are the terms?

The Hon. ANNE LEVY: To answer the second question first, I am not aware of any distribution contracts having been arranged for Australia and New Zealand at the moment for sale of the series of *Ultraman* which was produced in Adelaide. As I am sure the honourable member would be aware, there is a fair degree of turmoil in the Australian television industry at the moment, with changes of ownership, direction, general managers, and so on. As a result, virtually all the television stations are not considering the purchase of *Ultraman* or anything else, as I understand it at the moment—

The Hon. Diana Laidlaw: Did you contact the United States—

The Hon. ANNE LEVY: We are talking about Australia and New Zealand.

The Hon. Diana Laidlaw: Yes, I am just comparing the Film Corporation's effort with Tsuburaya. It has already sold the rights to another—

The PRESIDENT: Order!

The Hon. ANNE LEVY: As I indicated, the television industry, for which the mini series would obviously be appropriate, is not making contracts or having discussions, as I understand it, with any producer of films at the moment because of the upsets in that industry which involve changes of ownership, management and direction. I am sure that I do not need to remind members that there has been and is continuing to be quite a bit of turmoil in the television industry at the moment.

With regard to the first question asked by the honourable member, I am aware that there has been mention of a further series of episodes of *Ultraman* in South Australia. I am also given to understand that there is a large international film event in the very near future called MIPCOM (which is doubtless an acronym for something of which I am not quite sure), at which there will be general viewing and discussion about the series of *Ultraman* that was made in Adelaide, and that the reaction to the viewing of the excerpts from *Ultraman* at MIPCOM are likely to be very influential in determining whether further discussions occur between Tsuburaya and the Film Corporation on more episodes. There certainly has been little discussion as yet on this matter but, as I say, I am given to understand that the reaction at MIPCOM will be important.

NATIONAL CRIME AUTHORITY

The Hon. M.J. ELLIOTT: I seek leave to make a brief explanation before asking the Attorney-General a question about the National Crime Authority.

Leave granted.

The Hon. M.J. ELLIOTT: The issues people have raised with me in discussions about the NCA have not related to corruption itself but have been about information that is available to the public, to the Attorney-General and due process. According to the Operation Ark report and its accompanying qualifying statements that were tabled in Federal Parliament last week, the former head of the NCA, Mr Peter Faris, told the South Australian Police Commissioner at a 4 August meeting that the Stewart report was being vetted and would go ahead with the Faris report as a supplement to it.

This did not transpire. In fact, it took about six months for it to be rewritten and to emerge as a much shorter report. Some question has now been raised as to just how much the Attorney-General was told about what was in the original report and the changes that occurred.

Many of the current problems in relation to public perception also appear to relate to what the public sees as a lack of information and, when people feel that information is not coming forward, they ask the question, 'What's being covered up?' I ask the Attorney-General: in the light of the public release of the Operation Ark report and the advice of the Solicitor-General that many chapters of the Stewart report can be published, will he make a commitment to release that portion of the report that requires no editing? Also, in due course will the Attorney-General release the edited sections of the rest of the report, so that continuing speculation in relation to that can be put to rest?

We heard more examples of such speculation in the media only this morning which suggested that changes in the Police Force may have had something to do with what was in the Stewart report. I therefore ask a second question of the Attorney-General: will he ensure that the public's confidence in its Police Force is maintained by releasing all details surrounding the Police Commissioner's sudden decision to transfer nine senior officers, so the public is confident that the move was not linked to the statements contained in the Stewart report? Finally, discussions relating to the Stewart report took place between Commissioner Hunt and Mr Faris on 4 August 1989. Would not the Attorney-General have expected to be informed on problems of the status of the Stewart report and its contents much earlier than he was?

The Hon. C.J. SUMNER: I think I have answered most of those questions. Certainly, I have answered the last one. There was a meeting, apparently, which Mr Hunt had with Mr Faris.

The Hon. I. Gilfillan: Mr Hunt said he rang you virtually every week.

The Hon. C.J. SUMNER: I haven't seen that interview. He had a meeting with Mr Faris and Mr Hunt has provided me with the following information. He said:

> I didn't know anything of the content of the Stewart report. I did not meet to discuss the Stewart report with Mr Faris. We came together for the purposes of meeting Mr Faris. I've never engaged in discussions to vet the Stewart report. It was common knowledge, or expected at least, that the NCA would produce a report. There was no collusion between me and the NCA on the content of any report.

So, apparently, according to Mr Hunt, it was a get-to-know-you meeting at which the Stewart report (or document, or whatever one likes to call it) was discussed, but it was discussed only in the terms which Mr Hunt has outlined and which I have just related to the Council.

But, in any event, I am not sure what the importance of the 4 August date is. As I have told the Council (and I repeated it three or four times), the latest being only about 10 minutes ago, on 19 July I became aware during discussions with Mr Faris that the Operation Ark matter was being reviewed by the Faris authority—that is, the Stewart Operation Ark matter was being reviewed. Whether one calls it a report, a document or whatever is something that is still a matter of dispute. So, I answered that question in February; I answered it in March; and I answered it 15 minutes ago.

The Hon. I. Gilfillan: But the Commissioner has confused the issue by saying he did discuss the report.

The Hon. C.J. SUMNER: The information he has given me is the information I have read out. He did not know anything of the content of the Stewart report; he did not meet to discuss the Stewart report; he came to discuss—

The Hon. M.J. Elliott: Wasn't he interested?

The Hon. C.J. SUMNER: You people do not seem to understand that, if an authority such as the National Crime Authority is given a job to do, it gets on and does it. No doubt, had there been discussions with the National Crime Authority about whether the report would be reviewed and about its details, and so on, members would all have been in here condemning the Government, condemning me and condemning the Police Commissioner for attempting to interfere with the National Crime Authority in the proper exercise of its responsibilities. You cannot have it both ways.

So, there is no particular magic about the 4 August date and, as I have indicated—and I answered the question previously—I became aware that there was a review on 19 July. So, whether or not Mr Hunt conveyed the information from the 4 August meeting to me is really irrelevant.

As I understand it, the transfer of nine officers, which has been floated as being related to the Ark report, is not related to it, but that is a matter that is obviously within the responsibilities of the Minister of Emergency Services. If he has not answered that question already in another place, I will refer the question to him and bring back a reply, should that reply be any different from the one that I have already given.

On the question of Operation Ark itself, I dealt with that matter and the reasons why we did not think the Stewart document could be released in my ministerial statement of 5 April 1990. I tabled the first report received from the Faris NCA and the copy of the recommendations prepared by the Stewart NCA. Then I outlined:

> The Government does not believe the Stewart document can be tabled for the following reasons:
>
> 1. The status of the document is at this stage still unclear.

It is still unclear and, certainly, the joint parliamentary committee has not thrown much light on the status of it, but it does appear that there was a document prepared by the Stewart authority. I went on to say:

> 2. The present authority does not accept many of the conclusions of the report and considers that it is unfair to individuals named in it.
>
> 3. If the document were to be released, heavy editing would be required to remove references to informants and suspects, and to ensure that there was no prejudice to the reputations of persons named in the report.
>
> 4. In the final analysis, although the Stewart document is highly critical of South Australian Police practices in relation to Operation Noah, there were no findings of corruption or illegality.

In my view, those reasons still stand, and the advice from the Solicitor-General tabled in this Council last week by the Hon. Mr Griffin is not in conflict with what I have said. Indeed, in his advice, the conclusions are as follows:

> The tabling of chapters 1 and 2 seems to me to be relatively uncontentious—

But, as I recollect it, chapters 1 and 2 are not of any great moment. It continues:

Much of chapter 4 should not be tabled, in my opinion. The decision to table chapter 3 and the balance of chapter 4 requires you [that is, the Attorney-General] to weigh up the factors adverted to [that is, the factors that the Solicitor-General deals with in his report]. I do not consider that the tabling of those parts would be contrary to the policy of the Act. The decision [whether to table] is to be made on broader grounds.

What I said in announcing that the Government had decided not to table the report still basically stands. It is not in conflict with the Solicitor-General's view. He said quite clearly that it is a matter of having to weigh up what are quite delicate policy considerations, and I have done that in coming to that conclusion.

The Hon. M.J. Elliott: What policy considerations?

The Hon. C.J. SUMNER: You read the advice; if you want me to stay here for another half an hour—

The Hon. M.J. Elliott: What are the specific policy considerations?

The Hon. C.J. SUMNER: The specific policy considerations deal with the potential damage to individuals, their reputations—

The Hon. M.J. Elliott: Can it be edited?

The Hon. C.J. SUMNER: Well, that is the question. The policy considerations are well outlined in this report. After receiving advice from the Solicitor-General, we spent some time trying to see if a sensible editing of the report was possible without revealing the names. The conclusion was that it was difficult to edit. Heavy editing would be required. That was the Solicitor-General's opinion, in any event. In the final analysis, however, as I have said, there is no finding of corruption. The Faris findings do not agree with the Stewart findings, and we have had to deal with the National Crime Authority as it was constituted.

LAND ACQUISITION ACT AMENDMENT BILL

The Hon. C.J. SUMNER (Attorney-General) obtained leave and introduced a Bill for an Act to amend the Land Acquisition Act 1969. Read a first time.

The Hon. C.J. SUMNER: I move:

That this Bill be now read a second time.

This Bill amends the Land Acquisition Act 1969 ('the Act') and the regulations made thereunder so that the same interest calculations are applied to both the offer of compensation paid into court and any further amount of compensation agreed to or ordered to be paid by the Supreme Court.

In a significant proportion of claims for compensation arising out of the compulsory acquisition of land for various Government undertakings it is necessary to pay an offer of compensation into the Supreme Court, which compensation is credited every six months with interest which compounds every successive six months at a rate fixed by reference to the State Bank. When the disputed claim for compensation is resolved by agreement or court order for an amount larger than originally offered and paid into court, that further amount of compensation above the sum paid into court is increased by simple interest pursuant to section 33 of the Act at the rate prescribed by the regulations as the long-term Commonwealth bond rate that was payable on the day on which the offer of compensation was paid into court.

Because of a change in Federal financial policies introduced in the 1988-89 financial year there are now very few and infrequent issues of Commonwealth Treasury bonds, thereby creating difficulty in ascertaining what is the prescribed rate referred to in section 33 of the Act.

Furthermore, in the existing situation there is the potential for money market movements to cause large differences between interest accretions on money paid into court as compared to interest payable on additional compensation payable pursuant to section 33 of the Act. There is no logical justification for this situation and the Under Treasurer has suggested that the prescribed interest rate for the purposes of section 33 of the Act should be the same as the rate to be applied to moneys held by the court. I commend this Bill to members. I seek leave to have the explanation of the clauses inserted in *Hansard* without my reading it.

Leave granted.

Explanation of Clauses

Clause 1 is formal. Clause 2 provides for commencement on a day to be fixed by proclamation. Clause 3 amends section 20 of the principal Act. Where land is acquired under the principal Act by publication of a notice of acquisition, the authority acquiring the land is required by section 20 to pay into court within seven days the total amount of compensation that it offers for the land. Under subsection (2) that compensation has to be invested by the proper officer of the court in any prescribed securities and the interest accruing has to be paid to the person previously entitled to the rents and profits of the land. This clause deletes the requirement that the compensation be invested in prescribed securities.

Clause 4 repeals section 33 of the principal Act and substitutes a new section 33. The existing section 33 provides that where an authority eventually agrees or is ordered to pay a greater amount of compensation for the acquisition of land than that originally offered and paid into court by the authority, interest is payable on the difference between the two amounts at a prescribed rate from the date of acquisition. The new section 33 is to the same effect, except that the sum payable on the difference between the two amounts is calculated not by reference to a prescribed rate of interest but by reference to the additional amount that would have accrued had the correct (that is, greater) amount of compensation been paid into court in the first place.

The Hon. K.T. GRIFFIN secured the adjournment of the debate.

APPROPRIATION BILL

Adjourned debate on second reading.

(Continued from 18 October. Page 1169.)

The Hon. J.C. BURDETT: I support the second reading of this Bill, albeit with some reservation. This budget is a high tax budget and breaks the Government's pre-election promise that taxes would not rise above increases in the CPI. It is also a high cost budget and does not grasp the nettle of significantly reducing public sector expenditure. The promises prior to the election were apparently never intended to be honoured but are merely a device in the winning process—a process which almost a year ago came unstuck, only procuring less than 48 per cent of the two-Party preferred vote. However, the Government retained office with the support of two Independents because of the inequity of the electoral distribution.

I wish to refer briefly to the proposed multifunction polis, and ask some questions about it, because the budget proposes considerable expenditure on this project. The Leader of the Opposition in another place, Mr Dale Baker, in a press release dated 24 July 1990, stated:

The Liberal Party has asked the Premier's MFP coordinator, Mr Colin Neave, to supply full environmental details, the extent

of private ownership, the future for existing businesses, and the total public sector costs of an MFP on the Gillman site.

Mr Baker toured the MFP site early today with Industry and Technology shadow Minister Graham Ingerson and Legislative Council Leader Rob Lucas.

'We know the Kinhill joint feasibility study on the MFP estimated the construction cost of an MFP at $11 billion to $13 billion over 20 to 25 years, with the cost of social infrastructure alone being $1.3 billion,' Mr Baker said today.

We also know that the South Australian MFP submission estimated the costed public sector elements of MFP-Adelaide at $4.6 billion.

I have asked Mr Neave to give me the latest estimate of the public sector costs associated with an MFP.

In touring the site I was struck by the extent of the pollution, including chemicals from the old ICI plant. I have asked for full details of this pollution and estimates of the cost of cleaning it up.

It is unclear from the MFP submission exactly what are the boundaries of the Gillman MFP site. So I have asked Mr Neave to supply a detailed map of the area including the sections which are privately owned.

I am also concerned to know the plans for the businesses now currently operating in the site area which should not be disadvantaged by an MFP.

Anyone viewing the site at first-hand cannot fail to be impressed by the enormity of the task ahead if the MFP is to be successful.

The Liberal Party is continuing to ask questions which ensure that any decision to build the MFP is taken after all the facts are known and it is clear that the vast sums of private and taxpayers' money involved will benefit all South Australians.

Most of these questions have still not been answered. The Hon. Jennifer Cashmore observed in her article in the *Adelaide Review* of September 1990, 'MFP—Sensible participation will be permitted . . . there have been no answers in Parliament'. She said that a statement from Mr Bruce Guerin, Director-General of the Premier's Department, indicated that local government will be excluded but 'sensible representative participation' will be possible through residents' assemblies and the like. As she points out:

Actually, we already have a residents' assembly in South Australia. It's called the House of Assembly. Many of its members are quite sensible. Many of them think it's time that they had a chance to debate the MFP.

She points out that straightforward requests from the Premier for information are met with accusations that the asker of the questions is a member of the National Front. Dr John Harwood of Flinders University, in his article in the same issue of *Adelaide Review*, points out that the MFP publicity brochure refers to opponents of the MFP as 'the lunatic fringe'. When one starts accusing one's questioners in this way without the slightest obvious connection, I get very suspicious.

I have seen no evidence that the MFP Community Consultation Panel or the MFP-Adelaide Task Force are the slightest bit interested in consultation as to whether or not the MFP should go ahead. They are only prepared to consult about how the project should proceed.

Although the Government has completely failed to give any concrete answers to questions asked in Parliament, or by others, it is extremely prolific in answering questions of its own devising which have not been asked. I refer particularly to a full page advertisement in the *Advertiser*, 15 September 1990, on p. 12. I am very suspicious of the careful wording of so-called Fact 9, 'Law and governance', 'Australian laws apply'. Of course they do. The laws will be laws of the South Australian and Commonwealth Parliaments. But will they be the same laws as apply to other projects? This is cleverly sidestepped. It says:

The new areas to be settled will be governed by Commonwealth and State laws and operate in accordance with normal local government requirements.

But it does not say whether local government will operate within the area. Mr Guerin seems to be saying that it will not. Local government is an important function of Government to cut out of any area. Local government touches the day-to-day lives of residents possibly more than any other arm of Government. Will the Minister in his answer say whether or not it is intended to place the area under local government in the same way as other residential, business and industrial areas? It is no good saying that this is one of the things which will be addressed later. This and the other questions which I will be raising later are vital for citizens to know on the question whether or not they think there should be an MFP. They are not just part of the *modus operandi*, if there is an MFP. The advertisement continues:

Residents of MFP-Adelaide will have the same status before the law as every other member of the Australian community. This will include laws relating to immigration, citizenship, foreign investment and taxation.

I am sure this will apply to 'residents', as opposed to bodies corporate, once they get there. However, from the number of overseas residents which have been talked about, I ask: Is it intended there be no change to the immigration laws at all in regard to intended residents of the MFP? And will the laws relating to foreign investment and taxation and the companies code be not changed at all in respect of the MFP for corporations and statutory authorities as opposed to residents in respect of the MFP? I do not know how foreign investment will be attracted if they are not changed.

This segment on law and governance significantly does not mention planning laws. Is it intended to waive or change those laws in respect of the MFP? Planning laws are a significant part of the law applying to citizens and businesses. As I said before, these are not issues which can simply be assessed after the feasibility study as items of detail. To me, they are absolutely vital on the question of whether or not the MFP should go ahead on this or any other site. Will there be an indenture Bill? I cannot believe that there will not, but why not answer the question? These are questions of sovereignty. Will the MFP be a State within a State? I was somewhat taken aback to find the Hon. Peter Duncan raising the same questions. Perhaps when he and I agree, it is an indication that there is some merit in our concerns.

In asking a question last week, I quoted from an article by John Gilmour in *Australian Business* of 25 July 1990, as follows:

At the risk of revealing your correspondent's primitive commercial intellect, it looks to him awfully like an exercise in that old Australian game of property speculation. Cutting through the elegant bulldust—those terms such as infrastructure, sustained development, autogenous thresholds and the like—the polis really is about buying land low and selling it high. Did I say buying land? More likely the subdividers in this little baby want some Government to give it to them.

With the land in the books at a song, the Japanese and other entrepreneurs with similar benign motives will get Government to rezone it. They will cut it up, build on it, find tenants or occupy it themselves and then sell it for prices that makes the pension funds and life offices think they are getting value. The main profit will be in the margin between land at broadacre prices, or as a gift, and a completed polis with land at CBD prices.

That margin goes to the polis developers, to the finance institutions and to the Governments who can convert a revenue-sink into properties which will bear the increasing burden of real estate rates and taxes. There would also be a special place for the bankers behind this rort. They will make the money from lending, from fees for facilities, from changing currency at their normal usurious margins and from getting flash new accommodations at petty cash prices—anchor tenants, they'd be called.

Is Mr Gilmour right? The land is almost all Government owned. Is this just the old real estate racket on a grandiose scale? And who will end up owning Australian land? I was rather amused to note that, in the August issue of the *Public Service Review*, members were told that the September issue would be featuring a section on the MFP. Comment was

invited from members on the issues involved. However, the feature did not appear in the September issue. It was explained as follows:

> The principal reason for the absence of that feature is that all the responses received from members have been negative.

Surprise, surprise! The article continues:

> There appear to be many people eager to stick the boot into the project—and they seem to be fairly organised. By contrast, the *Review* received nothing in the way of material defending the project from either casually interested members or the arms of Government responsible for selling the MFP. Now this could mean that those people are so busy that a mere union newspaper does not warrant their attention. One would have thought that a publication received by the people who have to provide the infrastructure for the project—the public sector—would be a fairly high priority in the increasingly difficult task of selling the project.

Apparently the *Review* would not publish such negative comments. However, in the October issue, there is a fairly balanced section on the pros and cons of the project. This is what we want to hear from the Government, and the Parliament: a review of the pros and cons of the project. If the questions I have raised, and questions which have been raised by other people, are satisfactorily answered, I will be entirely supportive of the project. They have been asked by other people, including the Leader of the Opposition, in another place and have not been answered.

The pros and cons of the polis are also canvassed in the Spring 1990 edition of the *IPA Review*. The *News* of 16 October, under the heading 'MFP Site Report Shock', refers to a 'damning Government report into the Gillman site of the multifunction polis.' Obviously, these questions have to be answered, but I have not expertise on these matters, and these matters can be addressed by such organisations as the Mines and Energy Department, which department is responsible for that report. I want to know from the Government, on the parliamentary record, the answers to the questions I have raised and to the other questions asked on this subject. I support the second reading.

The Hon. L.H. DAVIS: Traditionally, the Appropriation Bill provides the Opposition in the Legislative Council with an opportunity to examine the budget in the broadest sense, or perhaps to take a particular facet of the budget and to examine the impact of the budget proposals on that particular sector. On this occasion I want to take the opportunity to examine the outcome of the budget, to reflect on what independent groups have said about the South Australian budget compared with budgets brought down in other States, to look at the South Australian Government's performance in economic management and leadership and, finally, to examine in brief the South Australian Timber Corporation.

It is useful to reflect that the Bannon Government has been in office for eight years. Indeed, it is also worth noting that the Hawke Government has been leading Australia, or pretending to lead Australia, for almost the same period of time. If we look at the past five years in South Australia and examine the growth in State taxation in that period, we see what a high taxing, high spending Government we have in power in this State. Land tax has increased in that five-year period by 128 per cent; stamp duty has risen by 130 per cent; financial institutions duty has increased in this budget from .04 per cent to .1 per cent—an increase of 250 per cent; and State taxation on petrol has doubled. All those increases in State taxation are well in advance of inflation in that period. In fact, with land tax, stamp duty, financial institutions duty and State tax on petrol, I suggest that those increases are in excess of double the rate of inflation.

It is interesting to note that the Bannon Government's record of high spending and high taxation has been commended—commended, I hasten to add, in the negative sense of the word—by the Institute of Public Affairs. Only last week, on 17 October 1990, the well respected Institute of Public Affairs, after examining the outcomes of all the State budgets for 1990-91, has awarded South Australia the lemon award. The lemon award is given to South Australia because of the 8 per cent increase in recurrent spending, which is well ahead of the proposed inflation rate, and a massive 18 per cent increase in tax take.

This is an award of which the Bannon Government should be rather proud, because it confirms what we have been saying for years. The Bannon Government has received one of the very top awards. I should say that the Sir Humphrey Appleby award for open government was shared equally by Treasurer Paul Keating and Premier Field for failing to provide estimates for their total public sectors. Interestingly enough, the tightest budget award went to Western Australia with a real reduction of 3.8 per cent in total outlays and 1.6 per cent on recurrent outlays and the record lowest tax hike.

It is fascinating to see that the tightest budget award for Western Australia has come about not as a result of a new Premier, new direction and brave new Western Australian Government, but simply as a reaction to the horrendous financial disasters inflicted upon the public sector, suffered, of course, by the Western Australian community, as a result of previous Labor Administrations in that State.

However, let me not gloss over this distinguished service award from the Institute of Public Affairs; let me gild the lily as it properly deserves to be gilded. The lemon award went to South Australia because it proposed a 1.4 per cent real increase in recurrent spending; in other words, it is increasing spending at a greater rate than the foreshadowed inflation rate. It is also increasing spending while cutting capital spending savagely and increasing taxation by a significant amount. South Australia has a record of increased recurrent spending in recent years second only to Western Australia, the IPA notes. The analysis goes on to say:

> The decline in revenue from the South Australian Finance Authority, coinciding with the slowdown in State tax receipts, exposed the Bannon Government to the consequences of high recurrent spending policies. The response of a heavy round of tax increases that will lift that State's tax take by $236 million or $163 per capita this year (second only to Victoria) is accompanied by a poor performance on Government spending, given the very large increase last year. Also the moderate 6.5 per cent increase in total outlays is achieved by a sharp cut in capital spending which, as with most other States, is probably only a deferment of public works rather than a reassessment of spending policy.

Finally, in the general summary, the IPA says:

> If all States and the Commonwealth were to match the New South Wales standard of presentation, detail and reconciliation to the Australian Bureau of Statistics standards, analysts and commentators would be well served. It is remarkable that, with their responsibilities for economic management, Governments still cannot get their acts together to present consistent, soundly based information on their own activities.

I will say more about that comment in due course. In the tables which accompany its analysis of the current financial year's State budgets, the IPA notes that South Australia had an 18 per cent nominal increase in State taxes, fees and fines; and that provided the basis for the lemon award. South Australia increased its State taxes, fees and fines at a greater rate than any other State. That represents an increase of 10.8 per cent in real terms. It was an increase even greater than that which the Victorian Labor Government brought down—a State in some financial crisis. It is interesting to note that if one looks at the average increase of all States and all Governments, including the Commonwealth Government, the 18 per cent increase in South Australian taxation for the current financial year is two and a half times the average for all Governments in Australia.

That is a proud record and one that is worthy of the sort of award that was bestowed on the Bannon Government.

I want now to read into *Hansard* the IPA's analysis of the State budget in South Australia, remembering that it is Mr Bannon's ninth budget. The IPA says:

> Mr Bannon's ninth budget is a rather brutal affair with increases to payroll tax, FID up 140 per cent, tobacco tax doubled and stamp duty on insurance premiums. In addition, vehicle registration and licences and a wide range of departmental fees and charges have been increased in line with an assumed inflation rate of 7 per cent. Revenue from State taxes is budgeted to rise by a massive 18 per cent this year (10.8 per cent real) to raise an additional $236 million. This is an extra tax take of $163 per head of population. Although the main impact will fall initially on businesses, aggravating an already fragile economic situation, eventually all of these imposts fall against the individual either directly or in higher costs for goods and services as businesses seek to recover their costs.
>
> The budgetary problem faced by South Australia this year was as much the result of past unsustainable levels of recurrent expenditure growth as of the slower growth in available revenue. Recurrent outlays on general Government activities grew by 46 per cent in the four years to 1988-89, a rate of growth exceeded only by Western Australia.
>
> Even in the current year of severe budgeting constraints, budget sector recurrent outlays show little real restraint, with a budgeted increase of 8 per cent (1.4 per cent in real terms). Recurrent outlays for the public sector as a whole will increase by 9 per cent (2.3 per cent), offset partly by a reduction in capital spending to give an increase in total outlays of 6.5 per cent.
>
> However, as South Australians found this year, it is the growth in recurrent outlays that builds future spending obligations that are politically difficult to cut, resulting in yet another round of tax increases justified by sagging revenues.

The final paragraph, which is particularly apt and accurate, states:

> If the Bannon Government was not prepared to take the knife to recurrent spending in a post-election year, it is unlikely to do so in future years, indicating that a further round of tax increases may not be far away. Such action would negate benefits that may arise from the multifunction polis.

So much for the Bannon Government's economic and financial leadership! Let us examine the impact of the South Australian budget, given those savage increases in State taxation that have led to the Government's being given the 'lemon' award. Let us look at the State budget against the current state of the South Australian economy.

The Hon. G. Weatherill: What's wrong with lemons?

The Hon. L.H. DAVIS: It is just that when you squeeze them, the pips squeak—and that is what is happening in the South Australian community. Let us look at the South Australian economy through the eyes of no less a person than the Secretary of the United Trades and Labor Council, John Lesses, who said that the State's economy would be caught in the 'vice-like grip' of events in the Eastern States, and that is a quote from the *Advertiser* of 10 October.

The Hon. T. Crothers: Do you think he'd know much about economics?

The Hon. L.H. DAVIS: That is interesting. The Hon. Mr Crothers asks whether the Trades and Labor Council's Mr Lesses knows much about economics. The honourable member may well cast aspersions on Mr Lesses, but no doubt the Trades and Labor Council members will not be very impressed. I know that Mr Lesses is not in the same faction as the Hon. Mr Crothers, but I would have thought that at least Caucus discipline would ensure that he did not make inappropriate remarks such as that.

The Hon. Barbara Wiese: Which faction?

The Hon. L.H. DAVIS: I did not think it was the same as that of the Hon. Mr Crothers.

The PRESIDENT: Order! The honourable member will direct his speech to the Chair.

The Hon. L.H. DAVIS: You do not even know—you are only a Minister. If he is in the same faction, it is even worse. The article continues:

> 'Traditionally, the slump comes later but there is no doubt we are going to see a rise in unemployment,' Mr Lesses said.

He made a sadly accurate observation when he said:

> . . . Consumers would cut spending in the vital pre-Christmas retail sales period.
>
> 'It will be interesting to see if employers can hold their nerve and not cut jobs over the next three months—that will be the acid test,' Mr Lesses said.
>
> He said there would be heavy job losses across most of the economy but young workers would be worst affected.

That is Mr Lesses' grim prediction. He is saying that we will have a sharp economic downturn in South Australia. Of course, the fact is that we are already having a sharp economic downturn in this State. Matthew O'Callaghan, the Executive Director of the South Australian Employers Federation, said that, if there was no interest rate relief by Christmas, unemployment could reach 9 per cent or perhaps go higher. He said that there was absolutely no light on the horizon for business. He predicted that the white goods, automotive and retail industries would be worst affected. Certainly, there has been some small downturn in interest rates since those comments were made, but it is nevertheless true that the economy is slowing down very dramatically at present.

A former Minister in the Hawke Government, Mr Peter Duncan, said only recently that the economy was crashing badly, and he called on the Federal Government to switch policies by cutting taxes and interest rates. I presume that Mr Duncan is still a member of the Left faction, even though he was dumped recently by his left wing colleagues in the Ministry.

The Hon. Barbara Wiese: Which faction of The Left faction?

The Hon. L.H. DAVIS: I think he is the left left—no, he is the left right out faction. Mr Duncan, dropped from the ministry after the March election, suggested that interest rates should be reduced and that the States should abolish payroll tax. He was very critical of the Treasurer, believing that the rhetoric of Mr Keating was lacking credibility and that there was a need for a dramatic policy shift.

Finally, we have the very real problem of the rural industry. Predictions for farm income in 1990-91 range from a fall as much as 50 per cent down to a generally conceded 30 to 35 per cent. These are massive falls. The United Farmers and Stockowners, the umbrella body for the rural community of this State, in an open letter to the Bannon Government that was received by all members of Parliament has put the rural downturn into perspective.

In a letter to the Premier, the President of the United Farmers and Stockowners, Mr Pfitzner, makes the point that there has been a downturn across the board in the rural industry. It is unusual, to say the least, to see a downturn across the board. Quite often we see a downturn in wheat while at the same time wool will remain comparatively strong. But we have had a deterioration in wheat and barley prices; citrus and grape prices have been savaged and wool and meat prices are extraordinarily bad.

Our export markets are deteriorating. Our farm gate prices have fallen dramatically and have not been helped by Government policies. We have high interest rates, problems with high costs across a range of items, and a continued high exchange rate with respect to our trading partners. But, Mr Pfitzner in his letter dated 6 September, on the assumption that the exchange rate was $A1 against US 70 cents which, of course, is very conservative, is predicting that gross farm income in South Australia will drop about 50 per cent for wheat, 31 per cent for barley and 31 per cent for wool.

Those are reductions in money terms. If one takes inflation into account, one should add another 6 or 7 per cent to those forecasts. That, of course, is a dreadful outlook. As I have said, not only those traditionally big items such as wheat, barley and wool are affected, but also fruit, vegetables, wine grapes, pork, meat, chicken meat and dairy products. Finally, Mr Pfitzner states:

> We are convinced that the desperate state of South Australian agriculture has been brought about by the Federal Government's monetary policy. The value of the Australian dollar against the US dollar has meant that our commodities are uncompetitive on export markets, and we estimate that each 1c rise in the value of the Australian dollar costs Australian farm exporters $150 million. With our produce uncompetitive in world markets, the domestic market is awash with primary produce and growers are receiving less than the cost of production in many commodities.

In particular, Mr Don Pfitzner focuses on the South Australian Government. Certainly, everyone accepts that the macro-economic policies are set in world markets and also at a Federal level, but he emphasises that State budget increases in financial institutions duty and registration fees for farm vehicles are matters which have not assisted the farming community in this very critical period. So, that is the view of Don Pfitzner, the well-respected President of the United Farmers and Graziers.

John Bannon, as President of the Australian Labor Party, has in my view an undeserved reputation as a leader in the Labor movement in Australia. He has positioned himself very cleverly, through just a few big items such as the Grand Prix, submarines and the multifunction polis, as an innovator, a leader and a creator of jobs and opportunities for the State of South Australia, which he has led for eight years. But, I believe that the myth outstrips the reality by some distance, and I propose to demonstrate the truth of that argument.

In recent months much has been written about the need for reform of the Australian economy. The Economic Planning Advisory Council, which consults closely with the Federal Government, believes that we could increase the efficient use of our capital through micro-economic reform, particularly in the labour market and the public sector. In a paper that was released at the end of August, EPAC noted:

> There is scope for substantial gains in capital efficiency through improvements in work organisation, continuous review of outdated regulations and practices, more flexible working hours, training and multi-skilling, improved maintenance procedures to reduce 'down time', more efficient pricing and costing of public services, and better management of our infrastructure (including rationalisation of capacity usage).

The paper went on to warn that Australia's large debt was a problem, and that there was also the need for tax reform. Generally, it was a paper critical of the Government and critical of the failure to adapt to change to meet the challenge of competing in the world around us.

That has been echoed by the Chairman of the AMP Society, Sir James Balderstone, for many years leader of not only Australia's biggest but, I would suggest, most respected public company, BHP. In September, Sir James Balderstone, addressing the National Congress of the Building Owners and Managers Association, said:

> . . . more needs to be done in the area of economic development, micro-economic reform . . . Quite frankly, Australia is failing to keep up with the rest of the world, except in agriculture and mining.

Of course, that is the great irony, that the most efficient sector in the economy, the rural community, is being punished the most in this current economic crisis.

So, urgent micro-economic reform was seen as the key to solving our foreign debt and lack of competitiveness, according to Sir James Balderstone. Even more recently, only a week ago, the Business Council of Australia, which is emerging as the peak employer group in this country, called on the special Premiers' Conference, which will be held next week, to review the role of government in key areas of the economy. The Business Council of Australia was asking the Government to quit key areas such as power, water and rail freight. The BCA was asking that the private sector contract out of these areas which traditionally have been managed by government. In a paper prepared especially for this special Premiers' Conference, the BCA nominated contracting out as fast track to increase efficiency in the public sector and says that, in many cases, privatisation should be the ultimate goal for micro-economic reform.

It proposed two stages for the reconstruction of Australian federalism: first, a two year commission on Commonwealth/State financial relationships as a starting point; and, secondly, a rationalisation of the hopeless array of law dealing with labour relations in this country. Now, how have State Governments been reacting to this enormous economic challenge, which is not on Australia's doorstep but inside the house called Australia?

Let us look first at how New South Wales has approached micro-economic reform. In my view, the biggest single feature of government, whether it be at a Federal or State level, over the past two years, has been the concerted, consistent and very brave attack on reform by Premier Nick Greiner, the New South Wales Liberal Premier. Back in August 1988 Nick Greiner, in addressing a business meeting, predicted something that very few people took up at the time—he said that State fiscal policies and financial accountability of State Governments would be the dominant issues of the 1990s.

Since Greiner was elected he has committed himself to the task of reform. He has reduced the State's debt and has balanced the New South Wales budget by a multi-pronged attack on inefficiencies and ineffectiveness in the public sector; he has introduced pricing reforms in the Electricity Commission and in water supply; he has reduced the debt in public transport; and he has corporatised and privatised a range of enterprises in the public sector. The extent of the reform that the Greiner Government has undertaken I am sure will be recognised at the New South Wales State election which is scheduled within the next 12 months. It certainly has already been recognised by the well-respected Moody's Investor Service, the internationally-based credit review agency, which issued a credit report on the Australian States and, according to Moody's, New South Wales stood out for its leadership in this field.

On a per capita basis, Moody's notes that the net financing requirement for New South Wales in 1989-90 was only $51; in South Australia it was $426; in Queensland it was $116; in Victoria it was $346; and, in Tasmania it was $848. So, New South Wales and Queensland, leading the field by some distance on that criterion, were able to fund cash outlays from their revenue in 1989-90, whereas other States had to borrow or sell off assets to meet their financial requirements. Moody's report notes that public sector enterprises, both from the Federal and State Governments, account for 20 per cent of the nation's capital but they produce only 10 per cent of the gross domestic product of the nation and that the return on this capital investment in the public sector is 2.7 per cent—less than one-fifth the rate of return in the private sector, which stood at 14.2 per cent. The report states:

> One solution to the inefficiency of State public trading enterprises is corporatisation; running them on a commercial basis with fewer employees and greater competition with the private sector through competitive tendering.

The report also notes:

Only New South Wales is taking this approach with seriousness. So far, most of the States have avoided taking the hard decisions about cutting the operating costs of their public trading enterprises.

The Hon. R.J. Ritson: They probably shouldn't even be in it to start with.

The Hon. L.H. DAVIS: Exactly. The report commended New South Wales for its program of asset sales, achieving $1.1 billion in 1988-89 and $600 million in 1989-90. Another aspect, which I think is commendable, is that the Greiner Government has created the first Government asset register; it has actually established what assets its owns. The South Australian Government does not even have a register of its statutory authorities; it does not even know when they report or if they report. So, this Government is well away from the Greiner Government's commitment of establishing a Government property register.

The Moodys' report is an exciting document. Obviously, it has not passed over Premier Bannon's desk at this stage, because there is nothing exciting or adventurous in the first post-election budget brought down by the Bannon Government. It has long been a tradition that upon getting into Government the first budget is the best one in relation to doing anything tough, to doing anything that you really believe in or to doing anything to set up an opportunity for real growth, real effectiveness and real efficiency in Government. The Bannon Government of 1990-91 completely fails to do that. It has brought down a cowardly, ineffective and expensive budget that will end up costing the people of South Australia plenty. In fact, it may well prove to be the foundation for the Bannon Government's ultimate demise at the next election.

The Greiner Government has corporatised—privatised, if you like—many of the traditional operations of Government. We are talking not just about closing Government printing offices and contracting them out to private sector printers or the private sector carrying out construction work and maintenance programs of public works or cleaning and catering in public hospitals by private firms, but also about State roads being upgraded by the private sector, including a major section of the Pacific Highway. We are talking also about a private coal-fired power station in New South Wales. That is what I call exciting; that is what I call reform. Greiner has predicted that, by the end of this decade, there will be no State Government owned banks and no State Government owned insurance commissions. I do not want to comment on that, but I do want to say that, quite clearly, that is the direction in which Mr Greiner is going; he has already foreshadowed that the Government Insurance Office will be privatised in time.

The other thing which I think is exciting is that the Department of State Development in New South Wales is reporting on the legislative and regulatory difficulties that industry encounters in that State, and the Government is determined to cut red tape, to cut bureaucracy, to make Government more amenable to the needs of business and to put a priority on State development. So, Greiner has led the way in reform in the public sector. In fact, accompanying the budget documents for this current year was a review of the performance of New South Wales Government business.

It involved a survey of its 10 commercial enterprises, which included ELCOM, the county councils, the Government Insurance Office, the Roads and Traffic Authority, the State Bank, the State Rail Authority, the Sydney Water Board, and so on. The report examines the cost efficiency of these major Government commercial enterprises, the extent to which they deliver services and the extent to which they meet goals and financial performance. It sets targets for future years and it points out that the Government business enterprises have a great deal of room for improvement.

That is the leadership demonstrated by the Greiner Government, but it is pleasing to see that he is not alone amongst the States in his approach to reform and in meeting the very great economic and financial challenges head on. The Queensland Government, led by Premier Goss, has capitalised on the very strong financial base left it, which was a legacy of the long period in office of the non-Labor Governments in Queensland. Of course, privatisation is not the word that a Labor Government can use but certainly, Mr Goss has embraced the word 'corporatisation' and only last month, the Queensland State Cabinet released a Green Paper on the Government owned enterprises. The Green Paper states that it is seeking a more commercial approach, as a primary objective of corporatisation. The Government will have two or three months of discussions of this Green Paper before introducing legislation to give effect to the corporatisation of Queensland Government commercial enterprises. That will include the Queensland Electricity Commission, the ports and the railways. That shows some initiative on the part of the Goss Labor Government.

Finally, we look at the adjacent State of Victoria. Premier Kirner, who is, of course, very much a captive of the left, has been forced to do things that none of her left-wing colleagues in South Australia could ever have believed possible in a month of Sundays. Not not only has she embraced Treasurer Keating's proposal to accommodate the State Bank of Victoria's problems by selling it off to the Commonwealth Bank but also, in her 1990-91 budget, she has resolved to sell off a mere 110 000 hectares of pine trees. That privatisation of the Victorian forests will net about $1 billion, which will help pay off some of the debt that has accumulated by the extraordinarily ineffective and laid-back approach to fiscal management undertaken by the Cain Government. In one fell swoop, Mrs Kirner has decided to sell off the forests. One might say that the Victorian Labor Government cannot see the wood for the trees, so it will probably not notice that it has lost the forests, anyway. In what seemed to me to be a remarkable jump in logic, Mrs Kirner said that the sale would not be a loss to the Government, as the pines cost more to maintain than they generate in revenue.

Of course, that fails to take into account that pines at least are a growing asset. They accumulate in value over a period of time and ultimately come to fruition when the first thinnings are taken when the trees are 10 to 12 years old, and so on, progressively through to maturity, perhaps when they are 40 years old. So, they are now studying how they will sell the pine trees.

In summary, we see that the Greiner Government has taken advantage of a four-year term; it has taken advantage of the desire and the need for change, and has introduced a budget surplus of $34 million in this current financial year, which compares dramatically with Victoria which has a deficit of about $660 million. I support what Premier Greiner has done. It certainly is, as he has described it, the most ambitious program of micro-economic and public sector management reform of any Government in Australia, and it is reflecting in the performance of the New South Wales economy. Certainly there has been a softness in the property sector—that is true throughout Australia—but New South Wales now has the lowest unemployment rate of any State and, in general economic terms, it is looking in as good a shape as any other State. It is interesting to note that there has been only a 10.8 per cent increase in State tax revenues for 1990-91 in New South Wales; that com-

pares with 16.5 per cent in Victoria and the massive 18 per cent in South Australia, which saw Premier Bannon romp in with the lemon award from the IPA.

Premier Greiner will start getting a payback from this shake up in New South Wales Government business enterprises, which he started on his election in 1988. ELCOM has increased its profitability by selling off the State Government owned coal mines. It has cut back massively on its employment. This year, ELCOM, which is probably the leader in effectiveness and efficiency of electricity generation and distribution in Australia, contributed $185 million to State Government revenues, compared with only $25 million last year. Mr Greiner is the leader. He has set the pace in micro-economic reform. Not only is he a leader in micro-economic reform but also he has moved to introduce Government accounting on an accrual basis rather than the cash basis which is adopted by State Governments. I suggest that his leadership in this area will also be reflected in other States following suit in due course.

Let us consider what Premier Bannon has done for micro-economic reform in his 1990-91 budget. Let us compare the Bannon model with the Greiner model. One of the most remarkable articles that I have read in recent times was the story sourced to Rex Jory, travelling with the Premier, from Rome on 5 October 1990. Premier Bannon delivered a little homily to the people back in South Australia as he junketed through Europe, and I quote:

'The Australian economy ran the risk of being left behind the rest of the world,' the Premier, Mr Bannon, said yesterday.

In a chilling warning at the end of his European mission about Australia's economic performance, Mr Bannon said that unless Australian companies got out of the domestic market and into the export market, the Australian economy would not survive.

He said Australians did not understand the pace of change which was happening throughout the world, particularly in Europe.

Mr Bannon, who is Federal President of the Labor Party, said he proposed to have talks with the Prime Minister, Mr Hawke, and other Federal Ministers on what he had found about the pace of change and economic growth during his 26-day tour of Britain, West Germany, France and Italy.

Asked what message he would be giving South Australian business leaders, Mr Bannon said: 'Get out there. Do not stay home, don't look at our domestic market.'

'Get into the world export market. Without it we will not survive. I think we run the risk of being a little too complacent. We have made a lot of structural changes within Australia, and they are in the right direction and they are the right thing to do. But I do not think we understand the pace of change that is happening in the rest of the world. Australia runs the risk of being left behind.'

I have a message for the Premier and it is this: in eight years he has not demonstrated any desire for economic reform of this State and its public sector. He is nowhere to be seen in the biggest race of all being run in Australia, the race called micro-economic reform. He is not even in sight as they come around towards the finishing line. He is not within a whisker of what Premier Nick Greiner has done in New South Wales, or what Premier Goss has done in Queensland, or what Premier Kirner has been forced to do in Victoria, and what even Dr Carmen Lawrence has been forced to do in her desperate State of Western Australia.

Over the past eight years, at least the Opposition has been consistent in the message which it has delivered. I remember standing in this Chamber 18 months ago and saying that the Electricity Trust of South Australia was a fat cow, over fed and over pampered. There were plaintive and bleating cries from the Minister of Mines and Energy (Mr Klunder) who denied this and said it was absolute nonsense. The point was made, not only by me but by my colleagues the Hons Peter Dunn and Jamie Irwin, that the Electricity Trust was not competitive in effectiveness and efficiency when compared with its rivals, particularly in the eastern States, which had shed thousands of jobs in labour.

I specifically said 18 months ago that hundreds of jobs in the Electricity Trust could go. Not so, said the Government. However, what did we see on 4 October—coincidentally, the day before John Bannon told us from Rome what we should be doing? We saw the headline, '500 jobs to go at ETSA' on page 1 of the *Advertiser*. We were told that the trust wanted 'to axe 500 positions as part of an efficiency drive'. So, at least 18 months after we called for it, it finally happens. I suspect that it is possibly on the soft side. It could be even more. A total of 500 jobs at $30 000 per job is $15 million per annum. Just think what that would have done to electricity tariffs in South Australia.

That is part of the Bannon Government's problem. It is a gutless, whimpering, inappropriate, out of touch Government, with not one of its Ministers having any business experience at all. Premier Nick Greiner knows what it is like in the real world. He is a graduate of Harvard. He is a business person and understands what management is all about. He understands the need for fiscal and economic reform in Government. Not only has he talked about it but he has practised it. But what do we find in South Australia? There is no leadership at all.

In relation to, say, delays on the waterfront, the leadership from the Federal Government in this area is abyssmal. Port delays cost the economy more than $1 billion in 1988, most of which was borne by importers which are forced to increase prices as a result. This is referred to in a study which has just been released by the Bureau of Transport and Communications Economics. The study entitled 'The Costs of Waterfront Unreliability' found the cost to importers of unpredictable delays resulting from late ship arrivals, port congestion, customs congestion and industrial disputes amounted to nearly $600 million in 1988.

The Federal Government which has been in power for eight years, with Mr Bannon as National ALP President, has done very little in this area of micro-economic reform. At the Premiers' Conference to be held at the end of this month, there will be talks on the need to re-examine Federal-State relationships, to look at the fiscal imbalance between the States and the Commonwealth Government, the need to examine micro-economic reform, transport, wharves, over-Government, duplication, and so on. Again, the leadership for this historic and important Premiers' Conference has been taken by New South Wales.

Premier Bannon is nowhere to be seen. The hypocrisy of the Premier, in talking from Rome about the need for change and for the private sector to get its act together, when his Government has done nothing, defies belief.

So, the 1990-91 State budget and the analysis of it by the IPA—the 'lemon' award to the Bannon Government—and the example set by the Griener Government really expose the Bannon Government for what it is: they are economic wimps, at a time when economic change and micro-economic reform is desperately needed.

I want to conclude my remarks on the budget by referring again to the South Australian Timber Corporation. It gives me no pleasure to stand here twice a year and talk about the problems of the South Australian Timber Corporation, but I will continue to do it until the problems go away. They are still with us.

The report of South Australian Timber Corporation for the year ended 30 June 1990 was tabled recently, and although it recorded a group operating profit of $0.686 million compared to a profit of $1.387 million in 1989, one must recognise, if one can be charitable, that profit is a fairly suspect figure. In any event, if one does accept the figure, the return on assets employed is an embarrassment

and certainly would not be tolerated at least by Premier Nick Griener.

The South Australian Government Financing Authority has decided to capitalise the indebtedness of the South Australian Timber Corporation as at 30 June 1990, and that, of course, will enable it to report improved results in future years. But, to look at the results of the 1989-90 year, and to put them in some perspective, would perhaps lead even the most charitable person to say that the South Australian Timber Corporation would qualify for probably the worst business performer of the year—certainly in the public sector—and would give it a tilt anywhere in South Australia. It closed down the sawmill producer of Shepherdson Mewett at Williamstown, notwithstanding the fact that in 1987 it bought a secondhand mill overseas and stored it for three years at a cost of some tens of thousands of dollars. And, although the corporation repeatedly said that it was going to install it, that never took place. Last year, it ordered a kiln from New Zealand at a cost of $500 000, but that also was not installed.

What sort of leadership or business plan did SATCO have at Williamstown? The answer, I suspect, was none. That was quite disgraceful and unacceptable, and in this example, most of all at Williamstown, it was the workers, the 35 people, who found themselves summarily dismissed because of poor management. I find that appalling and quite unacceptable management of public funds.

The fiasco of scrimber, of course, continues. We see that a marketing unit and warehouse operation established in New South Wales to distribute scrimber was ultimately closed down some 15 months later because the corporation found that it had no scrimber to market. So, over $200 000 was wasted on an empty warehouse which had been specifically rented to hold the scrimber product for distribution. Two questions arise immediately out of that, and there may be more. First, why did they rent a warehouse when they did not have the product to sell? Secondly, why is the South Australian Timber Corporation the distributor? Why did it not employ a private sector operator? This is micro-economic reform a la Bannon Government style.

Then there is the scrimber project itself: at least 12 start-up dates have been promised for this radical product, a new technology which no other timber company in Australia wanted to take on and which, quite frankly, no other timber company in Australia was convinced would necessarily work or be economic. So, we have the unedifying spectacle of $50 million being spent to date, until 30 June 1990, to get this project up and running. It is still not up and running.

I note with interest that in this report for the year ended 30 June, a market launch of the product is expected to be completed by November 1990. I think there has been an expectation that this product would come onto the market every month of 1990, but still nothing has happened. So, from a projected start-up date of June 1988, we are now in October 1990 with production a long way away. I have been down to that plant within the last few weeks, and my assessment was that they were having problems at every stage of the production process. Of course, the cost has blown out, it has more than doubled from an estimated $22 million—when the Hon. Barbara Wiese and her Cabinet colleagues gave approval to it in December 1986—to well over $50 million, and the cost is still rising.

Finally, we have the Greymouth plywood mill in New Zealand on the market, having lost an admitted $10 million. I do not believe that figure. I think the ultimate cost to the taxpayer of South Australia will be much more than $10 million in the first four years of operation.

I do not want to pursue the South Australian Timber Corporation annual report any more, or the estimates in the program for the Woods and Forests Department and the South Australian Timber Corporation, but I do give notice to the Attorney-General and the Hon. Barbara Wiese that I intend in Committee to ask questions of officers from the South Australian Timber Corporation on matters relating to that corporation. I support the second reading.

The Hon. DIANA LAIDLAW: I, too, support the second reading and wish to concentrate my remarks today on the budget estimates for the Department for the Arts. It is proposed in 1990-91 that the total allocation for the Department for the Arts for distribution of various art activities in this State will be $39 467 000. Last year, actual expenditure was $38 902 964, compared to a voted allocation of $37 143 000.

I cite those figures because it is my calculation that, based on the comparison of actual expenditure of $38.9 million last year compared with the proposed $39.4 million this year, there is a fall or cut in real terms in the arts budget of some 5.55 per cent this year. This calculation of mine has been contested by the Minister, who has chosen to report that the arts budget is in a healthy state this financial year and, while not actually recording a real increase this year, she has argued that there is virtually a real increase. The basis of her calculation is the comparison of the voted figure last year of $37 million compared to the proposed figure of $39.4 million this year.

I believe that that calculation by the Minister and the suggestion that the funds virtually represent an increase in real terms this year presents a false picture of what is happening in the arts in this State. It is perhaps a case of the Minister's wearing rose-coloured glasses to compare what is voted with what is proposed this year rather than comparing what was spent last year—$1.8 million over budget—with what is proposed this year. I believe that the Minister is continuing to present a false picture of the state of the arts in South Australia. That is a shame not only for the credibility of the Minister but also for the prosperity and vitality of the arts in this State. It is quite apparent, from moving around various arts organisations, large and small, that many are suffering markedly not only financially, but also in the programs that they can present to the general public and overall to maintain the past reputation of this State as the Festival State.

In particular, I want to refer to the South Australian Youth Arts Board based at Carclew in Jeffcott Street, North Adelaide. That board, which was established last year, replaced the Youth Performing Arts Council following a review the previous year of the role and functions of the council. The review acknowledged that, since the establishment of the Youth Performing Arts Council in 1980 by the former Liberal Arts Minister, the Hon. Murray Hill, the organisation had played a major role in raising the profile of youth performing arts activity in South Australia, nationally and internationally.

It is true that, as a result of the combination of Murray Hill's drive, plus the inspired leadership, commitment and energy of the former Chairperson, Dame Ruby Litchfield, and the former Director, Roger Chapman, Carclew blossomed as an exciting, influential catalyst for innovative work in the area of youth performing arts in this State and nation, and for good reason. In its early history, the Youth Performing Arts Council and the Youth Performing Arts Centre based at Carclew became the envy of arts administrators and Ministers Australia-wide and reinforced our reputation as the Festival State or the State of the arts.

Today, I believe that we are in danger of losing this hard won reputation and status, if we have not already done so. The new Youth Arts Board has a charter to spread its interest and funding over the entire spectrum of youth arts, yet it has received no further funding beyond that which the former council received when it was focusing its activities on the performing arts. The Youth Arts Board today now seeks to please all, but I suspect that in practice it is satisfying few.

As Arts Minister Levy explained in answer to a question that I asked in this place last Thursday, the Youth Arts Board is now responsible for visual arts, literary arts, performing arts, design, film, public broadcasting and publishing with respect to young people. Together with accepting this wide-ranging responsibility, the board has also seen fit to modify its funding guidelines 'to enhance access by social justice target groups'. I respect the fact that reference to social justice was made in the 1988 review of the former council. Nevertheless, there are concerns with respect to the compatibility of the goals of social justice and arts excellence.

I note in the board's annual report for the year ended 30 December 1989 that the Youth Arts Advisory Committee, which assesses applications for funding, has revised the assessment criteria to ensure compatibility with all art forms and to emphasise social justice target groups; clearly stated artistic goals and objectives and innovative techniques. I am not sure what is meant by 'ensuring compatibility with all art forms.' However, the *Oxford Dictionary* defines 'compatibility' as meaning 'consistent', and, if consistency is now the criterion for youth arts policy and development in South Australia, I suggest that we are on a fast track to achieving mediocrity. I do not envy the task of either the board or the Youth Arts Advisory Committee in juggling the goals of social justice and artistic excellence which, as I said earlier, are considered to be neither compatible nor consistent.

I believe there is a real possibility of the Youth Arts Board losing its sense of direction because of these various goals which the Government expects the board to fulfil, at the same time as providing the board with limited resources to fulfil those objectives. My concern was reinforced when pursuing the grants approved by the committee and endorsed by the board for the period 1 July to 31 August 1990, as outlined in the May edition of the magazine *YARNS*, produced by the South Australian Youth Arts Board. I wish to go through some of those projects:

Kelly Drummond
$1 380 for professional development. To attend the American Dance Festival as a prelude to undertaking MFA studies at Florida State University in the USA.

Yunta Rural School
$963 for puppeteer/storyteller Sue Harris to conduct workshops for the young people of Yunta and surrounding districts.

Black Cat Theatre Company
$1 048 towards the performance of 'Life Images' by Narelle Parker—a young writer. Production and performance by youth for youth and with youth.

Taking Flight
$2 000 towards the development of a production around the theme of contemporary myths, led by writer/director Peter Stitt.

Grant High School
$1 500 for the production of a 30 minute radio program as part of a youth radio project by students from Grant and Mount Gambier High Schools.

Adelaide Band Festival
$1 010 for the staging of the Eighth Annual Adelaide Band Festival for community concert/brass bands and jazz ensembles.

Urizen
$1 000 towards five twentieth century chamber music concerts presenting primarily works by Adelaide composers and played by 30 local young musicians.

Mortlock Library
$1 000 towards phase one of a three-phase project. Students, guided by Anne Marie Mykyta, to research aspects of the life and times of destitute nineteenth century women, children and young people.

Campbelltown Youth Action Group
$1 425 towards research and workshops, led by writer Darrelyn Gunsberg leading to the development of a script for subsequent performance.

Elizabeth-Munno Para College of Secondary Education
$2 000 to establish writing and publishing groups and activities within a multi-campus college. Project to be coordinated by Geoff Gess.

Department for Community Welfare
$1 680 towards 'Short Circuit'. Visual Artist Barbary O'Brien to work with young people who have displayed' at risk behaviour.

Blade Studios
$1 000 towards the staging of a multi-media exhibition designed to engage the general public in an event that displays the work of young people.

CAFHS
$500 to undertake a feasibility study concerning the creation of a wall-hanging which will depict aspects of childhood, by the children of South Australia.

Hindmarsh Community Library
$500 towards 'The Fabric of Hindmarsh'. A Vietnamese craft expert to work with Hindmarsh youth to create lanterns and kites depicting life in Hindmarsh.

That is the list of 13 grants for the period 1 May to 31 August 1990. Of that list of 13, I question in particular the grants to the Government agencies (the Department for Community Welfare, which has now changed its name to Family and Community Services; and CAFHS). Of course, the Department of Family and Community Services has its own grants programs. Surely, this program should be funding projects that the department deems important for young people who have displayed at-risk behaviour, rather than syphoning off the limited Government funds available for youth arts.

I note that, in the year ending 30 December 1989, the board funded individuals and companies to develop their interests and skills in the arts, but no Government agencies were amongst those companies funded. I believe that the trend to funding Government agencies, in particular in the most recent period the Department for Family and Community Services and CAFHS, is a most undesirable practice. Equally, I am alarmed about the board's endeavours to rid itself of the Odeon Theatre at Norwood some four years into a 20 year lease.

While the Minister for the Arts (Hon. Anne Levy) was unable or unwilling to confirm the fate of the Odeon in questions I asked in this place last Thursday, inquiries I have made of various sources in the meantime have confirmed that the theatre managers have been told to take no new bookings from February of next year. This directive ignores the fact that the theatre is already booked for some eight months next year by youth companies, schools, and companies performing work for youth in addition to the 'Come Out' Festival in March of next year. The Odeon is a popular venue that is unique in this State and in Australia. It is geared to providing young people with a total learning and teaching experience. It is not simply a venue to be hired out on a performance basis.

Groups and companies that book the theatre are responsible for the operation of the venue, from the front of house responsibilities to the operation of the coffee shop, as well as the lighting and sound equipment. Experienced persons in theatre work, Mr John Kelly and Mr Bob Jessop, are available on a day by day basis and also in the evenings to teach young people how to manage a theatre, how to operate the equipment and how to stage their performance.

They also have access to a large rehearsal room which, incidentally, was funded by a $30 000 Jubilee 150 grant a

few years ago, and is named the Jubilee 150 Rehearsal Room. There are two further large dressing rooms accommodating 24 young actors and actresses. The Odeon Theatre was renovated for its current purpose just four years ago at a cost of some $400 000 of taxpayers' funds. An additional $100 000 was provided by the SGIC over a five year period to help with the rental of the theatre.

In addition, chairs within the theatre have been purchased with the help of a very generous donation of $100 000 by people in the community. I will refer to that in a few minutes. Those sums of money, in addition to the $100 000 of public funds, went into the renovation and equipping of the Odeon Theatre just four years ago. The then board of the Youth Performing Arts Council recognised the need to find an alternative venue to Theatre 62 which, at that time, looked as though it would be demolished to make way for the widening of Burbridge Road between the Hilton Bridge and the airport. The $400 000 was provided by the then Department of Housing and Construction—although many people nicknamed it the Department of Housing and Destruction.

That $400 000 contract, unfortunately, was unable to be met by the Department of Housing and Construction as it was unable to complete all the work it had undertaken at the time within the $400 000 budget. The workshop was never completed as originally planned, the lighting and sound equipment was not replaced or upgraded, and the air conditioning was not upgraded to incorporate heating elements.

I indicated a few moments ago that the 230 to 250-seat theatre was supported actively by 100 South Australians who gave at least $100 each, $100 000 in all, to help equip the theatre. Any members who frequented Theatre 62 would have realised that the seating was absolutely deplorable: hard, splintered seats, highly uncomfortable in every sense. The seats found for the Odeon Theatre came from the old My Fair Lady Theatre and, for the information of members, I will run through the names of the South Australians who generously gave $100 towards the equipping of the Odeon Theatre. They include the following: The Kambetsis family, who actually own the theatre; Roger Chapman, the former Director; Jan Davis and the Hon. Legh Davis, a member of this Place; Kevin Palmer, former Director of the State Theatre Company: Nigel Lowings; Robert Parker; Bruce McDonoughue; Osmond Electronics; Mr (now Justice) G.C. Prior; Ian Johnston, formerly of State Opera; Heathfield High School; the Hon. Barbara Wiese; the Hon. Anne Levy; Champagne Fairs, a company owned by David and Simmi Roche; and Schemes Consolidated.

A seat was given in memory of Tony Frewin, and the list continues: Innovative Signs; Graham Spurling, formerly of Mitsubishi; the Adelaide Festival Centre Trust; David and Patricia Wynn; David Holman, the playwright of 'No Worries' and other wonderful plays for youth; Elizabeth Tasker; Nigel Hopkins of the *Advertiser*; the late Norman Hutton; the Murphy Sisters bookshop on the Parade; Dr Neal and the late Mrs Blewett; Elizabeth Alpers; the late George Pullen; Jean and John Bishop; Tony Gwynne-Jones; Alison Dunn; M.L. Hayes; the Paperbag Theatre Company; Mrs Beverley Brown; R.L. Wright who, I presume, is Reye Wright from the Department for the Arts; Jim Giles, who was with the Education Department and then became Chairman of the Youth Arts Board; John Nicholls; Penny Ramsay; Dame Ruby Litchfield, Chairperson of the Youth Performing Arts Council; Kym Bonython; Dr and Mrs Desiray; St Aloysius College; Barry Tucker Design Pty Ltd; Stephen Mann; the late Sir James Irwin; David Wilson, the photographer; the Australian Dance Theatre; the Hon. Murray Hill; Norwood and St Peters Australian Labor Party Women's Committee; and members of the Adelaide Festival Centre Trust.

There are more, although I could not read all the names at the time I was recently at the Odeon Theatre. However, that is a good indication of the range of people who were prepared to give generously some four years ago to support the establishment of the Youth Performing Arts Theatre at the Odeon Theatre in Norwood.

At the time the Premier, then the Treasurer and Minister for the Arts, was equally enthusiastic about the establishment of the Odeon Theatre. The message from the Premier, in the publication issued for the Grand Opening Weekend of the Odeon Theatre, was as follows:

> The opening of the Odeon Theatre marks the beginning of an exciting new stage in the development of young people's performing arts in South Australia. The South Australian Government has long been a leader in ensuring that the skills, talents and energies of our young artists are developed to the fullest extent. A venue such as the Odeon provides the means whereby their achievements can be presented to young audiences in optimum conditions. The Odeon not only provides an adaptable, accessible venue for performers and audiences, but also offers the opportunity for young people to learn the skills of stage management, technical work and theatre management. The existence of this venue is an investment in the creativity and involvement of our young people. It is also an investment in the future of the arts in this State.

I endorse every one of those words of the Premier some four years ago. The tragedy is that today the Premier seems prepared to toss aside what he saw, four years ago, to be an investment in the creativity and involvement of our young people and an investment in the future of the arts in this State.

Certainly, that is what it has proved to be over the past four years. The theatre has been used in the past year by 30 companies and organisations for performances and rehearsals, with a total audience of some 27 936 people. This year the attendance is already up to some 22 000 people. Despite all the effort to establish the theatre and to build up its reputation, we now find that it is threatened with closure and is to be gutted and converted back to a cinema. I am not sure if this is what the department, the Government or the Youth Arts Board believes to be socially just in terms of its framework for youth arts in this State, but I certainly question the basis of any decision to close this theatre and question the rationale that has been developed by the board for its closure. Certainly, no such rationale has been stated publicly at this time to the staff or to other people who have made inquiries about the fate of the Odeon Theatre.

I note that the review of 1988, which led to the replacement of the Youth Performing Arts Council with the Youth Arts Board, referred to the operation of the Odeon Theatre. At page 33, the report states:

> Given the relatively large number of 'dark nights' and the consequential higher cost to Government the committee believes that there is a need to examine possibilities for increasing community and entrepreneurial usage. Any programs established should be closely monitored by the staff of the Odeon Theatre and evaluated on an ongoing basis. To enhance usage by the community, the Odeon Theatre requires further refurbishment to complete the renovations (e.g. heating, complete upgrade of dress circle). This is a matter which should be taken up with the Department for the Arts and the Department of Housing and Construction for possible inclusion in the 1989-90 capital budget.

As we know, that work was not included in the 1988-90 capital budget or in the capital budget for this year. But, in terms of all the other recommendations of the review committee, the staff of the theatre has met the expectations that the Odeon attract a higher occupancy rate, and I refer members to the figures I indicated a few moments ago in respect of the number of companies and the total attendances.

So, the review of 1988 did not recommend or even suggest the closure of the Odeon Theatre, and the staff of the Odeon Theatre and the management of the Youth Arts Board have met all the expectations of that review. So, those matters could hardly be the basis for any recommended closure of the Odeon Theatre today.

I would also note that the Odeon Theatre is about the same size as the Space Theatre at the Festival Centre; both seat about 250 people. However, that is where the comparison essentially finishes. The Odeon can be hired for $200 a night and, with the subsidy arrangement offered by Carclew, groups can attract a 60 per cent subsidy bringing that $200 down to $80. However, to hire the Space Theatre costs some $600 per performance. So, if groups lose their ability to use the Odeon Theatre, perhaps the only other public option available to them is the Space Theatre at three to five times the cost for which they can hire the Odeon Theatre. If the Government believes that that is social justice, I think it should look again at this move to close the Odeon Theatre.

I suppose that Theatre 62 could also be seen as a theatre of comparable size, but then groups hiring that theatre do not have the opportunity to gain from the expertise at hand in terms of technical facilities—learning about the overall operation of a theatre—and certainly do not have the facilities for the performances in terms of lighting, sound equipment or even seating. I also add that the suggestion to get rid of the Odeon Theatre is diametrically at odds with Mary Beasley's inquiry into the performing arts in South Australia.

In an interim report of that inquiry, released about eight weeks ago, Ms Beasley spoke very strongly about ensuring that South Australia becomes a centre or hub for performing arts training in Australia. There is just no question that the Odeon Theatre in its present form and even more so in an upgraded form would complement that training emphasis in the inquiry currently being conducted by Ms Mary Beasley.

I also question any rationale that the Government may use in terms of not being able to afford upgrading the Odeon Theatre. I would point out that this Government is currently undertaking massive expenditure at Hindmarsh in the building of the Entertainment Centre, an option in which it need never have chosen to participate. It could easily have encouraged private enterprise to undertake that development, or it could have developed it in cooperation with private enterprise or the Basketball Association of South Australia. However, it chose to undertake that development itself.

At present, the Government is also committed to the Living Arts Centre, which incorporates two theatres, and it seems to me to be quite hypocritical of this Government to be entering contracts to build and renovate new theatres at the Lions site (the Living Arts Centre site) at the time when it aims to close down the Odeon Theatre at Norwood. I would also point out, in terms of the irony and hypocrisy of this Government in respect of the Odeon Theatre, that it is a fact that, just 18 months ago, through SACON, the Government found about $300 000 to renovate the two theatres at the Parks Community Centre. Those theatres now have state of the art computer lighting and sound equipment that is better in some senses than that which is installed in the Festival Centre. That Community Arts Centre, with this new equipment, has become inaccessible in many senses to groups for the conduct of their own performances.

The equipment is so sophisticated that it needs a technician on hand to operate it, and this rather defeats the purpose of such equipment, in terms of a community centre. It certainly highlights the contrast between its value and that of the Odeon Theatre, where youth can actually take over the whole theatre, including the operating of the lighting and sound equipment because, while it is not as updated as one might like, at least it is hands-on equipment, from which the young people who use that theatre can gain experience. For all those reasons, I believe it would border on a tragedy if this Government, some four years after spending $400 000 of taxpayers' funds and after endorsing such a wonderful concept as the Odeon Theatre, were to oversee the demise of that theatre.

I wish to make a few other points in terms of the arts budget. First, in respect of the Adelaide Festival of Arts, there is no doubt that at the present time our festival is under threat of losing its status as the premier arts festival in Australia and also of losing its status as one of the world's best arts festivals. Funding is largely the problem. Festival organisers are experiencing immense pressure because of fluctuations in the exchange rate and also because of the rising cost of attracting key performers from overseas to come and work in Adelaide during the festival period. While the Government has increased the funding for the festival in real terms, that increase in funds does not acknowledge these pressures due to the exchange rate and the general cost of attractions from overseas. The Government must come to appreciate that fact, if we are to maintain the quality of the festival that we have enjoyed in the past and also the quantity of attractions that have featured in the festivals in the past.

I note that the management of the festival is seeking $2.2 million for the 1992 Adelaide Festival. I would point out that the festival in Melbourne gains some three times the sum that the Government in this State gives to the Adelaide Festival. I would also note that the private sector support that the Melbourne Festival attracts is now far outstripping the private sector funds that are attracted to the Adelaide Festival.

When speaking to the budget some weeks ago, I remember pointing out the importance of the Government's support for arts activities in helping companies to attract private sector support. This point has been made by Mr Gough Whitlam, former Chairman of the National Art Gallery, and it is a very important point on this very sensitive issue of arts sponsorship. The fact is that the Government cannot withdraw from these fields and just anticipate that the community will come in and fill the vacuum left by the Government.

It works as a hand-in-hand relationship; if the Government supports the arts and the community sees that the Government has confidence in those activities and that the Government deems them to be important community activities, one will find that private sector sponsorship follows, but it does not work the other way around, and the Government may take heed of those matters in looking most seriously at the funding for the Adelaide Festival in the future. I believe that the Minister recognises the importance of providing the festival, at least by the end of this year, with some indication of what the funds will be in the budget period next year, because otherwise, it will be impossible for festival organisers to plan ahead to ensure that we have an excellent festival in 1992.

Finally, I want to say a few words about the film industry, a subject on which I will speak at greater length tomorrow in summing up the debate concerning the South Australian Film Corporation select committee, I would note that at this stage the film industry in this State is being badly managed by the Minister and the department. Certainly, a

great deal of secrecy surrounds all areas of the film industry activity where the Government is involved. For instance, on 7 August in this place, I asked the Minister whether she would be prepared to release the South Australian Film Financing Advisory Committee's report.

The Minister indicated at that time that the report had just arrived on her desk, perhaps a week earlier, and that she had not had a chance to peruse it. She stated:

> Whether or not it will be released is not a decision that I can take at this stage. Obviously, I will want to read and consider its content before making any such decision.

I then interjected:

> If it is embarrassing, you won't release it.

The Minister then said:

> I think it is slightly premature to suggest that anyone would release a report before they have even had a chance to read it.

It is interesting that the Minister might not be prepared to release a report commissioned by the Government into a committee which uses hundreds of thousands of South Australian taxpayers' dollars each year. It is disturbing that she was not prepared to indicate immediately that that report would be released, in the public interest, whether or not it was critical of the Government. It is even more disturbing in my view that it is now some two and a half months since the Minister has had that report, and yet she is still not prepared to give an indication as to when it will be released for public comment. I understand—because the grapevine in Adelaide is quite effective—that the Chairman, Mr Rob George, has left the committee and a new committee has been appointed. The Minister has an obligation to inform the Parliament and the public about the contents of that report and the steps that have been taken to reconstitute the so-named South Australian Film Advisory Committee.

A further report in relation to the film industry in this State also has not been released, and I refer to the Government's report into the South Australian Film and Video Centre. I understand that this inquiry was launched about a year ago due to concerns about the capacity of the Department for the Arts to continue to provide some $1.2 million per annum to a facility which many considered may not be appropriately associated with the Department for the Arts, and which might sit more comfortably with the Public Library Lending Service. Again, the Minister has not released that report and I believe she has an obligation to do so, considering the fact that the taxpayers of this State spend at least $1 million per year on the maintenance of that service.

Also, we have the current consultants' study of the operations of the South Australian Film Corporation, a report which I understand will conclude at the end of this month and which will be available to the Minister shortly thereafter. That report seems to have been commissioned by the Minister as a knee-jerk reaction to the public concern about the operations of the South Australian Film Corporation, the earlier decision not to look at the major recommendations of the Milliken report or the trauma that the corporation had suffered during negotiations on the *Ultraman* series, and the subsequent resignation of the Managing Director, Mr Richard Watson. I understand that this consultants' report will be considering the Milliken recommendations, including the fate of Mr Jock Blair as one of the executive producers at the corporation.

That will be an interesting report for members of the public and for the many people involved and those who depend on a buoyant film industry in this State for their livelihood. In addition to the consultants' report, I look forward to the release, in the public interest, of the further report into the South Australian Film and Video Centre and the SAFIAC committee's report into the commercial film industry in this State. I support the second reading of this Bill, although I indicate my alarm at many of the trends within the arts in South Australia.

The Hon. R.J. RITSON secured the adjournment of the debate.

TRUSTEE COMPANIES ACT AMENDMENT BILL

Adjourned debate on second reading.

(Continued from 11 October. Page 936.)

The Hon. J.C. BURDETT: I support the second reading of this short Bill. It is to amend the schedule to the Trustee Companies Act by including two further trustee companies, National Australia Trustees Limited and Perpetual Trustees South Australia Limited. They are to be included as trustee companies for the purposes of the Trustee Companies Act. The National Australia Trustee company is a subsidiary of National Australia Bank, and that is an entirely new trustee company to enter into South Australia. Perpetual Trustees South Australia Limited is a subsidiary of Perpetual Trustees Australia, a company already included as a trustee company in schedule one.

Trustee companies perform an important role in the South Australian scene. First, they supply services to their clients and, secondly, after a period, they have considerable sums of money to invest so that they are important in the local commercial community. Some considerable time ago, the Parliament was called upon to protect a trustee company from a corporate raider for the reason that the corporate raider was interested in the company so that he would be able to control considerable sums of money for investment.

In a Bill such as this, simply to add trustee companies to the list, obviously the only important thing is whether the trustee companies to be added are responsible and suitable to be so added. The trustee company industry should not be a closed shop and if new companies are suitable for addition that ought to happen. This would be one of the few cases where I would be prepared to trust the Government, because if it admitted new trustee companies which proved to be untrustworthy and unsuitable obviously the Government would attract the odium. So, I am quite sure that the Government would act with caution and would not take this step unless it was quite satisfied about the suitability of the two companies.

I have made inquiries elsewhere. The Law Society of South Australia was aware of the Bill and had no objection to it. I also refer to the Trustee Companies Association, which not only had no objection and supported the Bill but also assisted one of the companies, Perpetual Trustees South Australia Limited, in making its representations to the Government. For these reasons, I support the second reading of this Bill, and I wish the two new trustee companies every success in their operations in South Australia.

The Hon. L.H. DAVIS: I join with my colleague, the Hon. John Burdett, in supporting the second reading of this amendment to the Trustee Companies Act. It is pleasing to note that South Australian trustee companies have long enjoyed a reputation for stability and soundness of management. It is true that we are debating this measure in the shadow of the liquidation of the Burns Philp Trustee Company only last week, following the collapse of the Estate Mortgage group some months ago. It is also true that Trustee

Executor (Australia), which was a company headquartered in Melbourne, collapsed many years ago. However, the trustee companies in South Australia, as I have mentioned, have enjoyed stability over a period of time.

Notwithstanding that, there certainly have been ownership changes in recent years. Elders Trustee is no longer owned by the Elders IXL group, but is under the umbrella of SGIC. The Executor Trustee and Agency Company, formerly a listed company in its own right, is now owned by the State Bank of South Australia. Bagots Executor Trustee was taken over some years ago by Farmers Executor and Trustee Company and that, of course, has recently changed ownership. The owner of Farmers Trustee is now IOOF of Victoria. So, there have been some dramatic changes to the ownership of trustee companies in South Australia.

Trustee companies in South Australia, until the introduction of the Trustee Companies Act, each had their own legislation. The new legislation is a much more satisfactory way of dealing with the matter. This amendment, of course, merely confirms that we now have two new trustees which have been admitted into the industry along with the other established trustee companies in South Australia. These two trustee companies are National Australia Bank Trustees and Perpetual Trustees. I am pleased to note the acceptance by the South Australian Government of the fact that there should be an open market for trustee companies. Competition is healthy in any industry, and there is no exception in this case. Certainly, the nature of the duties of trustee companies has changed in recent years. A decade ago the Tonkin Government abolished death duties and that, of course, meant quite a dramatic change in the nature of trustee companies.

In more recent times, the responsibility of trustee companies has come under special focus. Their responsibility, particularly as trustees for large investment groups, such as Estate Mortgage, has come under particular scrutiny by the media. I am pleased to say that trustee companies in South Australia have enjoyed the confidence of the public in these difficult and changing times. I am pleased to support the second reading of this amendment to the Trustee Companies Act.

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

TOBACCO PRODUCTS (LICENSING) ACT AMENDMENT BILL

Adjourned debate on second reading.

(Continued from 17 October. Page 1087.)

The Hon. J.C. BURDETT: I rise to speak to the second reading of this Bill. I would not go so far as to support it. It is part of the savagely increased tax packet associated with the current budget. It is another example, despite the promise made before the last election that taxes and charges would only increase at the rate of inflation, where the increase has been a great deal more than that.

It is true that the last increase occurred in 1983, an increase from 12.5 per cent to 25 per cent, apart from the 3 per cent levy to finance the activities of Foundation South Australia. In this area 100 per cent increases seem to be the order of the day, because this Bill increases it from 25 per cent to 50 per cent. That does appear to be savage to me. I am uneasy about this habit of taxing products where there is a problem, such as with smoking, and where it is thought that that is the easiest way to go if you want to raise extra money.

There is no doubt that smoking is detrimental to health; that has been established. Also, there is no doubt that the treatment of smoking related conditions does place an imposition on the public purse. However, if the Government was really serious about that it would ban smoking altogether or do something more direct in that area. In education it already does something considerable. It concerns me when people are slugged simply because they consume a product which is unpopular.

I certainly have no financial interest to declare, because I am not a smoker. That is almost true. I must confess that I very occasionally smoke cigars but, because I smoke them so rarely, and hardly ever buy them myself, this Bill will not affect me at all financially. It may cost my children a little more on Father's Day, but that is about all. I do have reservations about this Bill. It is part of a savage budget which really does not do anything significant to reduce Government expenditure, but goes on its merry way about increasing taxes. This is part of that package.

I cannot see any justification for that. I feel uneasy about such a savage increase being levelled at people who smoke. If it is legal to manufacture, market and use a product, I object to a very savage tax on that product merely because it seems to be the line of least resistance for the Government. I do not support the second reading. I have reservations about it, but I do not propose to oppose it.

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

FINANCIAL INSTITUTIONS DUTY ACT AMENDMENT BILL

Adjourned debate on second reading.

(Continued from 17 October. Page 1108.)

The Hon. PETER DUNN: I do not support the Bill, for a number of reasons. I am reminded of 1982, prior to the election when I came into this Council. I distinctly remember the Premier, on the *7.30 Report*, when asked whether he would increase taxes, categorically saying that he would not. Therefore, I am reminded of the three wise monkeys—

The Hon. C.J. Sumner: When did he say that?

The Hon. PETER DUNN: On the *7.30 Report* in November 1982. I am reminded of the three wise monkeys—hear no evil, see no evil, speak no evil. In this instance the Premier is a bit like the American President, 'Watch my lips, but do not listen to what I say'. He repeated it again at the last election with the Homesure fiasco and with the marine pollution Bill. Promises were made and not kept. I really do not know how one can believe this Government. If the Government were stood up and counted, who would believe it? If the recent increase in the financial institutions duty was not dramatic, I do not know what is. The Government will have to be very careful in future if it suggests that there will be no increases in taxes.

This new financial institutions duty will raise $109 million, or $76 per head, in a full year. It does not sound very much, but spread across everybody it is a lot. However, it is not spread across everybody. I remind members that it is the people who handle a lot of money, very little of which sticks to their fingers, who will be paying. Mostly, they are small and large business people. Financial institutions duty has very little effect on the salary and wage earner, particularly if he pays most of his accounts in cash, because he does not roll his money over in a bank. I suspect that many of them have bank accounts and that most of them run small cheque accounts. Every time one rolls a cheque over,

transfers money from one part of the bank to another or deposits or withdraws money, one will pay financial institutions duty. So, it hits everybody, but it hits some sections of the community more heavily than others.

It is interesting to note that, like the other States, the Government has increased from $600 to $1 200 the maximum amount that can be paid. That is not a bad effort—just doubling that amount in one go. If a transaction brings out $1 200, that is a lot of money. It is a windfall that the Government imposes on the State that we cannot afford. This State cannot afford high taxes. This State should not have the ability to impose increased taxes on any section of our community, whether it be retailing, manufacturing or primary industry, because we will not be in a position to compete with other States. This is a poor State by those notions. What this will do—and it is easy with electronic transfer of funds—is ensure that many funds will be transferred interstate, where there will be less taxation. The smart operators will do that, and I suggest that the State will miss out. Queensland does not have any financial institutions duty.

The Hon. J.F. Stefani: That is where most of the companies are registered.

The Hon. PETER DUNN: My colleague says that that is where most of the companies are registered, and that is where they will transfer their money. It may not sound much to a relatively small salary earner, but when it is a company turning over millions of dollars a year it becomes important. Every little bit of profit is necessary to pay the employees, the shareholders and the companies which invest their money. Therefore, it is important not to have our ears taxed off. We had nearly the lowest financial institutions duty, and we have gone to the highest. It is also interesting to note that we have the least capacity to do that. South Australia has about 8.4 per cent of the country's population, but only 6 per cent of its exports. That is really atrocious.

If we consider what has happened with regard to exports, we were told that this would become a manufacturing State—a State that would gradually change from an agrarian society, to one with secondary industry and manufacturing, as a result of which the money would be more constant. I agree that that should have happened; there should have been a better mix. However, more than 60 per cent of the income of this State comes from primary industry. That automatically leads to great variation, due to seasonal conditions and export commodity prices.

We are at the whim and wish of other nations. If they want to buy our products and they have enough enthusiasm, they will pay the money. If not, as we are at the moment, we are in an absolute hole. We have knocked nearly 40 per cent off the value of our primary production. That is not the mining side, but the farming side. Nearly 40 per cent of the income has been lost. As I said in this Chamber the other day, if any members of this House had an income decrease of 40 per cent, there would be howls. But that is actually happening in the real world—and we then add on an increase in the financial institutions duty.

While I am on that subject, the smallest farm which is successful today and that which continues to operate profitably would have an income of not less than $100 000 per year. That money comes in lumps: it does not come continuously week after week, making it easy to know how much you can put in your bank account. It is not easy to be able to budget for exactly when you will need fuel, chemicals, fertiliser or for the increased cost for rural production. What happens is that the money tends to be put into an account that will earn some money, be it an investment account, harvest account or whatever the bank of the day calls a savings account that earns money. Money is then withdrawn on a monthly basis to pay accounts. You cannot say that you are going to draw out $500 every month to cover those costs since, as I have just explained, you do not know exactly whether that will happen.

So, you run into the problem of paying financial institutions duty every time you transfer that money. I suspect that, on most of the money earnt, primary industry people will pay financial institutions duty two or, perhaps, three times. It is very easy for the Government or for people in our position to have our money paid into an account from which we withdraw it to pay whatever accounts are due, but that is not so easy for a farmer. A farmer might have $100 000 in his account at the beginning of January yet, by December, have an overdraft. That money needs to earn as much as it can; therefore it must be in a savings account, yet every time you transfer it from one account to another you pay a financial institutions duty.

One of the interesting things is the .005 per cent that will be put into the local government disaster fund. That is a good cause, but I wonder why it is there. Having an account raising money in this manner implies that the Stirling fire was a natural disaster and not one caused by any individual. It is my opinion that, whether that fire was started deliberately or not, within 20 minutes that fire was a natural disaster. In normal circumstances it could have been put out, but the day was such that it became a natural disaster and, in my opinion, all the fires burning on that day, whether deliberately lit or not, were natural disasters, so I support the establishment of a fund that will help people hurt in natural disasters.

Who knows: one of these days we may have another earthquake in Adelaide that will require funds for speedy assistance in a natural disaster. I support the .005 per cent, but it is interesting that it requires something like the Stirling incident for the Government to put this .005 per cent on the financial institutions duty for up to five years. I suspect that it will not stop at five years but will go on for longer. However, I guess that everyone will be paying for it in some manner, some more than others, and this is one way of doing it relatively easily. I should have thought that the Government itself would have picked that up and run with it. That is what Governments are for—to pick up those disasters and even out those peaks and troughs.

There is disquiet in this State about how the economy is being run. The Federal Government receives most of the criticism. The locals are not very happy about how the Australian dollar is running, with high interest rates affecting everyone; there is a lot of disquiet amongst the natives and the State Governnent must bear the brunt of it. We have very high unemployment and we have a problem with people becoming bankrupt, despite a Minister saying the other day that people could trade their way out once they have been placed in receivership. I have never seen that happen and do not think it ever has.

If that does happen, well and good, but I should like to see it happen more often. The fact is, it is not happening. This State is in terrible trouble, and increasing a tax such as this does nothing but kill incentive—and export incentive, at that. Heaven knows, exports are what we need to raise our standard of living. Everyone in the community would benefit if we exported a little more and put a little more money into the South Australian bin of money.

This redistribution of wealth by the socialist Government we have works for a time—but not for a long time, and that is a problem in this State. In these tough times, I should have thought that the Government would pull in its horns and cut its capital outlay. That is what would be

done in any business, but members on the other side would not know that, as none of them in either House of Parliament has been in business, and I have said that time and time again.

When times are tough you do not buy a new car, have a holiday or buy something that might take your fancy, but you spend the money on things that will be useful later on or something from which you can make a little money. I reiterate that this year we are spending money such as $50 million plus on an entertainment centre; $18 million plus on a velodrome; $38 million on a Magistrates Court; and, one of the classics, $8 million on 3 km of road in the Flagstaff Hill area.

I wonder whether it is necessary to spend that money in these tough times and whether, if some of these projects had not been pushed ahead, we would have needed to increase the financial institutions duty, which will inevitably push some businesses over the cliff. They all add up in the long term. When you add to the financial institutions duty the increases in payroll tax and the other taxes the Government has decided to increase, it is quite obvious that some businesses will either leave this State or just fall over, as people will not be able to make a living or employ other people.

They will thus not be able to alleviate the unemployment in this State. For a variety of reasons—and there are many of them—this tax should not be increased so viciously. It is a very small amount per person, as the Government tries to tell us, but it adds up and, bit by bit, these amounts wear you down like dripping water.

It has been proven that this State is probably the worst performing State of the Commonwealth when it comes to exports; even Tasmania is better than we are at the moment. That is so because we do not give any incentive to anyone to become entrepreneurial, to stay in business, to chance their arm and give it a go. Instead it seems to be that if they get their head up we knock it off. Unfortunately, this tax makes me believe that this Government has nothing but that resolve on its mind.

The Hon. J.F. STEFANI secured the adjournment of the debate.

[Sitting suspended from 5.57 to 7.45 p.m.]

LAND AGENTS, BROKERS AND VALUERS ACT AMENDMENT BILL

In Committee.

Clause 1 passed.

Clause 2—'Commencement.'

The Hon. K.T. GRIFFIN: The Bill is to come into operation on a date to be fixed by proclamation. Will the Minister indicate what might be the target date for bringing the Bill into operation?

The Hon. BARBARA WIESE: The preparation of regulations to be part of this legislation is well under way, so we would expect the legislation to be proclaimed on 1 January 1991.

The Hon. K.T. GRIFFIN: What is the extent of consultation on the draft regulations? What program for advising various professional bodies in particular is being proposed if the Act is proclaimed to come into effect on 1 January, or any other time for that matter?

The Hon. BARBARA WIESE: A working party has been involved in the preparation of the legislation and the regulations. This working party has comprised representatives of the Real Estate Institute, the Department of Lands, a representative of the Department of Public and Consumer Affairs and Parliamentary Counsel, so those groups are well up to date with the preparation of regulations, as well as the legislation itself. In addition to that, along the way, the Law Society and Government departments that have some interest in this matter have been consulted in the process. It would be the intention that further consultation with those organisations would take place before the regulations are finalised.

The Hon. K.T. Griffin: Those organisations are the Law Society, the Land Brokers Society, REI and Government departments?

The Hon. BARBARA WIESE: Yes; all the professional associations that would have an interest in this matter would be consulted.

The Hon. K.T. GRIFFIN: My other question is about the extent to which the Minister plans any education program or program to inform those who are practising in the field, apart from the professional organisations, about the date that the Act comes into operation and also its effect.

The Hon. BARBARA WIESE: It is the intention of the Real Estate Institute to run its own education campaigns concerning this new legislation and it has advised the department that it would need approximately two months to fully inform its members of the new provisions, and this is also in keeping with the program, for the proclamation of the legislation.

The Hon. K.T. GRIFFIN: The only point I make about that is that it seems that, if two months are needed, we are almost at the point where 1 January is an unachievable goal. On the basis that this Bill will not go through both Houses until early November, is it more realistic to suspect that it will not come into effect until some time into 1991?

The Hon. BARBARA WIESE: If the Real Estate Institute indicated that there was a problem in the timing—

The Hon. K.T. Griffin: What about other professional bodies?

The Hon. BARBARA WIESE: If any of them have a problem with educating their members about the provisions of this legislation by 1 January, of course, I would consider extending the date for proclamation, but it is my understanding at this stage that the organisations are aware of the likely passing of this legislation by Parliament and feel that they would be able to provide appropriate information to their members within the timetable that I have outlined. If that is not the case, of course, I will consider any reasonable requests for extension.

Clause passed.

New clause 2a—'Interpretation.'

The Hon. K.T. GRIFFIN: I move:

Page 1, after line 15—Insert new clause as follows:

2a. Section 6 of the principal Act is amended by striking out the definition of 'date of settlement' from subsection (1) and substituting the following definition:

'date of settlement' in relation to a contract for the sale of land or a business means—

(a) if a date is fixed by the contract for settlement—the date fixed by the contract or some other date agreed by the parties in substitution for that date;

(b) in any other case—the date on which settlement takes place.

During the course of the second reading debate I raised an issue which had been drawn to my attention by the Law Society in relation to the definition of 'date of settlement' which, in the principal Act, means, in relation to a 'contract for the sale of land or a business':

the day fixed by the contract for settlement or, if a day is not fixed by contract for settlement, the day on which settlement takes place.

If a date fixed is by contract for settlement, that is the date of settlement, even though, by mutual agreement, that may subsequently be changed and, if no date is fixed by the contract, then it is the date on which settlement actually takes place. The amendment which I am proposing is to ensure that there is not the technical hiccup that has been drawn to my attention, even though the definition has been in the Act for a long time that, if the contract contains a date fixed for settlement, that is the date of settlement but, even if the contract does contain such a fixed date but the parties agree to some other date, that other date is the date of settlement and in any other case it is the day on which settlement takes place. This will clarify what has been a practical difficulty, particularly in the view of some lawyers; it will clarify it to the advantage of all parties, and I move it accordingly.

The Hon. BARBARA WIESE: I do not think this amendment is necessary. It differs from the current provisions only in that it allows parties to fix some other date by agreement but, if the parties so agree, in fact, they have effectively amended the contract anyway, and their wishes can be carried out according to the terms of the legislation as drafted. So, I cannot see that this amendment is necessary and I therefore oppose it.

The Hon. K.T. GRIFFIN: Certainly that is a reasonable argument, but it has been put to me that there is still some debate about the date which is fixed by the actual contract, when it is varied by mutual agreement without necessarily being in the contract, as to whether that is the date fixed by the contract. What one has to realise is that, in practice, the parties do not even exchange letters, let alone vary the contract to change a date of settlement. Sometimes they just do it by their agents, lawyers or land brokers ringing up and saying, 'Can we agree to postpone this for 10 days to enable all the statutory requirements to be complied with?' and generally that is done, but frequently it is not evidenced in writing.

Also, there is an argument that, because it is not fixed by the contract, it leaves the vendor in particular, and the agent of the vendor, in a vulnerable position when it comes to the statutory periods which must pass before which the prescribed statements have to be given. I am seeking to put the question beyond doubt. It seems to me that the proposition I am making is reasonable to overcome that element of doubt, and my amendment will do that without compromising any other provision of the Bill.

The Hon. I. GILFILLAN: Could I ask the Hon. Trevor Griffin why the parties could not amend the date fixed on the contract if they wished to change it?

The Hon. K.T. GRIFFIN: They sometimes do, but frequently they do not. Frequently it is just a telephone call between the agents, the brokers or the solicitors for the parties. Whilst that might be binding on the parties later, if there is any dispute, nevertheless it is not technically the date fixed by the contract, for settlement. If they are required to enter into amending contracts, that would entail extra costs.

The Hon. J.C. BURDETT: I support the amendment of the Hon. Mr Griffin. He is quite right when he talks about the informal and *ad hoc* sort of way that the change in the date of settlement often comes about. I recall two recent cases in point, one where the purchaser found a small technical hitch in obtaining finance, contacted the vendor's agent, asked for the date of settlement to be postponed, and that was agreed to. It was not in writing and was not in the contract. The other case involved an interstate vendor, a body corporate, and the transfer documents had not come back, and the vendor's broker rang the purchaser's broker and asked for a delay. Obviously, these things are not committed to writing. The technical date of settlement is that which is in the contract but may not be the date on which settlement is actually carried out.

The Hon. I. GILFILLAN: It so happens that I was involved in a transaction in which the date of settlement on the contract happened to be a public holiday, so I know first-hand the situation that the Hon. Trevor Griffin is addressing through this amendment that has come from the Law Society. I am surprised that the Law Society has not presented its case to the Government. If it has, can the Minister indicate whether the proposition has been considered?

The Hon. BARBARA WIESE: As far as I am aware, the Law Society did not present this point to the officers of the department or to the working party when this legislation was being framed. It is not a matter on which I would want to go to the wall, by any means. It is not a major issue and, if the honourable member feels so inclined to support the Hon. Mr Griffin's amendment, it certainly would not bother me because I do not think that it changes the intent of the legislation. It may well clarify the point that the Hon. Mr Griffin is wanting to make.

The Hon. I. GILFILLAN: I support the amendment.

New clause inserted.

Clause 3—'Insertion of s. 87a.'

The Hon. BARBARA WIESE: I move:

Page 1, lines 22 and 23—Leave out paragraph *(a)* and substitute—

(a) any easement (other than a statutory easement not registered on the certificate of title to the land that relates only to the provision of electricity, gas, water, sewerage or telephone to the land);

I remind members that this was a matter to which I referred in my second reading response. I am seeking to overcome any ambiguities concerning the definition of terms that are present in the original drafting.

The Hon. K.T. GRIFFIN: I do not oppose the amendment.

Amendment carried.

The Hon. K.T. GRIFFIN: I move:

Page 1, line 32 and page 2, lines 1 to 6—Leave out the definition of 'qualified accountant' and substitute—

'qualified accountant' means a person who has qualifications in accountancy approved for the purposes of this definition by the regulations.

I want to limit the definition of 'qualified accountant'. It is adequate to define as a 'qualified accountant' a person who has qualifications in accountancy approved for the purposes of the definition by the regulations. In her reply, the Minister said that it was intended that the qualified accountants who would be referred to specifically in the regulation were those who were members of the Australian Society of Certified Practising Accountants, members of the Institute of Chartered Accountants or members of the National Institute of Accountants. But she went on to say that the Government believed there was good reason for granting the tribunal some discretion to approve other persons as qualified accountants.

The Minister further said, 'To allow only those persons who are members of the specified professional associations to practise would involve excluding other people without such membership.' It would seem to me that it is not just the membership of these bodies which is relevant but whether or not persons hold qualifications approved by those organisations. It is a much better position to describe by regulation the qualifications rather than to allow the Commercial Tribunal, without any guidelines at all, to begin to set guidelines for the recognition of persons who are not nec-

essarily qualified to be members of those professional bodies.

It opens up Pandora's box to allow the tribunal, without any guidelines at all, to exercise an independent discretion to decide whether or not someone is experienced in accountancy. The task of doing that alone would be fairly difficult and might well be time consuming, because the tribunal does not necessarily have the expertise to determine whether or not a person is experienced in accountancy, and such a consideration may require long hearings.

I would not have thought it was beyond the wit of legislators preparing regulations to deal with the various bodies, persons, and qualifications, which might entitle a person to sign the appropriate documentation dealing with the financial status of a small business without having to go to the tribunal. For that reason that I have moved the amendment to limit the definition to those whose qualifications in accountancy are approved for the purposes of the definition by the regulations.

The Hon. BARBARA WIESE: The honourable member may have a point, but it is possible by way of drafting of regulations to accommodate those people who are currently performing those tasks but are not members of an appropriate association. I guess that is one way of handling the problem. The Government has chosen, with the drafting of this Bill, to give the tribunal the discretionary power to accredit, if you like, individuals who may not necessarily be members of appropriate accountancy associations.

We have done this because there may be out there people who are appropriately qualified to practise in this area but who are not necessarily members of the appropriate associations. I am not aware of people who fall into this category. The Government's intention was simply to cover that possibility in order not to deprive of their livelihood individuals who are currently operating in this area and doing very well. The method chosen to enable these people to continue practising was designed to give a discretionary power to the tribunal to so allow that practice to continue. My preference would be to stick with the Government's proposed method of dealing with this, because I believe that the Hon. Mr Griffin's amendment has the capacity to deny such people the right to continue working and earning a living in this area.

The Hon. I. GILFILLAN: On the understanding that people are doing this work without the formal qualifications as accountants, and doing it satisfactorily, I am persuaded that the amendment should not be supported. I therefore oppose it.

Amendment negatived.

The Hon. I. GILFILLAN: I move:

Page 2, line 8—Leave out '$150 000' and insert '$200 000'.

I was approached by representatives of the Small Business Association asking for this amendment, and I am pleased to see that the Hon. Mr Griffin has a similar amendment on file. I am therefore confident that I may be successful with this amendment.

The Hon. BARBARA WIESE: I recognise that this amendment is likely to be carried. I do not have a strong objection to it, except that it is a matter that really ought to have been studied more closely before such a change was made to the legislation. I say that because this argument has been put forward almost at the last minute and an alternative point of view has been put to the Government since this matter was raised which would suggest that the price of small businesses might well not have risen in line with the CPI. By doing this we may be moving into an area where we have businesses falling into the purview of this legislation which are bigger and, therefore, more complicated. It may not, therefore, be appropriate for those businesses to be included for consideration under the terms of this legislation.

I cannot argue that point strongly. It is a point of view that has been put to me and, until I have had an opportunity to study it in greater depth, I cannot say whether or not I agree with it. So, my preferred position would be to set this matter aside until there was an opportunity to study it more closely and then, if there seemed to be a good argument for raising the amount from $150 000 to $200 000, it ought to be done by regulation at the appropriate time. For that reason, I will oppose this amendment.

The Hon. K.T. GRIFFIN: I move:

Page 2, lines 8 and 9—Leave out '$150 000 or, if some other amount is prescribed, that amount' and substitute '$200 000'.

My amendment is similar to the Hon. Mr Gilfillan's, but it goes further, because I want to take out the capacity to amend it by regulation. One can support the Hon. Mr Gilfillan, and then I will move my amendment in a slightly different form. I am happy to move my amendment because the amount is the same as that proposed by the Hon. Mr Gilfillan, which I am happy to support. However, I seek, consistent with the decisions that the Council took on the landlord and tenant legislation dealing with commercial tenancies, to remove the provision relating to the increase or reduction of the sum by regulation.

It was interesting that the Minister, in replying at the second reading stage on this subject, said:

> The proposal to raise it [that is, the figure] to $200 000 to reflect rises in the consumer price index at first glance looks attractive. However, other arguments should also be considered. The prices of small businesses have not necessarily moved exactly in line with the consumer price index. Many businesses are currently selling at prices below those of the speculative boom of the late 1980s.

That, I suppose, one can use in another context to talk about the economic climate in South Australia and the impact that it is having on small business. I would dispute that there was any 'speculative boom of the late 1980s'. I would have thought that there was some minor prosperity only because people were working hard and not for any other reason because the economy was already going sour at that time. However, the interesting comparison I make between the Government's attitude on this Bill and the Landlord and Tenant Act Amendment Bill relating to commercial tenancies, is that in that Bill the Government sought to increase from $60 000 to $200 000 the annual rental, which was the basis upon which that legislation was to apply, and the argument was that that was very much beyond the consumer price index. I suggest that the Minister is inconsistent in her argument.

The Hon. Barbara Wiese interjecting:

The Hon. K.T. GRIFFIN: Different issues, but the argument that the Minister used was similar in both instances. So, there is an inconsistency. I do not want to labour the point unnecessarily, but it seems to me that no undue hardship is created by increasing the $150 000 by another $50 000 to $200 000.

The Hon. BARBARA WIESE: As we seem to be taking these matters together, I should like to indicate, because I did not address this matter earlier, that if the Committee supports raising the amount to $200 000 I will still oppose the removal of the power for regulation.

The Hon. I. GILFILLAN: The Minister mentioned the amendment moved by the Hon. Mr Griffin about removing the matter from the power of determination by regulation. As the Committee knows, the consistent position of the Democrats is, wherever possible, to restrict the area of

regulation where it avoids what we consider to be necessary legislation.

The Hon. K.T. Griffin interjecting:

The Hon. I. GILFILLAN: I may be inconsistent, and I am prepared to be accused of that. However, the accusation does not necessarily make it true. The fact is that we are now arguing that this amount should go up $50 000. It is an arbitrary figure, because it is very difficult to determine the value which should be defined as small business. I do not believe that a move to raise it or otherwise by way of regulation is in real conflict with the position that we have normally maintained: that important decisions should be made by legislation, not regulation. Therefore, I hope that my amendment will be successful. I will oppose the extra inference in the Hon. Mr Griffin's amendment to take out the power of determination by regulation.

The Hon. K.T. GRIFFIN: I make only one comment: it is inconsistent with the Hon. Mr Gilfillan's position on the Landlord and Tenant Act Amendment Bill relating to the threshold for applying the commercial tenancies legislation.

The Hon. Mr Griffin's amendment negatived; the Hon. Mr Gilfillan's amendment carried; clause as amended passed.

Clause 4—'Substitution of section 88.'

The Hon. K.T. GRIFFIN: I move:

Page 3, line 33—Leave out paragraph *(a)* and substitute—

(a) in the case of a contract for the sale of land, the purchase is a body corporate;.

This clause relates to cooling off periods for both the purchase of land and of a small business. The law at the moment is that a body corporate does not get the benefit of a cooling off period for the purchase of land, but it does so for the purchase of a small business, as I understand it. This Bill seeks to remove the protection currently in existence for a body corporate for the purchase of a small business.

The Minister's argument against my proposal to retain the *status quo* with respect to the purchase of a small business by a body corporate is that the general principle underlying the legislation is that cooling off rights should not apply to commercially sophisticated purchases. Generally, bodies corporate have access to accounting and/or legal advice, even if otherwise only for taxation purposes. That may be so in relation to large bodies corporate, but most small business is comprised of a body corporate where the membership is husband and wife, one person or two persons, or friends or relatives, and they are not necessarily the big commercially sophisticated operators. For that reason, and because the Minister has not presented any persuasive argument why we should change the *status quo*, I move the amendment.

It is interesting to note that, in relation to the commercial tenancies legislation, only some bodies corporate have been removed from the protections of that legislation, whereas other bodies corporate, including credit unions, retain the protections of the commercial tenancies legislation that was passed last week. Therefore, there is an inconsistency in the way in which they are treated not just in relation to cooling off rights, but in regard to other protections. It is for those reasons that I prefer to maintain the *status quo* and have moved my amendment accordingly.

The Hon. BARBARA WIESE: This is not a matter about which I feel very strongly and I shall not oppose the amendment. However, I point out again that the Government's position on this issue, as presented in the Bill, is consistent with the position that it has taken previously on matters of this kind. It would be appropriate to attempt to be consistent wherever possible but, if the honourable member feels that the *status quo* is worthy of preservation, I do not mind.

Amendment carried.

The Hon. BARBARA WIESE: I move:

Page 3, lines 41 to 45 and page 4, lines 1 to 3—Leave out paragraphs *(e)* and *(f)* and substitute—

(e) the sale is by tender and the contract is made—

(i) in the case of the sale of land—not less than five clear business days after the day fixed for the closing of tenders and not less than two clear business days after the vendor's statement is served on the purchaser;

(ii) in the case of the sale of a small business—not less than five clear business days after the day fixed for the closing of tenders and not less than five clear business days after the vendor's statement is served on the purchaser;

(f) the contract is made by the exercise by the purchaser of an option to purchase the land or business subject to the sale and the option is exercised—

(i) in the case of the sale of land—not less than five clear business days after the grant of the option and not less than two clear business days after the vendor's statement is served on the purchaser;

(ii) in the case of the sale of a small business—not less than five clear business days after the grant of the option and not less than five clear business days after the vendor's statement is served on the purchaser;.

As I outlined earlier, this is in response to a point that was raised by the Hon. Mr Griffin in his second reading contribution, when he proposed that the purchaser of a business should have five days to consider and obtain advice on the vendor's statement and the financial details contained therein. I support the Hon. Mr Griffin's view on this matter and this amendment gives effect to that.

The Hon. K.T. GRIFFIN: I support the amendment.

Amendment carried; clause as amended passed.

Clause 5—'Substitution of sections 90, 91 and 91*a*.'

The Hon. BARBARA WIESE: I move:

Page 7, lines 1 to 8—Leave out section 91*d* and substitute—

Councils, etc., to provide certain information.

91*d*. (1) A council must within eight clear business days after receiving a request for information under this section provide the applicant with information reasonably required as to—

(a) any charge or prescribed encumbrance over land within the council's area of which the council has the benefit;

or

(b) insurance under Division III of Part V of the Builders Licensing Act 1986, in relation to a building on land within the council's area.

(2) A statutory authority must within eight clear business days after receiving a request for information under this section provide the applicant with information reasonably required as to—

(a) Any charge or prescribed encumbrance over land of which the statutory authority has the benefit;

or

(b) any other prescribed matter.

(3) An application under this section must be accompanied by the prescribed fee and any documents that are, in accordance with the regulations, to accompany the application.

I move this amendment following representations from the Local Government Association, which is not happy with the provision included in the original draft of the Bill. The association wanted a longer period than seven days in which to provide the appropriate information. Councils have varying views on this matter, largely dependent on whether or not they are computerised. Some councils felt that they could respond very quickly, others that they needed more time.

The Real Estate Institute, on the other hand, wanted a shorter period of time than existed under the Bill, so my amendment seeks to strike a compromise between the two extremes, and I recommend it to the Committee.

The Hon. K.T. GRIFFIN: I support the amendment.

Amendment carried.

The Hon. K.T. GRIFFIN: I move:

Page 7, after line 41—Insert new paragraph as follows:

(ab) that the alleged contravention or non-compliance was due to reliance on information as to the existence of, or relating to, a charge, prescribed encumbrance or prescribed matter recorded on the Land Ownership and Tenure System database kept by the Department of Lands or associated manual records kept by that department;.

This makes an amendment to the defences provision of the Bill, new section 91*h*. A number of defences are already provided, but I wanted to take it further and provide that it was a defence to a charge that the alleged contravention or non-compliance was due to reliance on information as to the existence of, or relating to, a charge, prescribed encumbrance or prescribed matter recorded on the Land Ownership and Tenure System data base kept by the Department of Lands or associated manual records kept by that department.

One of my concerns (and several persons to whom I sent the Bill commented on this) is that there is an obligation upon the agent, in particular, for a vendor to give a certificate, and if the certificate is wrong an offence occurs.

New section 91*f* provides:

A person who contravenes or fails to comply with this Division (whether or not the contravention or non-compliance is declared to be an offence) is guilty of an offence. The failure to comply is enough to create the offence.

While, as the Minister said in reply to my point in the second reading debate, no obligation is specifically imposed upon an agent or vendor to go behind LOTS information, it is nevertheless my view that, if an agent is required to make inquiries and makes those inquiries of LOTS but takes it no further, there is an argument that liability may arise both for negligence and as a statutory offence if, subsequently, it is found even that there is some error in the information on LOTS or information that is provided by the Department of Lands on manual record.

All I want to do is put the risk beyond doubt and to avoid it completely. It seems to me that it does no more than provide reasonable protection to enable someone to rely absolutely on the data produced by the Land Ownership and Tenure System in relation to those matters recorded on it. Of course, this does not apply to other prescribed information which has to be obtained from councils or any other body which may not have its data on the Land Ownership and Tenure System database . So, I move this amendment, which is designed to put the issue beyond doubt.

The Hon. BARBARA WIESE: I very strongly oppose the amendment, as I believe that, far from putting the matter beyond doubt, it actually raises new questions and doubts and, I believe, would lead to an interpretation in the courts, should it come to that, that would confuse the issue rather than clarify it. In the section dealing with defences, the Bill makes very clear that it is a defence if the alleged contravention or non-compliance was unintentional and did not occur by reason of the defendant's negligence or the negligence of an officer, employee or agent of the defendant.

I believe that that provision is sufficient to provide an appropriate defence to someone who has received inaccurate information from the Department of Lands LOTS. Further, it seems to me that, if we single out the LOTS or manual records kept by the Department of Lands, we would be giving a different status to the information contained in those records from that given to information contained in the records of other Government agencies from which a person may have received and used information.

It seems to me, therefore, that if the honourable member wants to go down the path he is now suggesting, that is, making sure that this defence is beyond doubt, he should also be including the other Government agencies from which a person may seek information. Not everyone will receive his information from LOTS. Some individuals will go to the primary source, that is, some other Government department, where they will receive information.

They should also have a defence should they have received inaccurate information for one reason or another. I would argue that the defences as outlined in new section 91*h (a)* provide the appropriate defence and give equal weighting to all those agencies from which a person may receive information that is, perhaps, inaccurate. I oppose the amendment.

The Hon. K.T. GRIFFIN: I do not agree with what the Minister has just said because what we are talking about is a Government system that has on it information from other Government departments. It is not primary information; it is passed on by a Government department. I would agree that, if a person went direct to the department and was given information, that would be enough. But, that is not necessarily the case in my view with the reliance on information with LOTS because, if there is an error in putting material on LOTS it may be argued, in the absence of the particular defence I want to put in, that the agent really ought not to rely on LOTS but ought to make inquiries at the primary source.

The draft regulations, as far as I can understand them, actually allow that—to go either to the primary source or to LOTS. Although the Minister says in her second reading reply that in effect the information on the section 90 statement that is provided by LOTS is Government guaranteed, that is not necessarily the position when you press a button on your in-house computer to get information under LOTS about the various encumbrances, because my understanding is that a little note at the bottom says that no guarantee is given in relation to the information that is on the system.

What worries me is that, where the Bill will require a significant amount of new information to be provided by agents, or by vendors, the quickest way is to go to LOTS and get a search or print-out in relation to those matters that are kept on the LOTS database—direct inquiries of other bodies, such as councils—and then to present that information as part of the prescribed statement. But, if we find that the LOTS information is not in fact guaranteed to be accurate, at civil law the agents for vendors—or in some cases, where there is no agent for a vendor, the agent for a purchaser—will have to go to each of the primary sources of information to make inquiries; otherwise negligence may be found by the courts on the part of the agent.

That is what I am trying to guard against. The LOTS system is essentially a secondary source; according to the Minister's reply at the second reading stage, it will provide information that one can rely on but in fact will not provide the actual guarantee. So, it is still open, at least in the civil area, for agents to be sued for negligence if there is an error on the system or if LOTS does not guarantee the information, and the agent then really has to go around to the primary sources to check this information.

The Hon. BARBARA WIESE: I am not sure what more I can say, except that I believe my point still stands, and that we come back to the words in the Bill which provide a defence as long as the individual is not negligent. I would argue that, if the information obtained from any Government agency, council or LOTS turned out to be inaccurate, that would be a defence: the individual could not be found to be negligent in this matter and would be covered by the legislation. I am very concerned that the honourable member's amendment would call into question whether or not

there was a defence if the information obtained from the primary source agency was inaccurate.

The Hon. I. GILFILLAN: I think the matter hinges on whether, if new paragraph *(ab)* were not inserted, an offence would occur if the information taken from LOTS were found to be incorrect. After listening to the discussion, my feeling is that it would not, because new section 91h *(a)* seems to me to embrace the circumstances that were indicated to require new paragraph *(ab)*. However, I was somewhat bemused by the observation of the Hon. Trevor Griffin that there is a sort of codicil on the visual display unit saying that the information may not necessarily be correct, but I do not know whether I misheard him or misinterpreted what he said. If that is the case, it really does throw into doubt whether one could take as reliable the information that comes through LOTS. If one should regard it as being totally unreliable because of the disclaimer that the information might be incorrect, then, in conscience, one ought to verify it elsewhere.

In summary, my position is that it would appear as if new section 91h *(a)* is adequate, wherever an agent had carried through in good conscience, without negligence, normal procedures, and that would appear to cover LOTS as a source of information. I ask the Minister whether the Hon. Trevor Griffin has identified a weakness in the legislation, that LOTS does not stand by the accuracy of its information and in fact disclaims it.

The Hon. BARBARA WIESE: In relation to the information provided on LOTS, on the section 90 statement, which is the information that is obtained by real estate agents and so on for the purposes of forms 18 and 19, there is no disclaimer. However, there may well be some sort of disclaimer on other information provided by the Department of Lands through LOTS, but it does not apply to section 90 statements.

The Hon. K.T. GRIFFIN: It certainly applies in relation to other information, and that is my main cause for concern: that, if that disclaimer is there in relation to other information and if it applies also to the section 90 statement or even the searches that are made for the section 90 statement, there is a need for the defence that I am seeking to have inserted. All that I can suggest is that this matter needs to be examined. Could I persuade the Hon. Mr Gilfillan to support the amendment, only on the basis that it has to go to the other House, and if, when it has been checked, it is decided that the section 90 information as well as the section 90 statement is something that anyone is able to rely upon without any fear, that it will be deficient, and the Bill can be amended and this amendment removed. If we do not do that, of course, that is the end of our capacity to influence the decision on this issue.

The Hon. I. GILFILLAN: I do not feel any great disquiet about supporting the amendment, because it can do no harm, as far as I can see. The only problem is that, if there is a disclaimer, and there is some doubt about the accuracy of the implementation, it is probably unwise for an agent to depend on it in any case and it may then prove to be negligent for an agent to rely on it, on the basis that it could be wrong. That is a semantic argument. I am persuaded that it is reasonable under the circumstances to support the amendment and to be amenable to follow-up argument if it comes forward that the amendment does actual harm. I see it as being, at best, helpful and, at worst, innocuous.

The Hon. BARBARA WIESE: I am willing to research this matter further, particularly with respect to the matters that have been raised by the Hon. Mr Gilfillan, but I would disagree with him that this amendment, standing alone, could perhaps do no harm. I believe that as it stands it could very well do harm and, if we are to head down this path, at the very least, I would want the amendment to be expanded to include those other agencies of State and local government that provide information, to make it perfectly clear that those agencies, as well as the LOTS system, have equal status with respect to the defences that would apply under this legislation. These will be among the matters that I will undertake to study when the Bill goes to the other place.

Amendment carried.

The Hon. BARBARA WIESE: I move:

Page 8, after line 5—Insert new section as follows:

Service of vendor's statement, etc.

91i. If a vendor's statement, a notice of amendment to a vendor's statement or a certificate of an agent acting on behalf of a purchaser is to be effected by post, service must be by way of certified mail.

This amendment is self-explanatory. It provides that when mail is sent it ought to be certified mail. The matters being dealt with are very significant, relating to large sums of money and there ought to be a record of the mail, with it travelling in the safest possible way.

The Hon. K.T. GRIFFIN: I support the amendment.

Amendment carried; clause as amended passed.

Clause 6 passed.

Clause 7—'Service of documents.'

The Hon. BARBARA WIESE: I move:

Page 8, line 10—After 'amended' insert—

(a) by striking out 'Any' being the first word of subsection (1) and substituting 'Subject to this Act, any';

and

(b)

I indicate that this amendment updates the method of service of notices by allowing for facsimile transmissions. It also clarifies the issue that would otherwise be likely to arise at some future time in litigation, of when the notice or document will be taken to have been given or served. By expressing the provision to be 'subject to this Act', it remains possible to specify methods of transmission unique to particular notices or situations.

Amendment carried; clause as amended passed.

Title passed.

Bill read a third time and passed.

PAY-ROLL TAX ACT AMENDMENT BILL

Adjourned debate on second reading.

(Continued from 17 October. Page 1107.)

The Hon. R.I. LUCAS (Leader of the Opposition): In addressing the Pay-roll Tax Act Amendment Bill I want first to address what I thought was a very important industry survey that was conducted by the Engineering Employers' Association of South Australia for the month of September 1990. This survey is called 'Engineering Business Trends' and is a monthly survey of South Australia's engineering industries, conducted by the EEA of South Australia. I want to take just a little time to address the summary of findings of this major survey. The engineering employers' survey was conducted in the last week of August 1990, and covered 25 companies employing some 12 400 people here in South Australia. So it is not some mickey mouse survey; it is a survey of a significant number of important companies in South Australia, employing a significant number of South Australians.

The summary of findings is categorised in three broad areas, the first being in employment. The summary says that 56 per cent of companies reported work force reductions during the month of September. This was considerably

higher than the 48 per cent who, in the August survey, expected employment decreases and confirmed that the rate of deterioration in employment is accelerating.

The overall number of jobs declined 2.5 per cent in September to a total employment figure that was 3.4 per cent down on the September 1989 figure, that is, the comparative figure of 12 months ago. Even more concerning is the fact that the survey showed, in relation to the employment category, that 32 per cent of companies were expecting to shed further labour next month. That phrase 'shed further labour' is an economist's wonderful euphemism for increased unemployment. So, over half were looking to have increased levels of unemployment for the next month.

The next category is production activity, and the summary of findings states that production activity levels declined further since August, with 64 per cent of companies now reporting slow or very slow conditions. The weakening continues of those companies which, in the first six months of the year had been strong performers, with only 4 per cent reporting very busy conditions, compared with 12 per cent in August. Again, when they looked ahead for the next month, an alarming 76 per cent of those companies expected slow or very slow conditions for that month.

The final category is under the heading 'Order books'—what those companies have to look forward to from their order books. The summary of findings is very concerning. It states:

> The order book situation remains at the July level when the precipitous downturn now evident in the industry first began to emerge.

Again, if one translates the economist's euphemism 'precipitous downturn', certainly many are talking in terms of moving into a very serious recession, not only here in South Australia but also in Australia. The report further states:

> Fifty-six per cent of respondents still have unsatisfactory order books, whilst 64 per cent are reporting deteriorating conditions for the second successive month.

Because of requirements stipulated over recent years, one cannot have incorporated in *Hansard* some wonderful graphs and figures which very starkly indicate the deterioration amongst these companies over the past year or two in relation to these three categories. However, I seek leave to have incorporated in *Hansard* two tables of a purely statistical nature, both pertaining to order book situations for those companies, indicating the level of orders from July 1988 through the various survey periods until September 1990.

Leave granted.

Order Book
Current Situation
% of Respondents Reporting

	Very Good	Satisfactory	Unsatisfactory
July 1988	13	62	25
November 1988	29	58	13
January 1989	38	54	8
April 1989	33	55	12
May 1989	20	70	10
June 1989	33	54	13
August 1989	29	50	21
September 1989	19	48	33
January 1990	12	53	35
February 1990	8	50	42
March 1990	12	40	48
May 1990	8	46	46
July 1990	0	44	56
August 1990	0	48	52
September 1990	0	44	56

Trend
% of Respondents Reporting

As at	Improving	No Change	Deteriorating
July 1988	33	42	25
November 1988	46	46	8
January 1989	33	54	13
April 1989	29	61	10
May 1989	20	58	22
June 1989	29	34	37
August 1989	21	29	50
September 1989	14	33	53
January 1990	8	34	58
February 1990	13	37	50
March 1990	12	36	52
May 1990	4	38	58
July 1990	8	32	60
August 1990	8	28	64
September 1990	8	28	64

The Hon. R.I. LUCAS: Members will be able to look at those tables in *Hansard*. They show very starkly the deteriorating situation over the past 12 months as a result of Labor Government policies, both Commonwealth and State. As to companies reporting an unsatisfactory order book situation in January 1989, the level was only 8 per cent. When looking at all the surveys (every two or three months and totalling about a dozen) that figure has increased every two or three months, gradually at first and then very significantly, as one moves into 1990, to the present figure of 56 per cent of respondents now reporting an unsatisfactory order book situation.

On the other side of the ledger, the percentage of companies reporting a satisfactory order book situation has dropped from 54 per cent to 44 per cent, while those who reported a very good order book situation have dropped from 38 per cent to zero. Looking at the table for the past three surveys, I notice that not one of the companies reported a very good order book situation, compared with 38 per cent in the early part of 1989, just 18 months ago.

That survey is very alarming, and it ought to be very alarming when we consider the whole range of tax Bills that this Government will be asking this Chamber of the Parliament to consider this week. I refer to the very significant increases in taxation for businesses. We have the Pay-roll Tax Act Amendment Bill and the Financial Institutions Duty Act Amendment Bill which we will discuss later this week or perhaps this evening. There is a range of tax measures that are an essential element of the Government's 1990 State budget strategy.

This Bill increases the tax rate from the present 5 per cent to the new figure of 6.25 per cent, an increase of 25 per cent in the basic tax rate for payroll tax for South Australian companies. When one looks at the way it is being implemented, with the variations made in relation to the tapering aspect of the payroll tax legislation, it is clear that it will impact mostly on firms with 70 employees or more, or a payroll of some $2 million or more. Therefore, it will impact on the medium to large businesses and the significant employers in South Australia. It will certainly strike at the heart of our motor industry, our whitegoods manufacturing, our retail industry and our general manufacturing enterprises in this State.

The additional burden comes at a time, when one looks at the Engineering Employers Association survey, when business can least afford to be hit or slugged with extra State Government taxes and charges. To use the economists' jargon when they have to absorb the increases in business taxes, it will mean that more labour will be shed over the remaining months of 1990 and, at least in my view, the

first six months of 1991. Indeed, some of the more pessimistic economists are predicting that, perhaps even for the whole of 1991, we will see a deteriorating situation in South Australia.

I do not think there is any doubt (and I think most economists would agree) that we will see the very sad situation in South Australia, as a result of Hawke and Bannon Government policies, of over 10 per cent of our work force being unemployed, compared with the September figure of 8.4 per cent. That will be the tragedy of the sorts of economic and budgetary policies being followed by Labor Governments in Canberra and Adelaide. Treasurer Keating was always very critical of what he called the 'scorched earth policy' of the Conservatives and was fond of saying how he, as a Labor Treasurer and a member of the Labor Government, would not be a party to a scorched earth policy and yet he threw literally thousands and thousands of South Australians and Australians on the unemployment scrap heap. Indeed, that is the very result of Hawke and Bannon Government policies. The sorts of people who the Hon. Mr Crothers and the Hon. Mr Roberts, in a past life, have fought so hard to defend—

The Hon. T. Crothers: I am a reincarnate!

The Hon. R.I. LUCAS: The Hon. Mr Crothers refers to himself as a reincarnate. Previously the Hon. Mr Crothers and the Hon. Mr Roberts fought so hard to ensure jobs for their comrades within their respective unions, yet here they are, sitting passively on the backbench of a Bannon Government supporting Hawke Government policies which will see—

Members interjecting:

The Hon. R.I. LUCAS: Not the case—not supporting? Let the *Hansard* record that the Hon. Mr Roberts shook his head vigorously at that.

Members interjecting:

The PRESIDENT: Order!

The Hon. R.I. LUCAS: The Hon. Mr Roberts shook his head vigorously at that, so quite clearly he is either not supporting the Hawke Government policies, as indeed his Federal left colleague, the Hon. Mr Duncan, has spoken out and opposed some aspects of the Hawke Government policies—

The Hon. T.G. Roberts: It worked. Interest rates came down the day after.

The Hon. R.I. LUCAS: The Hon. Mr Roberts says that it is working because interest rates are coming down, but obviously he is not now considering those many thousands of his former comrades and colleagues within the union movement and within the manufacturing industries who will be thrown on the unemployment scrap heap as a result of the policies of the Hawke and Bannon Governments.

The Hon. R.I. LUCAS: No, he is a figure, not a statistic. This legislation not only increases the rate of the tax from 5 per cent to 6.25 per cent—a 25 per cent additional burden—but, will also be doubly harsh, because for the first time fringe benefits will be included as a taxable item within the calculation for payroll tax. Of course, that will increase for some firms the amount of payroll tax that they will be required to pay.

Whilst it is true that New South Wales and Victoria have higher rates of payroll tax—some 7 per cent—they, have higher exemption levels than we have in South Australia. They have exemption levels of $500 000, whereas our exemption level of $400 000 in South Australia will rise to $432 000 from July 1991.

The revenue raising exercise that we are considering this evening will net the Bannon Government some $70 million in a full year, or in effect nearly a third of the projected $233 million increased tax grab for this financial year, which is the critical element of the Bannon 1990 budget.

It is also worth while to compare the enormous increases in payroll tax collections that have been presided over by the Bannon Government since it came to office in 1982. In 1982-83 the Bannon Government collected $222 million in payroll tax, and for 1990-91 it expects to collect $472 million, a hike of some 112 per cent over the Bannon Government's period in office. In fact, it is a full 50 per cent more than the corresponding inflation rate for that period.

The increased tax that has been collected in the payroll tax area and other related tax areas will go to meet some of the net increase in spending by the Bannon Government, an increase that is against the grain for what most other States have been doing in relation to their own State expenditure.

The budget papers note that last financial year the expenditure blew out by some $76 million. One had only to look at the unedifying spectacle of Premier Bannon and his Ministers literally throwing millions of dollars at the South Australian community during the lead-up to the last State election in relation to promises like the interest rate relief package and free transport for students to know that the major elements of the budget blowout for the last financial year were those election carrots that were thrown at the last moment to try to ensure a return of the Labor Party to Government in South Australia.

Premier Bannon's lack of resolve in reducing Government expenditure means that South Australians are being taxed to the hilt, and payroll tax is just one aspect of this policy. The Government, by this measure, is planting seeds of even greater unemployment, yet at the moment South Australia, with the exception only of Western Australia, has the highest unemployment of any mainland State. As I indicated at the outset, many are predicting an unemployment rate of some 10 per cent through the first six months of next year in South Australia. Premier Bannon has failed to keep taxes down, as some of his Labor colleagues have in the other States during their most recent budgets. For example, the Western Australian Premier, Carmen Lawrence, in her budget statement, said:

> The key objective is to create jobs in the private sector so families can look to the future with confidence. 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 . . . 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 . . . "

That sounds almost like a policy speech, but it was the budget speech by Premier Carmen Lawrence in Western Australia. Yet in South Australia, Premier Bannon and his Government have not been prepared to take the hard decisions, they have squibbed it and have taken the easy road of increasing taxes and charges in the first year after a State election.

It is certainly the view of the Liberal Party that this was an unnecessary option being adopted by the Bannon Government, particularly at a time when the State and the national economy were moving into a recession. Not that there is ever a good time to raise taxes and charges, but it is wrong for the Government to do so at a time when manufacturing industry and business in South Australia are absolutely on their knees and when Government policies are forced into recession; indeed, there is a scorched earth policy on business here in South Australia and Australia. For the Bannon Government then to take the easy option

of slugging the South Australian taxpaying community, and business in particular, some extra $233 million—

The Hon. T. Crothers interjecting:

The PRESIDENT: Order!

The Hon. R.I. LUCAS: I did not quite get that one, Mr President, so I cannot respond. This is really unacceptable, not only to business and the taxpaying community, but also certainly to the Liberal Party in South Australia. The Liberal Party has already outlined its alternative strategy, which we believe was much more sensible, and which should have been adopted by the Bannon Government. It was a strategy which said, 'You have appointed yourself a razor gang headed by the Minister of Finance. Let us give that razor gang some six to nine months until the end of this financial year to come up with some expenditure savings within the public sector.'

Certainly, in the Appropriation Bill debate, there can be no argument that those savings exist. The Liberal Party, at the last State election, made quite clear that potential savings of some $347 million over a period of four years were available within the public sector in South Australia for any Government that was prepared to bite the bullet.

As I indicated, that was not simply a calculation done by the Liberal Party; it was a calculation that was first done by the Party and then overseen by one of the leading firms of chartered accountants and auditors in South Australia, a firm that looks at the books of the South Australian Government Financing Authority. It said that the potential saving of $347 million over four years was a conservative estimate and was reasonably achievable.

The Hon. T.G. Roberts interjecting:

The Hon. R.I. LUCAS: The Hon. Mr Roberts leads with his chin all the time.

An honourable member: It's a hairy old chin at that.

The Hon. R.I. LUCAS: Yes. He keeps poking it out, and we will keep poking back.

The Hon. T.G. Roberts: I might get an answer one day; that's what I am hoping for. I am eternally optimistic.

The Hon. R.I. LUCAS: I would be very happy to send to Mr Roberts an autographed copy of my Appropriation Bill speech, where in some detail I outlined, on behalf of the Liberal Party, the alternative strategy. I would also be happy to send the honourable member an autographed copy, if he would like, of the policy documents that were presented to the South Australian community at the last election.

The Hon. Peter Dunn: You've got to be able to read.

The Hon. R.I. LUCAS: Perhaps we may have to sit down with the Hon. Mr Roberts, beg a convenor of the left faction in your Caucus, Mr President, and read it to him slowly as a bedtime story. We would be happy to sit down with the Hon. Mr Roberts and indicate in precise detail where an alternative Government—a Government with any guts at all—would be able to highlight the potential savings that exist within public sector spending in South Australia. Many of us who are shadow Ministers have, since the election, highlighted in our own portfolios areas of expenditure saving. I would highlight again, if I may respond to the interjection from the Hon. Mr Roberts, that if the Bannon Government had taken the advice given to it in 1987 in relation to the dispute over the payment of contract teachers and if it had taken action when it was first advised in 1987, it could have reduced its potential liability by $10 million to $15 million. But it was unprepared to take action to save South Australian taxpayers millions of dollars. Indeed, in all these other areas which have been highlighted by the Liberal Party—the alternative Government—the Bannon Government has been unprepared to take any action; indeed it has squibbed it.

In addition, Mr Dale Baker in another place has indicated in relation to this budget that a further alternative strategy could have been adopted, and that was for the next six to nine months to use $99 million of the SAFA surplus to tide us over until the end of the financial year and until the Minister of Finance and his razor gang committee, with the acronym GARG, could come up with potential expenditure savings. This Government was prepared to use the SAFA surpluses in the year leading up to elections, as it did last year when it creamed $60 million out of the SAFA surplus to pay for some of its election promises. Yet, in the first year of a new Government, it is unprepared similarly to use the SAFA surplus, although on this occasion for a better purpose—not to win re-election, but to try to help business get through this recession and to ensure that, to as great an extent as possible, firms are able to maintain their employment levels.

The last area on which I want to touch is a matter to which my colleague the Hon. Mr Davis referred earlier in the debate on the Appropriation Bill. I refer to a statement made by Premier Bannon in relation to export industry in South Australia and, indeed, Australia. He made the statement on 5 October upon return from his recent overseas trip. The report in the *Advertiser* is as follows:

> The Australian economy ran the risk of being left behind the rest of the world, the Premier Mr Bannon said yesterday. In a chilling warning at the end of his European mission about Australia's economic performance, Mr Bannon said that unless Australian companies got out of the domestic market and into the export market, the Australian economy would not survive. He said that Australians do not understand the pace of change which was happening throughout the world, particularly in Europe.

Here we have Premier Bannon having the temerity, the hide, to preach to Australian business about the need to become more export oriented, when at the same time he and his colleagues within the Bannon Government slug the taxpaying community, and the business community in particular, an extra $233 million through increased taxes such as the payroll tax legislation that we are now debating.

Another Labor Government in Victoria, although it has a higher rate of payroll tax, to give it some credit, has looked at exempting payroll tax for exporters so that there is some incentive for firms in that State to export. In South Australia, there is no such incentive. I might note that again, as part of that policy package that the Liberal Party took to the last election, it proposed a similar scheme for South Australia. If the Liberal Party had been elected, a similar scheme would have been implemented during the period of an Olsen Liberal Government. There would have been some payroll tax trade-offs, some incentives, for people to export from South Australia and increase the State's wealth and, more importantly in the climate of this recession, to try to maintain, if not increase, employment levels in South Australia.

The Liberal Party has put forward an alternative budget proposal. We believe that that alternative budget proposal would have been a much more preferable option for South Australians and for South Australian business in particular. I also note that during the Committee stage of the Bill the Opposition will move a small number of amendments in relation to the date of operation of the increase in payroll tax.

The Hon. M.J. ELLIOTT: In responding to this Bill I will respond also to a couple of other Bills that we have before us at the same time so that we may expedite them through this place as quickly as possible. What we are discussing here, as we wrangle over the details of tax Bills,

is essentially the provision of basic services to South Australians. While the bulk of financial powers in Australia reside with the Commonwealth, the States have responsibility for most of the functions of government which require heavy capital expenditure, such as transport, power, urban development, rural development, education and health services. It is those vital economic and social services and infrastructure which must bear the brunt of a heavy handed Federal approach.

Over the past five years Commonwealth payments to the States have been cut at approximately twice the rate of Commonwealth own-purpose expenditures. The groups in society with the least capacity to cope without those services tend to be those which suffer the most from service cutbacks, while the wider community suffers the rundown of infrastructure which follows inadequate spending on maintenance.

It is the responsibility of the State to strive to provide a reasonable level of service based on social justice concerns with less funds from the Federal sphere. Faced with the dilemma of ever decreasing Federal funds, the State Government has several options: first, to cut services; secondly, to increase taxes; and, thirdly, to look for efficiency gains, or some combination of the three. The State has resorted to a couple of other methods on which I will comment later.

In South Australia cutbacks and efficiency gains are already being seen in, for example, school closures and amalgamations, increasing contracting out of previously Public Service functions and abrogation of volunteerism. Those options can be taken only so far before social justice and service must be compromised.

In some areas this State Government has reached and passed the point of reasonable compromise: take, for example, the massive cut in the Housing Trust's building program, the closure of some country schools, and the increasing use of non-government agencies and community service provision. The State Government may not have exhausted all the opportunities available within the Public Service for cutting back on unnecessary spending and increasing the efficiency and effectiveness of areas where State involvement and spending is vital.

The approach of a razor gang targeting, for example, schools, as was mentioned in the *Advertiser* earlier this week, is one about which I have extreme reservations. When areas are to be identified for what are foreshadowed to be extreme cuts, it is imperative that those areas will have the least effect on service delivery. Unfortunately, too often the wrong areas get cut back; they never get at the real sources of inefficiency.

Calls for tax cuts, when viewed within the framework of decreasing funds for vital social and economic services, are clearly ludicrous. South Australia as a State has been underspending for far too long already on obligations such as infrastructure maintenance. It has been estimated that, by the year 2005, the cost of asset replacement will need to be equal to the total State spending on new capital assets. Currently, the ratio is approximately 30 per cent to 70 per cent. The budget papers are rather deficient, but it appears a reasonable estimate that our underspending on infrastructure annually may be about $200 million.

The failure adequately to maintain investment in a wide range of community services and facilities is shortsighted. As an immediate panacea to tax cut demands it may be effective, but the need for the money to be spent will only increase with the passing of time, and it is those people who are already disadvantaged who bear a disproportionate share of the burden of both deteriorating facilities and future massive tax hikes.

It is worth noting some other methods the State Government has used to balance budgets besides the underspending on infrastructure. There has been an accelerating program of asset sales, a program which, once again, has not been clearly identified within the budget to show what is being sold, and it is a very short-term approach. Quite clearly, some assets are surplus, but there is a very real danger that things are being sold off simply for their monetary value, and we can only sell something once. With most of our money being spent on recurrent expenditure, the Government cannot continue balancing the budget in that way for ever.

We also saw this year for the first time levies on several public bodies, including both ETSA and SGIC. Most interestingly, they happened this year, and I suggest that those levies may be able to be raised for one or two years but, again, they are not sustainable as a way of balancing the budget. Until the Federal-State dilemma between revenue collection and service provisions can be addressed, increases in revenue raising measures at State level are unavoidable. It is interesting to note that Australian State Governments are responsible for a larger share of total public expenditure than are the State or provincial Governments in other comparable federations such as Canada, Switzerland and the United States. However, they raise a much smaller proportion of taxation revenue than any of their counterparts. There, I think, is the nub of the problems that we face.

The Democrats appreciate the financial pressures on the States and, although there is still the need and scope for greater efficiencies within the public sector, tax increases, I believe, are unfortunately necessary at this time. Consideration must then be given to which taxes should be raised to fund the shortfall in revenue required to maintain vital services. Constitutionally, the tax raising options for the States are limited. There are four main tax bases in Australia: income, employers' payrolls, wealth or property and goods and services. According to the Evatt Research Centre's book 'State of Siege', the Commonwealth gains about 60 per cent of its revenue from the income base and about 30 per cent from goods and services, while approximately 55 per cent of the revenue raised by the States, excluding Commonwealth grants, is collected from the property and payroll taxes, the rest coming from goods and services.

The South Australian Treasury has estimated that Commonwealth grants will account for approximately 60 per cent of the State public sector's total receipts in 1990-91. It is unfortunate that State taxes are, largely, narrowly based and regressive in their impact, and Federal policies push the States into increasing reliance on these taxes. In the long term, a widening of the States' tax base into other revenue raising measures will need to be addressed.

While this is not Democrat policy, and I am merely stating a personal point of view, I believe that we should be having another look at the death and gift duties abolished by the Liberals during the late 1970s. I am not talking about death duties for the average family, but I think that a death duty on very large assets is a reasonable way to go, as with gifts of a very large size. I believe that something like $45 million is lost to State revenue through the Liberals cutting back in this area, an area which does need re-examination.

Obviously, there would be some difficulties in the area of farming, but I believe that there are ways around that. We may also need to look at the question of whether or not States should be raising income tax. While we do not like seeing taxes on business increased, the need for this to happen at this time is acknowledged. However, it is impor-

tant that they are not raised above the level of interstate competitors. 'State of Siege' says that corporate tax in Australia actually declined by 9.8 per cent in real terms between 1981-82 and 1986-87 through cuts in company tax rates and persistent tax minimisation and avoidance.

At State level, between 1980-81 and 1986-87 revenue raised through business franchise taxes, which ultimately fall on the consumer, have increased by 93.9 per cent, and entirely new taxes, such as the financial institutions duty, were introduced. Payroll taxes were transferred from the Commonwealth to the States in 1971 and have now become their most important source of own revenue. The Bill currently before this House aims to bring the level of payroll tax in South Australia to 6.25 per cent, which will still be lower than the rates applying in New South Wales and Victoria. It is worth noting that in New South Wales, even under a Greiner Liberal Government, payroll tax has risen to 7 per cent.

The major fear with payroll tax is that it is an attack on employment growth as industries think twice about expansion, especially those already close to the $2 million payroll cut-off mark for the higher tax level. However, I believe that South Australia still has advantages which can be promoted to good effect, as well as any can in these days of tight investment funds, in that property is significantly cheaper than in the Eastern States, we have an efficient port and are located centrally for road and rail transport heading east and west.

The Australian Democrats find the financial institutions duty generally acceptable because it is an attempt at a fair and progressive tax on the State level. The planned increase in FID, in the circumstances, is one of the best ways for the State Government to go as it does not hit any one sector of the community particularly hard and is difficult to avoid. The increases proposed for South Australia will put us above the level imposed in other states.

In fact, the South Australian duty will be .035 per cent higher than the next nearest States of Victoria and New South Wales. That discrepancy however, is not too significant in the general scheme of costs for business across the nation, and I doubt that we will see industry leaving the State because of it. I note that the Government's reasoning behind lifting FID above the level in other States is to help meet the cost of maintaining a more generous payroll tax regime.

Without going into any detail on some of the other measures covered in the other Bills that are also before us, I believe that the spreading of the raising of the taxes across the tobacco franchise, land tax, etc., has been reasonable in the circumstances, whilst I am still critical of the way in which the Government has been balancing its budget. I have suggested already today and on other occasions that that has largely been a fraud and cannot be maintained.

But the Liberal Party, in suggesting that we cannot have tax increases and even suggesting tax cuts, really is not living in the real world. Members of that Party are the first to scream when a country school or hospital faces closure. Quite clearly, that is largely happening due to financial stringencies. At least I am being consistent when I say that I support the maintenance of those things and that I am willing to pay for them. The Liberals want to have it both ways: to keep the services and to cut the taxes. That sum just does not work.

I turn now to the three key issues within the payroll tax debate raised by the Liberal Party. The first issue is the question of date of commencement. I must say that I share the concern the Liberal Party has raised in this matter—that a Government announces it will do something, starts levying the tax and the Bill passes through the Parliament close to a month later.

It is, basically, legislation by press release, and is not the way to go. I can understand that if you are levying a tax that could be avoided, for instance, when there is a tax proposed on luxury vehicles, and if you do not introduce it at the date of announcement you will have a rush on sales and, as a consequence, a large amount of tax avoidance but, when we look at taxes such as FID and payroll tax, there is no way in which they can be avoided as such and there is no good reason whatsoever to want to backdate the introduction in terms of when the legislation passes through the Parliament.

Perhaps part of the difficulty has been created by the fact that we have sat for very few weeks in the past six weeks. That is something the Government needs to approach.

I put the Government on notice: while I will not support the Liberal Party's amendments in relation to the date of commencement for these taxes (payroll and FID), I do not take the matter lightly and, if the Government persists with this practice, only in very exceptional circumstances will I continue to support it. I hope the Government takes due note of that.

The next matter of some importance raised by the Liberal Party is its opposition to levying payroll tax on fringe benefits. The Democrats were very strong supporters of a fringe benefits tax at the Federal level, and it should come as no surprise that we will also support a fringe benefits tax at the State level. Fringe benefits have been one of the great lurks of the tax avoidance industry. Even now at a Federal level there are still some advantages for industry to pay people in fringe benefits rather than in cash, and that incentive is doubled, I believe, where fringe benefits avoid payroll tax.

The State Government faces a revenue loss with the continued movement into fringe benefits, and it is important that that loophole be closed. There is no good reason why a person who is paid in cash or an employer who pays their employees in cash should pay a different tax regime from a person or an employer who exploits a loophole. We will oppose the Liberal Party's amendments in relation to this matter.

I think they are the only two issues of real substance in relation to which the Liberal Party will move amendments. I indicate that I will not support either of them although I do have some sympathy for the first issue raised and, as I said, I put the Government on notice.

The Democrats see these tax increases as being necessary and unavoidable. In fact, if we were honest we would see that our State budget is badly out of kilter to the tune of hundreds of millions of dollars per annum. The suggestion that we should cut back further would mean a further underspending on capital infrastructure, which we can no longer afford, and a further cut in services in both the metropolitan and country areas. Neither of those alternatives is acceptable. I agree with the Liberal Party that there are efficiencies to be gained, but there is always a danger, when razor gangs get to work, that they never cut where they should and they end up cutting essential services. The Democrats support the second reading of the Bill.

The Hon. L.H. DAVIS secured the adjournment of the debate.

FINANCIAL INSTITUTIONS DUTY ACT AMENDMENT BILL

Adjourned debate on second reading.

(Continued from 17 October. Page ????.)

The Hon. R.I. LUCAS (Leader of the Opposition): In addressing some remarks to the second reading of this Bill I direct those few avid readers of *Hansard* to the comments I made earlier this evening on the Pay-roll Tax Act Amendment Bill. In that contribution I addressed the general problems that we have in the South Australian economy as a result of Commonwealth and State Labor Government decisions, and those same comments are relevant to this Bill. In that earlier speech I said that the Liberal Party does not only indicate its concern about the direction in which the Bannon Government is heading but also indicates, positively, an alternative budget strategy that could and should have been adopted by the Bannon Government rather than its strategy of raising taxes in every State budget except, of course, in the State budget prior to the State election when it spends money like it is going out of fashion.

This Bill seeks to implement a quite massive increase in the rate of financial institutions duty charged on financial transactions in South Australia. The rate will increase from .04 per cent to .1 per cent—an increase of some 150 per cent. The Bill will also double the maximum duty payable on any one particular financial transaction from $600 to $1 200. As a result, this small piece of legislation, just some two pages, will increase revenue to the Bannon Government by some $49 million for the remainder of this financial year, and $74 million will be raised in a full financial year. In fact, in 1990-91 the collections from financial institutions duty will be some $109 million.

It is a stark indicator of the financial incompetence of the Bannon Government that we must address such a massive increase in a State tax because of the financial difficulties the Bannon Government has got the State budget into as a result of the irresponsible election promises it made at the last election. Of course, one of the other promises the Bannon Government made at the last election was that taxes and charges would not increase at a rate greater than the consumer price index. I know that the CPI and the inflation rate are increasing, but a 150 per cent increase in financial institutions duty is certainly much greater than even the accelerated increase in inflation as a result of the Hawke and Bannon Governments' policies.

So, at a time of recession, business failures and increased unemployment, the Government again, with this Bill, is seeking to adopt, from its viewpoint, the easy option of increasing taxes. The simple fact is that this easy policy action of the Government of increasing taxes and charges will, in the end, increase the costs of goods for all South Australian families. There seems to be this quaint notion of Labor Governments, both State and Federal, that taxes and charges can be increased on businesses and industry and that, in some way, it will not have any deleterious effect on South Australian working class families in both the metropolitan and country areas. However, in many industries and businesses, the increased taxes and charges are passed on to the consumer through higher prices being charged for goods. Of course, some businesses are not able to pass on those charges, and those industries and companies will, as a result of the increased taxes, have to reduce their labour costs and increase the number of South Australians being thrown on to the unemployment scrap heap.

The increase provided by the Bill before us to .1 per cent will mean that South Australia will have by far the highest rate of financial institutions duty of all the States of Australia. It is true that in other States such as New South Wales and Victoria the rate of the impost will be increased from .03 per cent to .06 per cent, but we will be much higher, at .1 per cent. As a result of a promise made by Premier Goss that no financial institutions duty would be imposed, there is still no financial institutions duty in Queensland, although I must say that there is some speculation in the Queensland media and political circles that the promise might be kept, at least for the first year after the election but that it will not be too long before Premier Goss, another Labor Premier, succumbs to the easy temptation of the financial institutions duty and introduces his own duty on Queensland taxpayers.

Some concern has certainly been expressed about the position of companies in South Australia, as a result of our very high level of FID, transferring the payments of their transactions to Queensland and, perhaps, transferring, if not their total business, at least their central office to Queensland in an endeavour to avoid the payment of financial institutions duty here in South Australia. Indeed, my colleague in another place, Graham Ingerson, the member for Bragg noted in his contribution on this Bill in another place that he had been given an example of a company that estimated that it would be paying $100 000 a year in increased FID and that, with a cost of $40 000 to set itself up a payments scheme in Queensland, it would be $60 000 in front at the end of the day if it went through that process of avoiding FID in South Australia and setting itself up in Queensland. Of course, that extra $60 000 may well mean the difference between employment or unemployment for two or three South Australians with that business for the coming financial year.

The Hon. T.G. Roberts: It would have to be part-time.

The Hon. R.I. LUCAS: They would be in the metal trades; they would not be members of Parliament. This is obviously a subject of some interest, not only to business and industry, and to members of the Liberal Party, but it is obviously a matter of some concern to the Government because, in introducing the Bill, the Minister said:

> The Government is conscious of the need to avoid raising the level of the duty to the point where it becomes attractive to companies to redirect banking transactions outside the State.

Further on, the Minister said:

> If the Government becomes aware of practices being adopted which avoid the receipting of money within the State then legislative action to protect the tax base will follow.

So, in the second reading speech, the Minister indicates that the Government is concerned about the possibility of businesses transferring at least some aspect of their business to Queensland in an endeavour to avoid this massive 150 per cent increase in financial institutions duty here in South Australia.

There are only two other specific matters to which I want to direct some brief comments. One is the question of the Local Government's Natural Disasters Fund: some .005 per cent of the .1 per cent of FID is to be earmarked to go into such a fund. I may say that there is scant detail—or no detail at all—in the second reading explanation of the Bill as to what progress, if any, has been made on the Local Government Natural Disasters Fund. All we are told is that some $4 million this year will be used for the repayment of the Stirling bushfire loans, that the .005 per cent will raise $6 million for the fund in a full year and that this fund will accumulate the .005 per cent for five years. On that rough calculation, I would guess that we are looking at about $30 million to $40 million accumulating into that fund over the five-year period, so it is not an inconsiderable sum of money.

The other matter is again the question of the operating date of the legislation. Again, the Government seeks to make the Bill operative from 1 October, but here we are on 23 October, three weeks later. It is certainly the view of the Liberal Party that our preferred option ought to be that we

do not make these Bills retroactive and that they ought to be activated when the legislation is passed by Parliament.

In summary, the Liberal Party in its contribution not only to this Bill but to the Pay-roll Tax Act Amendment Bill and the Appropriation Bill has outlined our alternative budget strategy. It is a positive budget strategy. It is not just one of criticism of the Government but one of positive alternatives other than those being adopted by the Bannon Government. The alternative budget strategy should have been followed and, indeed, had it been followed, we would not have had to consider such a massive increase in financial institutions duty as is being contemplated in this piece of legislation.

Bill read a second time.

In Committee.

Clause 1 passed.

Clause 2—'Commencement.'

The Hon. R.I. LUCAS: The Minister will be delighted to know that there will not be an incisive persistent series of questions in relation to the FID—certainly not from me, anyway—but, in relation to the Local Government Natural Disasters Fund, I am not sure whether the Minister is in a position this evening to provide any greater detail than has been provided in the second reading speech about how the fund is to be established. If the Minister is not, will she take the question on notice and provide some further information, other than the scant detail that was provided during the second reading?

The Hon. BARBARA WIESE: I am not in a position tonight to provide any great detail about this proposed fund. As I understand it, the details of how it might be structured and how it might work are still being negotiated. But my colleague the Minister of Local Government issued a press release on 23 August referring to the establishment of this disasters fund. If the honourable member has not seen it, it may throw at least some light on the matter for him.

The Hon. R.I. LUCAS: Yes, I have had some of the detail of that explained, but I was more interested in finding out whether it is the current intention of the Government that the fund be wound up after five years. Should there be significant payments from the fund over the next five years, for example, would the Government seek to prolong the use of the .005 per cent for such a fund? What particular purpose, other than the Stirling bushfire claims, has been envisaged for the potential sum of $30 million or $40 million which might accumulate? Who will control the fund? How will decisions be made about payments from the fund? The Minister may perhaps prefer to take these questions on notice and bring back some answers.

The Hon. BARBARA WIESE: I will be happy to do that. I can throw some light on the matter, at least in part for the honourable member. From just reading the press release of the Minister of Local Government, I discover that as well as this fund assisting in providing for the costs of the Stirling council's Ash Wednesday compensation debt, it is envisaged that there could be other uninsurable disasters which local councils may face where it may be possible to draw on a fund of this kind. The sorts of things that the Minister envisaged in this regard perhaps would be paying for the cost of road washaways after floods or for road damage caused by sand drifts during a drought. It is envisaged that the Local Government Association would be very much involved in deciding how any money would be distributed. As to the future of the fund itself, I will take that question on notice and bring back a reply for the honourable member.

The Hon. R.I. LUCAS: I thank the Minister for that response. On my reading of the term 'natural disasters' it depends how one interprets it, and I thank the Minister for those two or three other examples. What was a bit of a disaster some years ago for one council in the South-East—I think the Millicent council—concerned a massive payment of about $170 000 made by the council as a result of an accident that a council employee suffered using earth moving machinery. That created significant problems. On my reading of it, those sorts of financial disasters for local councils would not be covered by the proposed disasters fund, but I reiterate that I am not seeking an answer from the Minister tonight. I move:

Page 1, line 15—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.

As I indicated in my second reading contribution, it is the view of the Liberal Party that a Government ought not prejudge Parliament or, in the words of the Hon. Mr Elliott when talking about the Pay-roll Tax Act Amendment Bill, ought not govern by press release. Perhaps it is not as bad as that, but the Government introduced the Bills and indicated they would be activated on 1 October. We are now well into October and, whilst the Government may well argue that Governments of its persuasion, and perhaps of our persuasion in years gone by, may well have done these sorts of things, it is certainly the view of the Liberal Party in 1990 that it is not the preferred option when introducing new taxation measures.

As I understand it, the financial institutions duty will not be collected until the month of November, although it is calculated for the month of October and collected in the following month. So, if the Bill passes in its present form, financial institutions duty will, in effect, have to be collected for the entire month of October. Again, as I understand it, it may well mean the collection of financial institutions duty from customers of various financial institutions through the month of October, even though the legislation has not yet been passed.

I understand that most financial institutions were contacted by the Government advising them of this increase and that some of them were charging the increased financial institutions duty of .1 per cent from 1 October, even before the Parliament had considered the legislation. That is really taking the Parliament for granted. Whilst it may well have been done in the past and there may well be a number of examples, it is certainly not our preferred way of approaching the introduction of new taxing measures into South Australia.

I understand the position of the Hon. Mr Elliott in his contribution to the Pay-roll Tax Act Amendment Bill. Basically, he said that he agreed with the Liberal Party but on this occasion he would vote with the Labor Party. The Government should take notice of the fact that, whilst he agrees with the Liberal Party but will vote with the Labor Party on this occasion, perhaps at some stage in the future, if it is to occur again, he might agree with the Liberal Party and vote with the Liberal Party. Indeed, that is a prospect we would welcome.

The Hon. C.J. SUMNER: The Government opposes this amendment. The current situation is that the Act is to be taken to come into operation on 1 October. The Bill was introduced into Parliament on 23 August. The increase has been highlighted in the media. Consequently, taxpayers are aware of it and financial institutions have been advised by circular issued from the State Taxation Office. It is not uncommon in revenue raising measures to have a date fixed for the time from which the revenue will be raised. That is necessary, for the purposes that the Hon. Mr Elliott men-

tioned, particularly in the case of where there could be exploitation of a situation relating to an announcement of an increase in taxation, and he cited sales tax on motor vehicles as an example.

Another reason is so that there can be some certainty in the Government's budgeting. Obviously, any delay from 1 October will affect the budget and the revenue collected. So, one cannot be absolutely certain of the parliamentary program, particularly when a Government does not have a majority in the Upper House. It is important that the Government decides on a date and, as long as that is about the mark, which 1 October is, then it ought to be accepted. Although it came into operation on 1 October 1990, the receipts will not be collected until November.

The Hon. M.J. ELLIOTT: As the Hon. Mr Lucas noted when speaking in the second reading debate on the Pay-roll Tax Act Amendment Bill, I expressed concern and echoed the sentiments expressed by the Liberal Party when moving this amendment: the Government should not be prejudging what this Parliament may do, nor should it in general be putting institutions in a position where they may already be setting collection mechanisms in place and collecting taxes before Parliament has reacted.

I said that, although there are some circumstances in which it is necessary to announce not only that a certain tax will come in, but also that the date be set immediately, and probably at the time of the announcement, so that no tax avoidance occurs. Certainly in the case of the financial institutions duty, an avoidance mechanism is not possible, so I do not think that excuse is open.

The fact that I certainly have not addressed this matter in this Council before is the reason I am loath, on this occasion, to support the amendment. Rather, I put the Government on notice that I believe that it should be setting up these Bills in such a way that they come into force after their passage through Parliament and not to assume what Parliament will do with things. I do not want to interfere with the budgetary process more than is necessary. I think the back-dating by a month now, if it happens in this Bill and a couple of others, will result in a significant number of millions of dollars being lost to State revenue. Perhaps that could result in another country school or something else closing. I will not support that at this stage. However, I suggest to the Government in the strongest possible terms that we look at this very carefully and, if it does so again in the next 12 months, it cannot assume that they will have my support again.

Amendment negatived; clause passed.

Clause 3—'Interpretation.'

The Hon. R.I. LUCAS: The remaining amendments are consequential on that first test case, so I will not move them.

The Hon. L.H. DAVIS: This clause covers the increase in the percentage of financial institutions duty payable. As we know, that figure is being increased by 150 per cent from .04 per cent to .1 per cent from 1 October 1990. This increase is, of course, well in excess of the rate of inflation. It is a massive increase. It means that South Australia will now have, by some margin, the largest financial institutions duty levy of any State in Australia.

The Attorney-General would know that all businesses operating cheque accounts will automatically be paying this levy. He would also know that Queensland as yet does not have a financial institutions duty. There has certainly been public speculation and a lot of private discussion about the fact that major businesses in Adelaide, particularly businesses which will attract heavy financial institutions duty, may well relocate part of their operations to Brisbane, the capital of Queensland, in order to minimise the financial institutions duty.

I presume that the Government, before it took what I think is an extraordinarily rash decision to increase financial institutions duty by such a large amount, took into account the possible leakage of business and, therefore, the possible leakage of financial institutions duty interstate. It may not necessarily be Queensland; it may well be another State where a branch of a South Australian firm is based and where the financial institutions duty is less.

Is the Attorney-General in a position, either now or on notice, to advise the Committee whether there is any early anecdotal evidence about South Australian companies, not surprisingly, seeking to avoid this very stiff impost which came into effect from 1 October with this 150 per cent increase in financial institutions duty?

The Hon. C.J. SUMNER: I am advised by the Commissioner of Stamps that he does not know of any evidence at this stage which would indicate that what the honourable member fears might happen is happening. Obviously, the matter will be kept under review, and we will have to see whether or not any means, such as those outlined by the honourable member, are used to avoid paying the tax in South Australia.

Clause passed.

Clauses 4 to 8 passed.

Clause 9—'Short-term dealing account of registered short-term money market operator.'

The Hon. R.I. LUCAS: Will the Attorney-General explain the reason for the insertion of 'or Territory' in the section of the principal Act dealing with the registered short-term dealing account of registered short-term money market operators?

The Hon. C.J. SUMNER: Apparently, the Northern Territory now has FID that it did not have at the time the Act was passed. So the words 'or Territory' have been added.

Clause passed.

Remaining clauses (10 and 11) and title passed.

Bill read a third time and passed.

LAND TAX ACT AMENDMENT BILL

Adjourned debate on second reading.

(Continued from 17 October. Page 1109.)

The Hon. L.H. DAVIS: This Bill seeks to adjust the scale of land tax in South Australia. It reflects in part the continued protests from a wide group of people in the community about what they have seen to be the iniquitous rises in land tax in South Australia in recent years. Certainly, the criticism from the Liberal Party's point of view has been well justified. The Liberal Party remains unconvinced about these measures which have been introduced in this Bill.

It is worth noting that the last major reform in land tax occurred when the Tonkin Government fulfilled its election promise and, on 1 January 1980, abolished land tax on the principal place of residence. That major initiative, which cost millions of dollars, was welcomed by the people of South Australia.

The criticism of land tax measures in South Australia rests very much on the fact that, because land tax is based on the site value of land, any increase in the valuation, particularly in buoyant years, flows through disproportionately into the land tax which is set on an annual basis. In my view, the criticism has been well founded. Land tax has increased by a massive amount over recent years, particularly in the central business district and near metropolitan

area. In fact, since the Bannon Government came to office in 1982, land tax has increased by 262.4 per cent from $19.3 million to $70 million in 1989-90 and an estimated $78.5 million in this current year. That increase of 262.4 per cent was for the year just past, 1989-90. In other words, in that period of seven years, 1982-83 to 1989-90, there has been a 262.4 per cent increase in the land tax take by the Bannon Government.

The Government has been happy to see site values increase by a massive 63 per cent in 1988-89. In fact, 15 per cent of all land tax payers in 1989-90 had land tax accounts which increased by more than 15 per cent; in other words, in the last financial year more than one in seven people paying land tax had an increase of more than 50 per cent in their land tax.

This problem had existed for many years and the Government was extraordinarily slow to react. The Government is still getting away with murder in its land tax takes, based as they are on 1989-90 site values. I should make quite clear that land tax is not valued irregularly, as used to be the case; it is set on valuations which are taken on a regular basis. With modern computer equipment and more sophisticated techniques of valuation, the Valuer-General now values land on an annual basis. That valuation is set on 30 June in any year, and the valuation, which is subject to appeal, takes effect from 1 November in each year.

In 1989-90 site values in the city of Adelaide were revised upwards by an average of 83 per cent, and that led to a revolt amongst many land owners and tenants who had to bear the burden of those land tax increases. Some land owners were facing land tax increases of up to 600 per cent. In June this year I was advised by someone involved in land valuation in the central business district that the valuation by the Valuer-General of sites in the central business district had again been increased upwards. I was amazed to find that site values in Hindmarsh Square had been revalued by up to 54 per cent higher than last year, that a Grenfell Street site was up 40 per cent and that one in Wakefield Street was up 10 per cent.

I know that this is not immediately the subject of the Bill, but I want to make the point to the Attorney-General that the valuation of land in the central business district, which in those examples is between 10 per cent and 54 per cent higher than the previous year, simply runs against the reality of land prices in the central business district. These increases by the Valuer-General are unrealistic. Clearly, we have had a downturn in the value of land in the central business district over the last financial year, yet we see on average an increase of at least the rate of inflation in the expected take from land tax in the current year (in other words, it is matching the rate of inflation), when all the experience in the real world would suggest that the land tax take in this current year should be below that of last year in money terms because the land tax valuation is sensitive to the marketplace.

So the Government is having it both ways. In buoyant years it rips off the land owner and the tenant by amounts sometimes up to 600 per cent more over a period of a few years because of significant increases in site valuation, yet, when the downturn comes and the Government should cop it on the chin, (because one cannot win on both the swings and the roundabouts if one plays the game this way), somehow it has managed to win on both the swings and the roundabouts, because the Valuer-General has continued to adjust land prices upwards. This is certainly true in the central business district, even though the marketplace has shown a massive slump in property values in the past 12 months.

The Attorney-General is a man of the law. He has, over a number of years, made observations in this Chamber on economic matters, although not with a great deal of conviction. But even he would recognise, as he walks or drive around Adelaide, that there are 'For Sale' and 'For Lease' signs everywhere.

Even he, with all the advantages of being in Government, would know the fact that there are many vacant offices around Adelaide, and that a major tenant looking for new premises can still obtain 2 000 or 3 000 square metres, say, two or three floors in a major new building, with a refit and, perhaps, two years free rental as a minimum. That is the fact of the matter. Obviously, that reflects the enormous softness in the property market.

I do not want to make an issue of that fact other than to say that softness in the property market must surely reflect in softness in property values, which must surely flow through to lower valuations by the Valuer-General. That has not happened. I do not want to take the matter any further at this stage, although I will be pursuing it later.

The Hon. C.J. Sumner: He's an independent valuer.

The Hon. L.H. DAVIS: He may well be an independent valuer, but he is at odds with all the people in the property business around Adelaide.

The Hon. C.J. Sumner: Take it up with him.

The Hon. L.H. DAVIS: I have taken it up with him publicly. On 23 June the *Advertiser* ran the story and, one would hope, will be running it again. The Bannon Government responded to that story, as follows:

> A spokesman for Mr Bannon said Mr Davis knew that the whole system was under review, and that no final decision had been made on changes proposed to the system which links the tax to site values. 'If he' is saying that the increases are unrealistic, then people have an opportunity to appeal against them, to get what they believe is a more realistic value,' the spokesman said.

That is true. There is a mechanism for appeal, but what I am saying is that it is distinctly unfair to have values so out of line with the market and then put the onus on the landowners to appeal against what is clearly an unfair valuation. That is not the way the system should work.

In summary, there is no way in which site values in the City of Adelaide have increased over the past 12 months. The market for development sites is so quiet that people are virtually battling to give rental accommodation away. In fact, there was only one sale of a major city building during the month of August. That aspect is important when we come to examine the impact of the new land tax scales set down in the Bill.

The criticism of the existing land tax scales and the system of land tax came from two major sources: the Chamber of Commerce and Industry (which had been concerned with the land tax system) and an independent group led by Chris Binns (who had raised the matter and forced the Government to review land tax).

This, of course, is a Government of reaction, not of initiative. It created a land tax review committee in response to the continued outcry over a long period of time. That committee made the following recommendations. First, it said that capital value should be adopted as the tax base. The Government rejected that proposition and said that it would retain site value. The next recommendation was that the general exemption should be abolished and a proportional rate of tax introduced. Again, that was rejected, and the general exemption of $80 000 on site value was to remain.

This means that tenants in shops where there are multiple holdings, for example, will be forced to pay land tax even though the value of an individual site may be less than $80 000. That, of course, is unfair. It is inequitable in the

sense that the shop next to it, which may be an individual holding and not part of a multiple holding, may also have a site value of less than $80 000 but would be exempt from land tax. Bracket creep has meant that the Government will benefit from an extra 6 000 land tax payers in this current year.

The review group also recommended that legislation should be introduced to require the landlord to bear the cost of land tax and that the legislation would prohibit the inclusion in lease documents of provisions that force the tenant to pick up the cost of land tax. That is the subject of legislation to be debated in this Chamber in due course. That legislation, again, underlines the absolute ignorance of the Government in dealing with investment matters, and I will have something more to say on that when the legislation appears in this Chamber shortly.

Another recommendation of the review group was that land tax payers with large accounts should be able to pay them in future by instalments. The Government rejected that proposition out of hand, saying that it would add to costs and that those costs could not be justified. I found that quite remarkable since, with sophisticated equipment, quarterly or half yearly accounts would not really cost very much more, when one remembers that water and sewerage rates go out on a quarterly basis to many more people than would be the case with land tax.

There was also the proposition that there should be the removal of exemption on the principal place of residence and on rural land, suggesting that we go back to the position that existed before the Tonkin Government abolished land tax on principal places of residence. That proposition was also rejected.

Finally, the Government has resolved that the total land tax take will increase by no more than the rate of inflation in 1990-91, in other words, by no more than 6.8 per cent. That is seen as some sort of concession to landowners and tenants. As I have said, quite correctly, it is no concession at all, because there has been a slump in site values over the past 12 months. In my view, the Government is getting more than it deserves to receive as a result of this very depressed economy.

The Government accepted only a few of the recommendations of the committee that reviewed land tax legislation. I accept that some benefits have occurred, such as the abolition of the metropolitan levy of .05 per cent on values in excess of $200 000 and the reduction of taxes on properties where the site value is below $1 million and that is reflected in the adjustment in the scales contained in the Bill.

That is a summary of the proposals of the review group and the Government's response to those recommendations.

I will now read into *Hansard* a letter from Mr Lindsay Thompson, the General Manager of the Chamber of Commerce and Industry. In a letter dated 5 October 1990 addressed to the Minister of Finance (Hon. Frank Blevins) he set down very succinctly the view of the chamber on this most important matter. The letter states:

My dear Minister,

We write to you regarding the Government's proposal for reform of South Australia's land tax system. We note the contents of your press release of 23 August last and also the two Bills before Parliament dealing with the Land Tax Act 1936 and the Landlord and Tenant Act 1936.

The chamber, along with the other employer organisations that are signatories to this letter, is extremely disappointed with your Government's decision not to make substantial changes to the land tax arrangements in this State when there is such a need and such an opportunity to do so.

In a submission to you in July of this year we addressed the proposals raised by your review group and, in general terms, supported the package of reforms proposed by that group. Indeed, through the reference group we convened at your request we had participated in the formulation of the review group's package.

The chamber recognises that the Government was facing difficult financial circumstances in framing its 1990-91 budget and also that the year ahead will be a difficult one for the South Australian economy (along with the rest of Australia). We do not accept, however, that these circumstances constitute sufficient grounds for a 'political' solution to the land tax reform issue.

The proposals embodied in the two Bills mentioned above simply do not go far enough, although we welcome the effective broadening of the base by not indexing the threshold exemption level and the removal of the 'metropolitan area' levy.

It is not necessary to restate in this submission the full grounds for our opposition to the current land tax system because this has been conveyed clearly to you and other Government Ministers previously.

The principal areas that remain of concern to us are as follows:

1. The retention of site value as the basis for land tax rather than capital vaue as was proposed by the review group and us will continue to place too much pressure on the valuation process. This is a technical matter and we understand that the Building Owners and Managers Association of South Australia is separately taking up the issue of valuation technique with the Government. Suffice it to say here that in the high density retail areas, where land tax has become such an issue, the rise of a notional basis for calculating the tax is inadequate.

Neither does the industry support the Government's argument that a capital value base would deter development. We are well aware of the economic theory put forward to support the retention of site value but question its true effect in the real world of commercial property development. Finally, capital value more closely reflects the business activity at the site and hence capacity to pay. For all business related taxes this is a very significant issue.

2. The retention of a progressive tax scale imposes significant constraints on achieving a simplified system of land tax. In particular it necessitates the retention of an aggregation provision which in turn denies the introduction of more regular (quarterly?) tax payments.

In view of the Government's proposals regarding the contractual liability for payment of land tax, this issue of frequency of payments could become even more significant because, if the landlord is to recover his land tax liability from within the gross rent, then more frequent payment arrangements will reduce the need to 'mark-up' the rent to cover a one-off payment. In other words, the tenant and the landlord will benefit by an instalment system.

In any event, regardless of who is to pay, cash flow is a major issue to business and measures to ease the effect on cash flows should be incorporated into all taxes and charges on business.

3. The options for broadening the tax base were always going to be subject to political acceptance but, if we are to have a tax on land ownership and if it is ever to satisfy the test of equity and fairness, then an objective of the Government must be to eventually apply it to all landowners.

4. The Government must as a matter of principle limit the amount of revenue it collects via land tax so that it never again becomes the growth tax that it has been in recent years. This must be carried on beyond the 1990-91 budget.

Turning specifically to the Bills that are before Parliament we submit the following brief comments:

1. We support the proposals set out in the Land Tax Bill, subject to the obvious omissions referred to above.

Mr Thompson then discusses the amendments to the Landlord and Tenant Act which relate to the land taxes being paid by the landlord rather than the tenant, and I do not propose to canvass that issue further. The letter continues:

In conclusion, we re-emphasise that the need and opportunity exists to properly restructure the land tax system and we urge you to reconsider the package of reforms announced on 23 August last to take account of the issues raised above.

Clearly, that is the letter of a man who is not very gruntled with the Government's reaction to the land tax reform group's recommendations. It highlights the message I was focusing on this afternoon, that this is a Government of reaction, not of reform.

When one looks at what Premier Nick Greiner has done in New South Wales and at what Premier John Bannon has done, it is quite clear that they are not even in the same race. Also, it is quite clear that South Australia is not in

the same race when it comes to the exemption levels for land tax that pertain around Australia. I highlight that point by looking at the current exemption levels in Australia.

In Queensland the Government has increased the threshold for exemption from $120 000 to $150 000 for individual landowners. In Victoria this year's budget increased the tax-free threshold on the unimproved value of land from $105 000 to $150 000. In New South Wales this year's budget doubled the threshold at which land tax became payable from $160 000 to $320 000. I do not have the figures for Western Australia and Tasmania, and the Attorney-General, with his much superior resources, may be in a position, when summing up the second reading, to give those figures to the Council.

Certainly, the figures I have provided underline the fact that South Australia trails well behind because our exemption level remains at a measly $80 000. While I concede that properties valued at less than $1 million have had their land tax rates reduced, the fact that the general exemption levy is only $80 000 means that many more properties are trapped in South Australia when compared with the much higher exemption levels of the Eastern States.

In conclusion, I indicate that, in my view, this Bill to amend the Land Tax Act, which is part of the 1990-91 budget taxation package, does not adequately address the situation of land tax. However, I accept that, as this is a budget taxation measure, we should support it, albeit reluctantly. I foreshadow an amendment to take into account the very special factors that pertain to landowners in the Hills, the Mount Lofty Ranges and the Barossa Valley region, given the freeze on development. I will not canvass this point at this late stage of the evening; that is more appropriately reserved for the Committee stage.

I want to underline again that the Government has not properly satisfied the Chamber of Commerce and Industry and other people who have suffered this 250 per cent increase in land tax since the Government came to power eight years ago; that bracket creep will mean that an additional 6 000 persons will pay land tax during 1990-91; and that the increase in the land tax take by the Bannon Government, which is in line with inflation, does not reflect the fact that commercial land values over the past 12 months have declined not only in real terms but in many cases in money terms.

In my view, instead of the 1990-91 budget collecting $78.5 million in land tax as against the $73 million that was collected in 1989-90, that figure at best should be no more than the 1989-90 figure. So, the Government is a winner all round and small and big businesses in South Australia are again the losers, but that story is not new; it should be becoming familiar even to backbenchers in the Government. It is certainly an all too familiar story to the Opposition, which has consistently fought for small business and against big taxation. So, the Liberal Party supports the second reading of the Land Tax Act Amendment Bill, but it does so with great reluctance.

The Hon. J.C. BURDETT secured the adjournment of the debate.

LANDLORD AND TENANT ACT AMENDMENT BILL (No. 2)

Received from the House of Assembly and read a first time.

The Hon. C.J. SUMNER (Attorney-General): I move:

That this Bill be now read a second time.

I seek leave to have the second reading explanation inserted in *Hansard* without my reading it.

Leave granted.

Explanation of Bill

The recent report of the Land Tax Review Group recommended that legislation be introduced to prohibit the inclusion in commerical lease documents of provisions requiring tenants to bear the cost of land tax.

The practice of incorporating in leases a clause which requires the tenant to meet the cost of land tax defeats the purpose for which land tax was devised. It is the owner who benefits from the increment to value and it is the owner who should be responsible for contributing a share of that increment to the community.

When the tenant agrees to accept responsibility for land tax it must be assumed that the rent he or she agrees to pay is correspondingly lower. However, the tenant can only guess what liability for land tax will be. Should it exceed expectations, as has frequently been the case in recent times, the tenant is left with the obligation to pay more (in rent and land tax) than is economically rational while the landowner reaps the benefit of the increase in the value of the property. It may be some years before the tenant is able to renegotiate the lease and restore the level of his or her outgoings to an economically rational level and thereby 'pass back' to the landowner the burden of land tax.

The lessor will naturally try to ensure that the level of rent payable by the tenant is sufficient to cover expected land tax increases as well as a return on investment consistent with market conditions. In periods of high demand this may lead to tenants paying in aggregate more than under the present system. However, at least tenants will be in a position to make a choice before signing the lease in full knowledge of the level of outgoings for which they are committing themselves rather than being caught part way through a lease with responsibility for a level of outgoings for which they have not budgeted. The prohibition will apply only to leases entered into after this amending Act has been passed.

Clause 1 is formal. Clause 2 provides for a new section 62b. It is proposed that it be a term of every commercial tenancy agreement entered into on or after the commencement of the measure that the landlord will bear any tax imposed in respect of the relevant premises.

The provision will not operate in respect of any renewal, assignment or transfer of an agreement in existence before the commencement of the measure.

The Hon. R.J. RITSON secured the adjournment of the debate.

ADJOURNMENT

At 10.54 p.m. the Council adjourned until Wednesday 24 October at 2.15 p.m.