

LEGISLATIVE COUNCIL

Tuesday, August 31, 1971

The PRESIDENT (Hon. Sir Lyell McEwin) took the Chair at 2.15 p.m. and read prayers.

QUESTIONS

GAWLER RIVER FLOODING

The Hon. M. B. DAWKINS: I seek leave to make a short statement prior to asking a question of the Minister of Agriculture representing the Minister of Works.

Leave granted.

The Hon. M. B. DAWKINS: My question relates to the very serious effects of the flooding that occurred over the weekend in the town of Gawler and also in the Virginia area. A considerable number of people have been flooded out, in some cases out of their homes and in other cases out of their properties, their glasshouses and their market gardens, by what would appear to be a most injudicious release of water from the South Para reservoir.

As a resident of the district for the whole of my life, I know that serious flooding of the Gawler River occurs only when both the North Para and the South Para rivers come down in flood simultaneously, and the timing of the release of the South Para water could well have caused this to happen. Will the Minister of Agriculture ask his colleague to endeavour to take steps to see that such unfortunate timing of the release of water does not occur again? Will he also refer to his colleague the question of investigating the important matter of compensation for those people who have suffered very considerable losses in this most unfortunate event?

The Hon. T. M. CASEY: I will refer the honourable member's questions to my colleague and bring back a report as soon as it is available.

GOVERNMENT PRINTING OFFICE

The Hon. D. H. L. BANFIELD: I seek leave to make a short statement prior to asking a question of the Chief Secretary.

Leave granted.

The Hon. D. H. L. BANFIELD: In the speech I made in the Address in Reply debate on July 14 I referred to the disabilities suffered by those working in the present overcrowded and outdated premises of the Government Printing Office, and I said I was pleased to see in His Excellency's Speech that the Government intended to proceed with the

construction at Netley of a new Government Printing Office. Will the Chief Secretary say how far advanced are the plans for this project?

The Hon. M. B. Dawkins: A Dorothy Dixer!

The Hon. A. J. SHARD: Regarding the term "Dorothy Dixer", the honourable member would find if he referred to *Hansard* that I have always followed the practice that, if an honourable member asks a question, he is the one that gets a reply as soon as it is available, and I do that as quickly as I can. When I heard the honourable member ask this question, I knew it would give me the greatest pleasure to answer it. If the Hon. Mr. Dawkins calls that a Dorothy Dixer, he should apply it to himself when I tell him I have a reply to a question he has asked. I think everyone will be happy to hear the announcement I am about to make regarding the new Government Printing Office, as everyone has wanted to hear something definite in this respect. At last, I can state that the contract for the new Government Printing Office has been awarded to A. W. Baulderstone Proprietary Limited. The total cost of the complex, to include the Mapping Branch of the Lands Department, is estimated at nearly \$4,500,000. The complex will comprise five buildings housing the Government Printer, Photo-Mechanical, Administration and Central Mapping sections and a central canteen. The existing Government Printing Office was built on its present site in 1867 and has been extended or modified on five separate occasions.

Since 1965 the Government Printer has been using Government owned buildings (formerly a bulk store) at Kent Town for paper storage and some printing work. The present Government Printing Office has, in fact, been unsatisfactory for some time; and inadequate ventilation and lighting, together with considerable temperature fluctuation, make high quality printing extremely difficult. The new building is expected to meet the needs of Parliament and the Public Service for the next 25 years. The new premises should be ready for occupation by March, 1973.

ABATTOIRS

The Hon. E. K. RUSSACK: I seek leave to make a short statement prior to asking a question of the Minister of Agriculture.

Leave granted.

The Hon. E. K. RUSSACK: I noticed on page 11 of this morning's *Advertiser* an article headed "Abattoirs men granted more leave," part of which is as follows:

The Minister of Agriculture (Mr. Casey) said last night he did not see that the board's decision would cause a meat price increase. "The board increased its charges recently, and at the moment I cannot see how it can make a further increase," he said. "I think it has to look at its own management and see if it can cut costs in other ways." Mr. Casey said men employed by the board were in the same category as other Government utilities such as the E. & W.S. and E.T.S.A. "It is Government policy to grant four weeks' annual leave and seven days' sick leave, and there was no reason to put the application to arbitration," he said.

Although, admittedly, the Government is contributing financially to the abattoirs, I have always considered that, because the producers stand the greater percentage of the board's administrative costs, the board had a certain autonomy. Will the Minister of Agriculture say what grounds he had for saying that the board's decision would not cause meat prices to increase, and would not the best way to enable the board not to increase its charges (and I refer to the board's looking at its own management) be by stopping Government interference in its own administrative policies?

The Hon. T. M. CASEY: I rather resent the final statement by the honourable member accusing the Government of interfering in this matter. It seems to me that honourable members in this Council would sooner have a strike on their hands so that they could attack the Government and demand why it was not doing something about resolving strikes in the community. Here is a typical case where the board (I emphasize the word "board") made a decision. The honourable member quotes a certain section from a newspaper article but he does not quote the whole section. If he had read further on, he would have seen that the Chairman of the board was interviewed, and that the decision was made by the board, on which there was a producer representative. What one reads in the newspaper, of course, is not necessarily exactly what should have been stated. I do not remember making any statement about a price increase, even though that is stated, according to the honourable member, in the newspaper. I had a telephone call from the *Advertiser* last night and was asked whether this seven days' sick leave and an extra week's annual leave would affect the price of meat. I could not say "Yes" or "No".

The Hon. R. C. DeGaris: Why not?

The Hon. T. M. CASEY: How am I to know? I did not grant the increase. I cannot be expected to know what the whole situation is, but it seems to me that honourable members are bugged by this situation. This decision has been made by the board; it is nothing to do with the Government. Because it is Government policy to have four weeks' annual leave and 80 hours' sick leave as part and parcel of Government policy, it should be implemented.

The Hon. E. K. RUSSACK: I seek leave to make a short statement before asking a question of the Minister of Agriculture.

Leave granted.

The Hon. E. K. RUSSACK: The Minister said that he resented my suggestion about the board's decision, but I made that suggestion on the ground of the Minister's reply of last week, part of which is as follows:

I understand that there was a stoppage (I do not think it was of a long duration) at the abattoirs last Friday afternoon, and that the matter was settled the following day by the board in collaboration with the unions concerned. I think the matter was resolved to the satisfaction of all concerned.

The press report this morning states that the meeting of the board was held yesterday, when a settlement was reached. Can the Minister say when the leave was granted, when the board made its decision, and whether all the producer members of the board were present?

The Hon. T. M. CASEY: I think the honourable member is a little mixed up. The whole point of the article in the press this morning was only to confirm that the decision was made, and I told him about that previously.

The Hon. C. R. STORY: I seek leave to make a short statement before asking a question of the Minister of Agriculture.

Leave granted.

The Hon. C. R. STORY: Has the Minister a reply to my request of last Thursday for a factual report of the circumstances leading to the stoppage at the Gepps Cross abattoir and of the manner in which the matter was settled?

The Hon. T. M. CASEY: No; I referred the honourable member's question to the appropriate authorities. When the reply is available I shall be only too happy to bring it down as soon as I possibly can.

ROAD ACCIDENTS

The Hon. V. G. SPRINGETT: Has the Minister of Lands, representing the Minister of Roads and Transport, a reply to a question I asked on July 27 about types of road accidents and their proportions?

| | Total Accidents |
|--------------------------|--------------------|
| January-June, 1970 | 14495 |
| January-June, 1971..... | 15022 |

It is pointed out that accident figures fluctuate from month to month and year to year, and depend considerably on weather, traffic volumes, etc. However, it is gratifying to note the improvement in the figures for casualty accidents, number killed and number injured. In South Australia, an average of 24 persons become paraplegics each year and, of these, 10 to 12 (or about 50 per cent) result from road accidents. The figures for the six months ended June, 1971, are not yet available for comparison purposes.

TON MILE TAX

The Hon. A. M. WHYTE: Has the Minister of Lands, representing the Minister of Roads and Transport, a reply to a question I asked on August 24 about the ton mile tax?

The Hon. A. F. KNEEBONE: My colleague reports:

The Road Maintenance (Contribution) Act Inquiry Committee anticipates that its report will be handed to the Minister of Roads and Transport by the end of September. The committee has not taken and does not intend to take evidence in country areas. It is felt that the two members representing the transport industry are sufficiently aware of the problems of the country carrier to state adequately their position.

The Hon. A. M. WHYTE: Will the Minister of Lands ask the Minister of Roads and Transport what are the names of the members of the Road Maintenance (Contribution) Act Inquiry Committee, particularly the two members representing the transport industry?

The Hon. A. F. KNEEBONE: I shall be only too happy to obtain the information from my colleague.

SOUTH-EAST RENTALS

The Hon. R. C. DeGARIS: I seek leave to make a short statement before asking a question of the Minister of Lands.

Leave granted.

The Hon. R. C. DeGARIS: In explaining my question perhaps I may be permitted to express my pleasure at the pending solution of the case of the zone 5 war service land

The Hon. A. F. KNEEBONE: My colleague, the Minister of Roads and Transport, has supplied me with the following answer:

A comparison of road accident statistics for the six months ended June, 1970, and the six months ended June, 1971, is set out in the table below:

| Accidents involving casualties | Number killed | Number injured |
|--------------------------------------|------------------|-------------------|
| 3621 | 185 | 5152 |
| 3424 | 135 | 4698 |

settlers. I should like to place on record my appreciation of the way in which those settlers stuck to their beliefs over 20 years without losing hope and without adopting any tactics other than those within the law. It has been a very complicated procedure and I give full credit to the zone 5 settlers.

The Hon. D. H. L. Banfield: What about some credit for the Minister of Lands?

The PRESIDENT: Order! I think we have had sufficient debate on this matter.

The Hon. R. C. DeGARIS: There are, however, some parallel matters. During the 20 years of negotiation and argument some of the original settlers died and some sold their properties. Can the Minister say: (1) What is the position of people who have inherited properties from deceased soldier settlers? (2) What is the position of the original settler who was forced to sell his property prior to any readjustment? (3) What is the position of the purchasers of properties in regard to rentals?

The Hon. A. F. KNEEBONE: I, too, am very pleased that it appears likely some settlement will be reached in this matter. I appreciate the attitude of the settlers in recent times, and I realize that they were very patient during a long term of office of the previous Government, when they showed none of the impatience shown some months ago towards me. Nevertheless, I can see daylight now and I think the settlers can also see daylight regarding the settlement of their claims. To reply specifically to the questions the honourable member has asked, people who have inherited a settler's property will receive the same treatment as the settler would have received. As to the person who has sold his block, having sold it he is no longer a settler within the meaning of the scheme, as I see it, and there does not appear to be any provision in the present settlement conditions to take care of his case. I remind the honourable member that he has sought to present a deputation to

me on Friday morning on behalf of the people referred to in the third part of his question, and therefore I do not think I should reply to that question at this stage in case it should appear that I am prejudging the issue before listening to the matters to be raised with me by people who have purchased properties from the settlers.

RURAL ASSISTANCE

The Hon. M. B. CAMERON: Has the Minister of Lands a reply to my recent question regarding rural assistance?

The Hon. A. F. KNEEBONE: The honourable member's question was asked in five parts, and my reply is prepared in the same way. First, the total amount recommended by the committee to successful applicants to date is \$53,500. The total amount of finance involved in applications currently under consideration is \$1,025,000; secondly, the number of approved applications for debt reconstruction is six and for farm build-up one; thirdly, the committee first met on June 2, 1971, and after preliminary discussions commenced to consider applications on June 7, 1971. The committee has met weekly since that time and has considered applications at each of its meetings; fourthly, I am concerned regarding the operations of this scheme and my concern dates back to its initiation when I indicated that I felt that it might well be found not to be adequate. It is difficult to ascribe reasons for the current position in this State which is different from that which is apparently the case in Western Australia, where a larger percentage of applications appears to be qualifying for approval. It may be that in this State, where farmers have been more used to looking after their own affairs, the applications which we have received represent a hard core of very difficult or hopeless cases and that there is less need for assistance by others. The conditions applicable to this scheme are common to all States and, if all things are equal, the percentage approved should not differ; and fifthly, I have had discussions with my counterpart in another State, as I believe it is desirable for a meeting of administering officers to be held to compare notes and ensure that similar action is being taken in each State. If such a meeting is agreed to and as a result of discussions it appears necessary for Ministers to meet this will have my support. It would be necessary, I believe, for States to take concerted action in any approach to the Commonwealth which may be found to be desirable.

BUMPER BARS

The Hon. C. M. HILL: Has the Minister of Lands received a reply from the Minister of Roads and Transport to the question I asked last week concerning the possibility of making a new style American type impact absorbing bumper bar an essential safety requirement on motor cars manufactured in Australia?

The Hon. A. F. KNEEBONE: My colleague reports that this question has not been considered by the Australian Transport Advisory Council. The Minister has advised that the matter will be drawn to the attention of the appropriate committee of that council.

DYSLEXIA

The Hon. G. J. GILFILLAN: On August 19 I asked the Minister of Agriculture to ascertain from the Minister of Education whether consideration could be given to providing courses at teachers colleges to enable trainees to recognize such disabilities as dyslexia. Has he a reply?

The Hon. T. M. CASEY: My colleague, the Minister of Education, has informed me that there is no teachers college course specifically set aside for the purpose of assisting teachers to recognize disabilities in children such as dyslexia. However, in each teachers college students undertake courses in education which emphasize the need for treating each child as an individual. This, of course, entails the need to seek causes for any problems or disabilities that affect the individual's learning programmes. As such courses do not purport to train the teacher to diagnose and treat the disability, the teacher would be expected to call for the assistance of a Guidance Officer. The Education Department is endeavouring to expand the employment of Guidance Officers as rapidly as possible so that there are sufficient specialized personnel to assist with these problems.

MOTION FOR ADJOURNMENT: FLOODING

The PRESIDENT: The Honourable Mr. Hart has informed me in writing that he wishes to discuss on a motion of urgency the matter of serious flooding in the metropolitan area and nearby country areas. In accordance with Standing Order 116, it will be necessary for three members to stand in their places as proof of the urgency of the matter.

Four members having risen.

The Hon. L. R. HART (Midland): I move:

That the Council at its rising do adjourn until tomorrow at 1.30 p.m.

Over recent days we have all been gratified to know that all the reservoirs serving the metropolitan area have been filled. This is a situation that we have not enjoyed for many years. However, it also brings in its wake a serious problem through the flooding of many of the low-lying areas in Adelaide and adjacent areas. Whether a better control of flood mitigation could have been brought about is a matter of some conjecture now, but we must recognize that there has been serious flooding in many of the areas adjoining the metropolitan area that are very productive in the form of vegetable gardening, and this has brought a very serious economic plight to the people concerned.

One could ask a number of questions in relation to this matter, and possibly the first would be: was the Government department involved responsible in any way in contributing to the flooding? It has been suggested that possibly this flooding could have been minimized to a degree if some of the water in the reservoirs had been released earlier than it was in fact released. We realize, of course, that at this point of time we are endeavouring to conserve all the water possible in our reservoirs and that it is most inadvisable to release water unless there is a very good reason for so doing. However, in this case it was fairly evident that the reservoirs were going to fill. There has been a run-off from many of our watersheds over a long period of time now, and it was hoped that the reservoirs would reach the stage where they would fill. That point of time was hard to gauge, but at least one should be able to forecast this 24 hours or perhaps 48 hours prior to the point of time being reached.

Further, there is the question of whether this flooding could have been minimized by action on the part of the department responsible. I was very disappointed that the Minister this afternoon, in answer to a question by my colleague the Hon. Mr. Dawkins, merely said that he would refer the matter to his colleague. This situation has been before us for the last two days, and one would have thought that all the Government departments involved in this situation would have been able to inform the Council of the effects of the flooding, of whether the Government may have been responsible (I am not suggesting at this point of time that it was responsible), and of what action the Government was prepared to take to assist the unfortunate people involved. The Minister

did not state what action the Government was prepared to take or even whether the Government was fully aware that this situation existed, and I am disappointed that he saw fit not to tell the Council the Government's views on this very serious matter.

The damage that has been done in the market gardening areas is considerable. I know that the Minister himself places great store on the value of the market gardening areas, particularly the areas around Virginia. In answer to a question on another matter recently he said that the Government was spending over \$100,000 on investigating the possibility of the use of effluent water to relieve the situation in those areas where there has in the last few days been this abundance of water. He went on to say that he thought every honourable member in this place was concerned about the situation at Virginia. He then said:

It is important that we know all the facts before we use this Bolivar effluent water.

He went on further to say:

No Government would be right in the head merely to go along and use this water willy-nilly, not knowing exactly where it was going. By that, the Minister implied that he placed some particular value on these gardening areas in this State. The heavy losses being suffered in this area affect not only the individuals concerned but also the district of Virginia and the State as a whole. Perhaps the Minister does not fully understand the extent of the damage caused by the release of the floodwaters from the reservoir in conjunction with the other water that is contributing to this flooding. The Hon. Mr. Dawkins, who has spent a lifetime in this area and has considerable knowledge of the Gawler River, has said that there is always a flood danger in the Gawler River when the North Para and South Para rivers flood simultaneously. The North Para and the South Para rivers converge in the town of Gawler; from there the river is known as the Gawler River. On this occasion, the North Para was in flood. I think honourable members realize that a flood situation also existed in the South Para River. Until the reservoir filled, however, there was no great fear of a flood situation in the South Para River. With this in view, and bearing in mind the possibility of the South Para reservoir filling and of a flood situation existing, I believe the authorities involved should have taken more responsible action than they took.

It appears that the South Para reservoir would have filled at some time on Saturday

night, or possibly early on Sunday morning. I have been told by a reliable source that some of the gates on the South Para reservoir were open at 8 a.m. on Sunday, which means that at some time prior to that the reservoir would have filled. Between 10 a.m. and 11 a.m. Sunday, eight of the flood gates of the South Para reservoir were open and, in addition to the water flowing through these gates, water was also flowing over the spillway. This indicates that there must have been a considerable bank-up of water in the catchment area, and the authorities should have known this long before 8 a.m. on Sunday, when this water was released.

Two gardeners from the Virginia area who have much at stake were concerned about what might happen if a flood situation arose in their area. They therefore visited the South Para reservoir and found that at between 10 a.m. and 11 a.m. on Sunday eight gates were open and water was flowing over the spillway. They were informed on the site by the Chief Engineer that further gates would have to be opened, as they later were. It was this situation, combined with the flooding of the North Para, which caused flooding of the Gawler River and the considerable damage that was caused to the properties of market gardeners adjacent to the Gawler River.

As it should have been known that a flood situation was imminent and that water would have to be released from the reservoir, thereby causing flood damage, this whole problem could have been alleviated had prior action been taken. In this respect I refer back to a previous occasion when these areas close to the Gawler River were flooded. Flooding occurred previously only because water was released from the South Para reservoir at a time when not only the Gawler River but also the North Para River was flooded. On that occasion considerable damage was done. With this prior knowledge, the authorities responsible for controlling water from the South Para reservoir should have known that the situation that developed was inevitable, and action should have been taken long before it was taken. Had water been released from the reservoir Saturday morning instead of on Sunday morning, this whole unfortunate situation could possibly have been avoided.

One might ask what steps will be taken in future to prevent a repetition of a similar situation. In a season such as this, one does not know how much rain is likely to fall over a given period, and it is possible that within

a week there may be more heavy rains and a further flood potential in this area. Surely the Minister could have told the Council this afternoon that the Government recognized that there was a further potential for flood damage in this area and that it would take steps to see that there was not a repetition of what had occurred. However, the Minister has not said a word in this respect, and this concerns honourable members very much.

The people in this area are concerned about the possibility of further flooding of their homes and gardens in the next week or more and about whether action will be taken by the responsible departments to ensure that this situation does not occur again. Many members of this gardening community believe that some form of relief should be made available to them, as considerable damage has been done. A small committee has been formed in the area and has taken a survey of the damage done and the losses suffered not only by individuals but also by the district generally and the State as a whole.

It may interest the Minister to know that 72 acres of potatoes, some of which were winter potatoes ready for digging, are now completely written off. These would have yielded eight or nine tons of potatoes to the acre, and would be valued at \$70 to \$80 a ton. The remainder would be spring potatoes. These figures are not mine but are those of the growers concerned. Also, about 541 acres of onions and 10 acres of cauliflowers and cabbages have been affected. One grower alone has lost 12,000 cauliflowers, valued at about 30c each, because of this flood. He had planted about 15,000 cauliflowers, of which he is hoping to salvage about 3,000. Also, 28 glasshouses, an acre of lettuces, and many acres of bunch vegetables have been lost. About 12 to 15 growers have been involved in the survey that has been made. This survey does not include all those people who have suffered losses, because some of the areas are inaccessible and people have not been able to calculate their losses. This committee estimates that the total loss is \$146,240—a large sum of money in anybody's language.

I suggest that, if there is a flood in a certain area, often a form of flood relief, to which the Government contributes, is available. Similarly, in the case of a fire, there is fire relief; and, in the case of drought, drought relief is often available. Also, we now have the rural reconstruction scheme. These people affected can still be viable if they are given

an opportunity to become viable again, but a loss like this is more than they can handle on their own. So I ask the Government whether it will look closely at this matter with a view to seeing whether it is possible to assist these people in some form or other. They are asking not for hand-outs but only for assistance to help them over this unfortunate situation, to which many of them believe the Government has contributed.

The Hon. C. R. STORY (Midland): I support the motion, for which the Hon. Mr. Hart has made out a very good case. As one who has been through some floods in his life, I have a clear appreciation of how these people feel at present, because there is nothing more insidious than a flood. People can spend much of their lifetime building up an asset and then, in a matter of hours, they can have it torn away from them. Next to fire, I suppose flood is the most heart-rending thing. I cannot say whether or not there has been negligence, but I can plead on behalf of my constituents in Midland and the adjacent areas (some of which have been affected, and also some parts of the outer metropolitan area) to the Government fully to investigate the situation and ask that, whatever comes from the investigation, the Government will do its level best to rectify the situation so that it does not recur.

The weather forecasts from the daily press show that we are likely to have a continued period of wet weather, which will persist for some time, according to an assessment of the long-range forecasts. This disaster has left many people in a serious financial position. I know that the Minister of Agriculture, representing the Minister of Works, has competent officers who can advise him quickly of the total damage; I know, too, that the Minister of Works has competent officers who can advise him on the means by which this flooding can probably be averted in future. However, the main purpose of this motion is to impress on the Government how the members for Midland feel about the seriousness of the flooding at the weekend, and to endeavour to get action from the Government. It is apparent that this matter was not fully discussed in Cabinet yesterday; otherwise, I know that the Minister of Agriculture would have had a report in his hand, or certainly in his head, arising from what happened at the Cabinet meeting yesterday. If he was not able to attend that meeting yesterday—and I do not know whether or not he was able—

The Hon. T. M. Casey: He was there.

The Hon. C. R. STORY: —he might not have been able to deal with this position. However, I am sure he has something to tell the Council, and the only way to get him to tell it is for me to sit down and let my colleagues support the motion briefly, so that the Minister can have the maximum time allowable under Standing Orders in which to reply.

The Hon. M. B. DAWKINS (Midland): Like the Hon. Mr. Story, I cannot say whether there was any negligence, but I do say some forethought should have been shown. As the Hon. Mr. Hart said, if the water had been released from the South Para reservoir 48 hours, or even 24 hours, before it was, the trouble would have been minimized, because, as I said earlier, it is when the two creeks come down together that the trouble occurs. I know it is a calculated risk to let waters out of reservoirs in advance of their filling, but surely it is not such a big risk at present when we have large quantities of water stored in the reservoirs, and especially when water is still running into the reservoirs from saturated catchment areas. The Hon. Mr. Hart asked what steps could be taken to avoid a similar situation occurring. I have been told that the gates on the South Para reservoir are now all closed again and that it is very nearly full once more. No doubt there will be something of an avalanche of water released when the reservoir is full. If that is true (I cannot say whether it is), it is time the Government took some precautions in these matters and released a small flow of water continuously while water is still running into the reservoirs, rather than releasing water in large quantities, thus enabling it to cause a flood.

I have been told, as I have said, that the gates on this reservoir are all closed. That may or may not be true, but it is to be hoped that it is incorrect; also, that it is incorrect in respect of other reservoirs in the system where, I understand, some flooding has occurred and has caused considerable damage not only in the areas to which the Hon. Mr. Hart, the Hon. Mr. Story and I have referred but also in other parts of the metropolitan area, and adjacent areas in other districts. I support the motion.

The Hon. C. M. HILL (Central No. 2): I commend my colleagues from Midland for bringing this urgent matter before the Council. It indicates the manner in which they attend to their duties and bring forward matters that affect their constituents. It is not only in the areas

to which they have specifically referred that this problem has arisen. I was contacted yesterday by a gentleman who had talked with some of the market gardeners in the Torrens Valley area, around Campbelltown and up towards Kangaroo Creek, who not only were incensed at the damage that had been caused to their crops but had also made charges against the Engineering and Water Supply Department in regard to the release of water from the Millbrook and Kangaroo Creek reservoirs. I do not know whether or not those charges can be sustained.

The Hon. T. M. Casey: There is no control of the spillway at Kangaroo Creek.

The Hon. C. M. HILL: The Minister will have time to answer; we shall listen to all that he has to say.

The Hon. T. M. Casey: You are making things up.

The Hon. C. M. HILL: I am not; I am saying what I was told.

The Hon. T. M. Casey: That is different—

The PRESIDENT: Order! The Hon. Mr. Hill.

The Hon. C. M. HILL: It came from growers who have lost their vegetable crops in the Torrens Valley area. I repeat that the charges that these growers are making are similar in substance to those mentioned here in regard to water storages elsewhere—that there has been neglect by Engineering and Water Supply Department officers regarding the control and release of water from the Millbrook and Kangaroo Creek reservoirs. I am not saying that these charges can be sustained, and I particularly want to hear the department's view on the matter so that it can be fairly and justly judged.

Growers in the area, which is part of my electoral district, have sustained very serious losses. Some of those growers claimed yesterday that the control and release of water had not been properly administered. I should like to hear a reply on this matter from the Minister so that I can take it back to those people. In many cases the livelihood of growers has been destroyed. Bearing in mind the amounts of money mentioned by the Hon. Mr. Hart and what the losses must mean to the growers, surely the Government will consider the problems of these people and the contribution they make to the primary production of this State. Surely the Government will not overlook the question of whether they should receive compensation. I should like to have

an explanation of whether any fault lies with the department. I will then be able to judge the whole issue.

The Hon. V. G. SPRINGETT (Southern): In my electoral district there has been much loss and tragedy as a result of the flooding. Honourable members representing the Midland District referred to the possibility that the gates might have been opened at the wrong time. I do not know whether that happened, and I will not comment on it. According to the news media, one area in the Southern District, Noarlunga, urgently needs a levee to control floodwaters. I trust that all necessary investigations will be made quickly and that all necessary help will be made available without delay. I trust that such help will be equally available to all sections of the community in need. I support the motion.

The Hon. H. K. KEMP (Southern): I, too, support the motion. If any undue risks were run in connection with the accumulation of water and the severe flooding that has occurred, the primary producers involved are entitled to compensation. In view of the weekly forecasts about storages in our reservoirs, it was apparently necessary to keep the gates shut and to retain every drop of water. When the emergency occurred over the weekend it apparently became necessary to make large releases in order to provide for the safety of the waterworks. The severe flooding that occurred was undoubtedly man-made, in that it resulted from the release of water at Mount Bold and South Para. Was that action really justified? If it was not really justified, due compensation must be made to those who suffered losses.

The PRESIDENT: Order! It is 3.15 p.m. Call on the business of the day.

The Hon. A. J. SHARD (Chief Secretary) moved:

That Orders of the Day—Government Business—be postponed until the Minister has had an opportunity to reply to the debate on the motion.

Motion carried.

The Hon. T. M. CASEY (Minister of Agriculture): I thank the Chief Secretary and honourable members for their co-operation in this matter. As honourable members are aware, I represent the Minister of Works in this Council. I was present at yesterday's Cabinet meeting, but this matter was not discussed then because information had to be collated by the Engineering and Water Supply Department in order to inform the Minister

of Works. As that Minister is in another place, I was not informed about it until a few moments ago. Like other honourable members, I make no secret of my sympathy for those growers who have been flooded out. It is a natural disaster. Unfortunately many primary producers are confronted from time to time and from season to season with such disasters. Over the years many primary producers have been affected by frost damage both in the River districts and in the cereal-growing areas. Furthermore, the wind has often flattened barley crops, and grasshoppers have eaten out hundreds of thousands of acres in the North. So, natural disasters affecting primary industry are not unusual. However, honourable members should not think for one moment that the Government is not sympathetic about this matter. I was surprised to hear the Hon. Mr. Hill accuse officers of the Engineering and Water Supply Department of negligence.

The Hon. C. M. Hill: Read *Hansard*!

The Hon. T. M. CASEY: I will do that. The honourable member tried to change things later by saying he might not be prepared to go along with it, but that was what he said initially.

The Hon. C. M. Hill: I said that I was told.

The Hon. T. M. CASEY: Some honourable members have suggested that this was a man-made flood and that, if water had been released earlier, the problem would have been averted. This is like backing a winner after it has passed the post. One knows the result and then goes back a period and says, "If we had done this, a different result would have occurred." I do not think that such arguments are valid. The Minister of Works reports:

Flooding in the Gawler River was due to the combined flows of water coming from the North Para River, which is uncontrolled, and the South Para River, on which the department has a major storage. On Saturday night there was capacity for 500,000,000 gall. in the reservoir, and there was no indication of very large flows arriving. It might be noted that the rainfall at both the South Para and the Warren reservoirs for the day was of the order of 1 in. It was not known that nearly 3 in. had fallen in the catchment at Mount Crawford. On the other hand, no action of any real effect could have been taken had this information been available.

During Sunday the reservoir keeper at South Para operated the gates maintaining the reservoir at full storage and there was some overflow over the gates until early afternoon. The maximum flood passed the dam at midday and

was probably slightly reduced by ponding in the dam and by operating the diversion tunnel to Barossa reservoir at maximum capacity. At the time of maximum flow there were 14 gates open, which was essential in protection of the reservoir but which did not contribute to the flood peak, due to the fact that the storm flow would have passed over the gates if they had not been held open. The police at Gawler were notified of the approaching flood condition between 8 a.m. and 9 a.m. on Sunday.

That report was supplied to my colleague by the Engineering and Water Supply Department. Other honourable members have asked questions about the situation on the Torrens River and this was mentioned particularly by the Hon. Mr. Hill. My colleague reports:

Kangaroo Creek dam filled early on Sunday and overflowed. There is no control on the Kangaroo Creek spillway and the effect of Torrens flow was practically that of the natural flood passing down the stream, probably delayed a little in passage through the reservoir and certainly not increased in intensity. The shape of the flood peak is not known and it is not possible to say whether the reservoir mitigated the peak in any way.

For the benefit of honourable members for Southern District, my colleague advises:

On the Onkaparinga River the situation was very similar to that in the Torrens. The reservoir was full before the storm and was maintained at constant level by careful manipulation of the gates. There was no capacity available to absorb any part of the flood. In this instance also notification was given to the police and I understand that the reservoir keeper first communicated with them about 2 a.m. on Sunday.

In conclusion, the Minister of Works states:

Water storage reservoirs are not suitable as flood control structures unless specific provision is made for this purpose and reserve capacity held against flood filling. On the nature of the storms experienced last weekend I would guess that any reserve capacity less than 1,000,000,000 gall. in each storage would not have played any great part in lessening the flood peak.

I am sure the Government will look very closely at these problems to see what can be done in the matter. I am sure, too, that the Government will give to the problems of any families in distress through this natural disaster very serious and careful thought.

The Hon. L. R. HART: I thank the Council for its courtesy in allowing me to bring forward this motion, and I thank honourable members for their support. I was rather surprised when the Minister related the disaster of flooding to problems we have had with grasshoppers and to other associated problems. I was surprised, too, when he said that on Saturday night the reserve capacity of the

reservoir was about 500,000,000gall., and yet on Sunday morning it was overflowing. We asked the Minister what of the future, and he said there will have to be a reserve capacity of 1,000,000,000gall.

The Hon. A. J. SHARD: Sir, while I do not like doing this. I point out that my motion provided that the Orders of the Day be postponed to allow the Minister to reply. In those circumstances I do not think the honourable member has a right to close the debate.

The Hon. C. R. STORY: I would seek your ruling, Sir—

The Hon. C. M. Hill: It looks like the gag to me.

The Hon. A. J. SHARD: It is not a question of gagging. You have not got enough brains to see that. It is a matter of the procedures of this Council.

The Hon. C. M. Hill: It still sounds like the gag to me.

The PRESIDENT: Order! I have looked at this matter. It is normal when a motion is moved that the mover has a right of reply. In this case it will be controlled by a decision of the Council, which was an extension of time to enable the Minister to reply. I suggest, therefore, that the Hon. Mr. Hart now withdraws his motion.

The Hon. C. R. STORY: I would seek your ruling, Sir. Would I be in order if I were to move that Standing Order 69 be so far suspended as to enable the debate to continue?

The PRESIDENT: The Council has already made a decision, which was to enable the Minister to reply. I have already drawn attention to that. The Minister has replied, and that is the end of the matter. The honourable member can only withdraw the motion. The Hon. Mr. Hart.

The Hon. L. R. HART: In view of your ruling, Sir, I seek leave to withdraw the motion.

Leave granted; motion withdrawn.

PAY-ROLL TAX BILL

Adjourned debate on second reading.

(Continued from August 26. Page 1133.)

The Hon. R. C. DeGARIS (Leader of the Opposition): This Council has always been prepared to co-operate with the Government in passing legislation quickly when there is a need for some urgency. The Bill before us needs to be handled as quickly as possible and, for the sake of easy operation, should be

assented to before September 1. Looking at the date, one sees it is now August 31, so for ease of operation the Bill should be agreed to today if possible.

Having said that the Council is always prepared to assist in getting legislation through this Chamber, at the same time I must say that we do not appreciate criticism by Government members, whichever Party they may belong to at any time, when this Council seeks to prevent Bills being passed hastily, particularly when some of those Bills need careful and close consideration. As an example I refer to the extreme pressure exerted on honourable members in this Council during the passage of the Succession Duties Act Amendment Bill last session. When there is a need for urgency honourable members in this place are always ready to play their part in passing that legislation. I refer also to the recent passage of the Dartmouth dam ratification Bill through the Council.

The decision to allow the States direct access to a growth tax (in this case pay-roll tax) was taken at the last Premiers' Conference. In prior conferences between the States and the Commonwealth other new agreements were entered into for the sharing of revenue between the Commonwealth and the States, and also there was a new approach to the allocation of Loan funds. These matters have been dealt with previously in other debates and there is no need to mention them again during the debate on this Bill. The Bill before the Council differs from the Commonwealth legislation in some respects and I feel the best approach is for honourable members not to debate the actual merits or demerits of the legislation, but to study the variations between the legislation before us and that of the Commonwealth. This course should be adopted because the States have been agitating for some time for access to a growth tax. The Commonwealth Government has now agreed to pass this avenue of taxation to the States, and the States have agreed to accept it.

I believe that the legislation being introduced is uniform in each State. For that reason, my approach will be to draw the attention of the Council to the variations in the Bill from the present Commonwealth Act. The first variation honourable members should note is that the rate of tax is lifted from 2½ per cent to 3½ per cent at the State level. This increase of 1 per cent is an increase of 40 per cent in the return to the Treasury. The

Chief Secretary's second reading explanation states that a 2½ per cent collection was expected to return \$334,000,000 to the Commonwealth Treasury, of which \$27,300,000 would have been collected from South Australia. I assume that this \$27,300,000 that would have been collected from South Australia at a rate of 2½ per cent would be a net collection to the Commonwealth Treasury; in other words, it would not take into account the various rebates that presently apply to export business in this State. If that assumption is correct, the 2½ per cent gross collection would be significantly higher, because this Bill does not provide for any rebate or bonus for exporting industries. This question of the special rebate on the level of exports applying in the Commonwealth legislation has a bearing on the net return to the State Treasury but also must be examined separately. I intend to examine it in relation to the figures given in the second reading explanation.

As I said previously, the expected return to the Commonwealth Treasury at 2½ per cent was \$334,000,000, of which \$27,300,000 would have come from South Australia. I have not been able to obtain the actual rebate figures applying to South Australia, but if one assumes that the gross return at 2½ per cent without the rebates was not \$27,300,000 but \$30,000,000, then with the rise in the rate from 2½ per cent to 3½ per cent the return to the State Treasury would have been, in a full year, \$42,000,000. One finds three other matters of significance in the second reading explanation. The Chief Secretary said:

A special Commonwealth contribution of about \$22,400,000 for all States would be added back into the financial assistance grants for 1971-72 and would be incorporated in the base for escalation in future years. A supplementary grant of \$40,000,000 for all States would be made by the Commonwealth for 1971-72 only, in recognition of the States' particular current problems. The Commonwealth also offered to assist the States to free local government from the necessity to pay pay-roll tax in respect of all its activities other than business undertakings.

The amount that would actually accrue to the States in 1971-72 would depend on the date of take-over of this power by the States, and that amount would be deducted from the financial assistance grants otherwise payable to the States.

The rise from 2½ per cent to 3½ per cent, with the Commonwealth assuming responsibility for the loss of revenue resulting from the freeing of local government and other new arrangements referred to, means that the final

sum amounts to something like this: an increase in the revenue over the Commonwealth formula, which is 2½ per cent, of \$15,000,000; an increase in special provisions of \$2,000,000; and the supplementary grant of \$4,000,000 at least. I admit that these figures are rough guesses, but that is the best one can do with the information available. However, it seems to me that the net increase in return to the State Treasury, with other provisions mentioned in the second reading explanation, will be as high as \$25,000,000. I understand that the net increase in revenue to the State Treasury will be something of that order.

This seems to allow to the Government the opportunity to make some constructive move in relation to other forms of State taxation. I refer to such things as land tax and succession duties, which are having more than a damaging effect, particularly on the future of family enterprises and on rural areas of the State.

Although the second reading explanation says nothing about the special rebate now applying to exporters, I have ascertained that the Commonwealth intends introducing legislation to provide for a bonus to those exporting industries that would have been eligible under the Commonwealth Act had the collection of pay-roll tax remained a Commonwealth function. This rebate or bonus will not apply at the new rate of 3½ per cent but will be payable by the Commonwealth as if the tax rate was 2½ per cent.

After reading the Bill and listening to the Chief Secretary's explanation, I considered whether such an incentive that already exists in the Commonwealth Act should be part of the State legislation. However, on reflection I rejected that approach. In my opinion, this question of export incentives, whether it be in the form of bonus payments or of relief from some form of taxation, should be solely a Commonwealth responsibility. If export incentive is to be a part of State legislation, it should be a matter purely and simply of Government policy and should not concern this Council. However, because of the rise in tax from 2½ per cent to 3½ per cent, and because the rebate or bonus is to be carried on by the Commonwealth Government, it will not be as effective as it was previously, as the bonus will be paid at the 2½ per cent and not 3½ per cent rate.

I have been told that some employers, because of the size of their export business,

do not pay any pay-roll tax. Under the new scheme, pursuant to which the rebate will be $2\frac{1}{2}$ per cent and the tax $3\frac{1}{2}$ per cent, those exporters who today are not paying pay-roll tax will inevitably have to do so. This may or may not affect the ability of those industries to export. However, one can certainly say that they will not be assisted.

The Hon. C. M. Hill: It is not any incentive for them.

The Hon. R. C. DeGARIS: That is correct. I make the point that some industries which are at present not paying pay-roll tax because of the size of their export business will, in future, no matter how large that export business is or what the Commonwealth Government does regarding its bonus payment, have to pay pay-roll tax because of the increase from $2\frac{1}{2}$ per cent to $3\frac{1}{2}$ per cent. The arrangement for the continuance, in some other form, of export incentive through rebate of pay-roll tax means that payments under the Commonwealth legislation will cease in June, 1973. It was the original arrangement for these export rebates or bonuses to apply until that date. I trust this means that the Commonwealth Government will continue paying these rebates until possibly 1975, as I have been told that in many cases it is about two years behind in paying its rebates to some export industries. After June, 1973, the Commonwealth Government will have to decide whether it will continue in this field of export incentives and, if it is to do so, it will be up to that Government to decide what those incentives will be.

I turn now to the clauses in the Bill. The first difference between the Bill now before all members and the provisions of the Commonwealth Act relates to the definition of "wages". This definition is not included in the Commonwealth Act. However, it is necessary for this State's legislation to contain such a definition as we are now moving to the State level of taxation. I refer briefly to clause 8, which deals with the liability to pay pay-roll tax and to which I will return later. It provides as follows:

Subject to section 12 of this Act, the wages liable to pay-roll tax under this Act are wages that are paid or payable by an employer after the month of August, 1971 (whether in respect of services performed or rendered before, during or after that month), and—

- (a) are wages that are paid or payable in this State (not being wages so paid or payable in respect of services performed or rendered wholly in one other State); or

- (b) are wages that are paid or payable elsewhere than in this State in respect of services performed or rendered wholly in this State.

I am certain that many decisions will have to be made and many disputes settled in this respect. For example, there will be arguments regarding the State in which wages were paid, and whether a person is deemed to be paid in Victoria when employed by the head office in South Australia, and vice versa. If honourable members examine this aspect, they will see that there is an area in which considerable disputes could arise and in relation to which many decisions will have to be made by the Commissioners handling this legislation in each State. Although I could continue to give other specific instances of possible disputes, I will not do so, as I intend to return to this aspect later. Clause 12, which deals with exemptions from pay-roll tax, is identical with the provisions contained in the Commonwealth Act. It provides as follows:

The wages liable to pay-roll tax under this Act do not include wages paid or payable—

- (d) by a school or college other than a technical school or technical college.

I do not see the point in this provision. Why should a secondary school, just because it happens to be a technical school or technical college, not receive an exemption, whereas other schools and colleges receive one? I think I am correct in saying that if any amendments are made to this legislation adjustments will have already been made by the Commonwealth Government under the financial assistance grants scheme. Therefore, any change that is made will mean a direct loss of revenue to this State.

A similar provision exists in the Commonwealth Act, and for the sake of uniformity and justice a similar provision in this State's legislation is warranted. Why should a secondary school, which may well be a wealthy school, be exempted from the payment of pay-roll tax when a technical school or college is not exempted? Any loss of revenue to this State in this respect will be minimal and will mean that justice is done to all forms of secondary education. Clause 12 (g) is rather difficult to follow. I think I know what it means. If I am not right, perhaps the Chief Secretary will correct me at some stage, either in Committee or when he replies to the second reading debate.

The Hon. G. J. Gilfillan: Is not paragraph (f) another raid on the Highways Department?

The Hon. R. C. DeGARIS: Clause 12 (f) provides, in effect, that the Highways Department will be the only Government department to continue paying pay-roll tax, so what the honourable member says may well be correct: it is another raid on the Highways Department. Clause 12 (g) provides that there shall be an exemption:

to a person who is a member of the Defence Force of the Commonwealth or the armed forces of any part of Her Majesty's Dominions, being wages paid or payable by the employer from whose employment the person is on leave by reason of being such a member.

It took me some time to work that out. I think it refers to wages that are made up by an employer to a person who for the time being is in the defence forces of the Commonwealth. There is an exemption, and justly so, for an employer who is making up wages to that person. Clause 15 deals with returns. It provides:

Every employer who is registered or required to apply for registration in accordance with the provisions of section 14 of this Act shall, within fourteen days after the close of each month, furnish to the Commissioner, in accordance with a form approved by the Commissioner, a return in triplicate . . .

In the Commonwealth legislation, the time given for making returns is seven days. This Bill provides for 14 days. If I outline to the Council the present procedures at Commonwealth level, we shall see that the Commonwealth gives seven days but allows a 14 days' period of grace: in other words, an employer has 21 days from the end of the month in which to make his return. To make our legislation uniform in this regard, I suggest we accept an amendment that the period be seven days, with the acknowledged 14 days' grace. If that amendment is not made, the rather confusing situation will arise in which every other State will have seven days with an acknowledged 14 days of grace while South Australia will have a period of 14 days in which to furnish a return. For the sake of uniformity, we should consider altering "14" to "7". It will not make any difference because, if the 14 days remains, South Australia will have a seven days' grace period for returns; so the position will remain the same, that employers will have 21 days, including grace days. If this amendment is not made, however, it will cause some confusion amongst taxpayers throughout Australia.

I do not object to clause 30, but I want to raise a point on it. (I do not even want the Chief Secretary to reply to this.) Clause 30 (5) provides:

The amount of any tax payable by the trustees is a charge on all the deceased person's estate in their hands in priority to all other encumbrances.

I seem to have read that before in many other measures. It is in the Income Tax Act, the Succession Duties Act, and I think it is in the Estate Duties Act, at Commonwealth level. As regards the first charge in regard to local government rates, one may well ask: what is the first charge? Who has the first charge on the estate—the Income Tax Commissioner, the Pay-roll Tax Commissioner, or the local government authority? I raise that point in passing.

Clause 31 is rather complex. It deals with the provision for payments of tax by executors or administrators. A first reading of that clause may give rise to some misgivings, but it is far less stringent than the present provisions in the Commonwealth legislation. Perhaps I can compare this clause with the Commonwealth legislation, section 33 (8) of the Commonwealth Pay-roll Tax Assessment Act reading:

The Commissioner may issue an order in the form in the Second Schedule to this Act authorizing any member of the Police Force of the Commonwealth or of a State or of a Territory of the Commonwealth or any other person named therein to levy the amount of tax due by the deceased, with costs, by distress and sale of any property of the deceased.

Then we see that the Commonwealth has direct access to means for demanding unpaid tax. Clause 31 (8) of this Bill reads:

Where tax is not paid within six months after the day on which the tax becomes due and payable the Commissioner may apply to the Supreme Court for an order that such part of the property of the deceased as is specified in the order be sold . . .

Here, we have the procedure of going to the court. This subclause may be questioned in the Committee stage but, on looking at it closely, I am satisfied that it is not as stringent as it appears to be at first glance. Also, I believe it is similar to the provisions in the South Australian gift duty legislation. Part VI of the Bill deals with objections and appeals. Clause 35 (1) provides:

Any person required to pay tax who is dissatisfied with the assessment of the Commissioner may—(a) within thirty days after the service on him of notice of assessment lodge with the Treasurer an objection in writing against the assessment stating fully and in detail the grounds on which he relies; or (b) within forty days after the service on him of notice of assessment appeal to the Supreme Court.

It seems desirable in this clause to lengthen to 60 days the period within which a person may appeal to the Treasurer or to the Supreme Court. That would bring the period into line with that provided for in the income tax legislation. Unlike the previous provision, dealing with a seven days' period and a 14 days' period and non-uniformity with the other States causing difficulty, the matter of uniformity or non-uniformity in this part of the measure offers no complications. Indeed, I feel that if we make it 60 days it will be uniform with objections and appeals in other Acts, and other States would probably follow our lead in this matter. Perhaps the Chief Secretary, when he replies to this debate or in the Committee stage, will indicate the Government's attitude to this matter. Clause 50 (3) provides:

The production of any document purporting to be under the hand of the Commissioner (that document purporting to be a copy of or extract from any document or return furnished to, or of any document issued by, the Commissioner), shall for all purposes be sufficient evidence of the matter therein set forth, without producing the original.

When I first read that subclause I thought that it needed amending; I was willing to go along with the idea that this could be *prima facie* evidence. I should like the Chief Secretary to clarify this point. I am fairly certain that in these modern days with modern copying machines perhaps this philosophy is acceptable but, if the document is copied not by such means but by some other means, some error may be made. However, on further considering the provision, particularly the words "shall ... be sufficient evidence of the matter therein set forth", I realize that it shall be sufficient evidence of that—and only that. I have an open mind on whether the clause needs amending, and I seek further information from the Chief Secretary.

Some changes are necessary to Part VI, which deals with objections and appeals. An objection to an assessment must be lodged with the Treasurer within 30 days and with the court within 40 days. In the Commonwealth Act this matter is dealt with in a different way by sections 38 to 41. That Act provides for taxpayers' objections to be raised with the Commissioner; that is exactly the same position as with this Bill. However, if the Commissioner fails to satisfy the objections raised, under the Commonwealth Act the objector can take his case to a board of review, whereas under the State Bill his only recourse is directly to the Treasurer. I believe that the provision of a board of review is patently fairer and more sensible.

The board of review has operated at the Commonwealth level for some time; it comprises part-time members who are drawn from a panel, usually consisting of a lawyer, an expert in the tax law under consideration, a taxation consultant dealing with such matters, and a departmental officer or an ex-departmental officer with some knowledge of the matter. The board conducts its affairs fairly informally but can take evidence on oath. Experience shows that the board has worked extremely well and has considerably reduced the number of cases that have gone to litigation in the courts. The taxpayer himself can appear before the board of review or he can be represented by a taxation consultant, an accountant or anyone else, including counsel. This Bill, by omitting any provision for a board of review, forces the taxpayer who believes he has a legitimate objection either to accept the Treasurer's ruling or to litigate the matter in the Supreme Court. Such a procedure is costly and may not produce decisions as good and as realistic as those of an expert board.

I therefore strongly advocate that we do not move away from the present accepted procedures in the Commonwealth Act in this regard. There is not necessarily any need to exclude the Treasurer, but I believe there is a strong case for continuing the Commonwealth system of using a board of review between the Commissioner and the final appeal to the Supreme Court. I do not intend to touch on the question of grounds of objection at this stage, but I believe that not only in connection with this Bill but also in connection with gift duty and succession duties the procedure of using a board of review, as the Commonwealth Government has done in so much of its legislation, should be copied at the State level.

There will be many advantages to all concerned if a tribunal procedure is adopted in South Australia rather than the Treasurer's being the only step between the Commissioner and litigation in the Supreme Court. I referred earlier to clause 8 in relation to this matter; I said that transferring the procedures to the State level would no doubt create indecision and disputes in some cases. Because such indecision and such disputes will occur and because the tribunal procedure has worked so well at the Commonwealth level, I fore-shadow amendments in the Committee stage in this connection. However, I should like to hear the Chief Secretary's views on these matters. I support the second reading.

The Hon. V. G. SPRINGETT (Southern): The Leader has made very adequate reference to the Bill. Perhaps we should regard the variety of taxation measures that come before us in the same way as we regard the question of milking cows: if it is done regularly and in moderation everyone benefits, but if it is done to excess the supply is ruined and everyone suffers. It is taken for granted nowadays in certain circles that any large industrial enterprise is a bottomless pit, to change my metaphor, and certain groups of people glibly criticize any large firm because it makes big profits, completely ignoring the fact that vast capital investments must be made before a cent of profit can be drawn. Assuming they prosper, it will be interesting to see the turnover profit from the trade unions' involvements in business enterprise.

One of the reasons for increasing taxation, including pay-roll tax, is the need to meet the cost of social services, and amongst those I mention especially health and education. I have no quarrel about either of these functions or about any other of the services which are integral to the modern developed society. Certain taxes will hit certain sections of the population more severely than others. Some are aimed exclusively at a delineated sector (for example, tax on tobacco and on alcohol), yet none of these taxes is completely isolated. It is not just the individual who pays: the whole industry and allied services are affected. Remove these specific taxes and a vastly increased impost must descend on the whole community. All forms of indirect taxation directly affect every man's standard of living—some people go on to say "unequally". All the States have expressed a need for a growth tax to compensate and balance against the ever-rising cost of providing facilities, and that growth tax has been provided in this pay-roll tax. I have been intrigued, in talking recently to one or two people who really should have known better, to hear this referred to as another tax which only affects "them", meaning the employer. In fact, it surely must always have been inevitably one of the component factors of the cost of producing an article for sale to someone somewhere, and ultimately in all forms of taxation there must come a point when the last straw is reached.

South Australia has always relied on having a margin in its cost structure that has given it the edge over the other States. As a State, we can never work on the assumption that because we have a lower cost structure we are

automatically on safe ground for increasing willy-nilly (to use a term referred to earlier in the day) other taxation. It is obvious that all taxation must be raised against the background of the philosophy of the Government of the day, and if social services predominate more money must be raised from fewer people, and there comes a point where further imposts must cripple an industry, or more than one, or even a whole State.

The need to increase pay-roll tax from the 2½ per cent charged by the Commonwealth Government to the 3½ per cent to be levied by the States must be read against the impact of the 6 per cent increase in wages only six months ago, the full impact of which we are told has not yet been felt. We must remember the natural increase in revenue this 6 per cent has produced and therefore the increased taxation which automatically follows. The only real snag is that, whereas this natural employment growth accounts for 18 per cent, the increase in the pay-roll tax hits industry to the tune of an extra 40 per cent. How can this be met without dealing a blow to our ability to compete to advantage with the other States and with other countries in overseas markets? It is a very wry thought that the primary industries are depressed so that in one breath we have to talk about rescue operations for them and in the next breath we put up the pay-roll tax by 40 per cent. This is somewhat ironical.

When it was responsible for this pay-roll tax, the Commonwealth Government provided for rebates for increased overseas sales of certain eligible exports. Now we are going to make it even harder for many people—perhaps for some people more or less impossible—to gain benefits which they could use in their overseas dealings by comparison with their competitors. The 40 per cent increase in pay-roll tax adds to the cost and sees to it that life is made much harder.

Should not the rebate meant as an export incentive be increased by at least 40 per cent, so that it is effective at the 3½ per cent level and not at the old 2½ per cent level, and kept going by the States in the same way as the Commonwealth Government intended to do? Now that the States are raising this money I, too, ask the question asked by the Leader of the Opposition regarding the travelling itinerant worker, if I can use that term, who works one week in South Australia and the next in Victoria, or who works in South Australia and is paid in Victoria.

Part VI, to which the Leader has referred, refers to objections by the taxpayer. These are permitted to the Commissioner. They were permitted previously, and they will still be, but the board of review (again to which the Leader referred) to whose resources the taxpayer can turn to seek a ruling will not be available under State legislation. It would seem to me quite wrong that the aggrieved taxpayer, if he is still aggrieved after approach to the Commissioner, has to appeal to and accept the findings of the Treasurer, who is responsible for imposing the tax with all its weight. After that, the only review possible is by the Supreme Court, and this is a costly business.

I look at the Festival Theatre site, with its recently added complex, and I look at the vastly increased number of new modern school buildings. I admire them all and regard them as most important, particularly the schools, but they have to be paid for. I recall the Workmen's Compensation Act legislation which went through this Parliament last year, which we were told (and which we all realized) was pioneer legislation, and with it go pioneer costs.

Surely it is time we faced the realities of working harder, producing more, keeping industry viable and competitive, or ultimately as a State going to the wall. We can sustain rapidly developing and improving social services only if industry at all levels is kept thriving and buoyant. Can those rapidly developing and improving social services be sustained? This must surely provide industry with every opportunity to earn and support the State financially. If industry cannot be kept successfully at a high level, social services count for very little indeed. For that reason, I support the Bill, but I will support also the amendments to which the Leader has referred.

The Hon. C. M. HILL (Central No. 2): I was very pleased to hear the previous two speakers stress that the tax to be imposed by this measure would be of great concern to this State. Surely, with all the increased costs that will face commerce and industry in South Australia as time passes, we must eventually get to a point where grave warnings must be given that the cost structure can go so high that goods cannot be sold. When that stage is reached, there will be serious repercussions right through commerce and industry, possibly to the stage where employment will be threatened. We do not want to see that state of affairs arise.

Therefore, whilst we can to some degree express some pleasure that a growth tax will be available to the States generally and to this State particularly, the tax must be administered and charged with great caution and care, and in some instances (as I think the Hon. Mr. DeGaris has mentioned) adjustments can perhaps be made in some other areas of taxation so that real equity can be seen and enjoyed in the taxation structure of the State.

In an endeavour to obtain some statistics on the point of this tax being a growth tax, I inquired from the Adelaide Chamber of Commerce, a body that represents those who employ labour and will be paying this pay-roll tax. Those who employ labour are involved in this measure more than any other group in our community.

The Chamber of Commerce carried out a careful survey among its members, who include a general cross-section of people in business throughout the State, including such people as manufacturers, bankers, insurance companies, retailers, merchants, accountants, share brokers and so on. The survey related to the years 1965-66 and 1970-71, and the chamber considers that its results are indicative of the overall trend.

The survey showed that in the five-year period between those two financial years there was an increase in employment of 18.2 per cent while pay-roll tax paid rose by 42.7 per cent, which is a considerable increase. Added to that, we know that the full impact of the 6 per cent national wage increase and other increases granted since January 1 this year have not yet been fully felt for a whole year, and it is therefore reasonable to assume that the trend which has indicated a 42.7 per cent increase in pay-roll tax will continue and that the sum paid will rise considerably next year and in following years.

So there is an escalating feature about this legislation. Further, as the rate will now be 3½ per cent compared to the 2½ per cent previously charged by the Commonwealth, there is a 40 per cent increase in the base rate. Therefore, I join with others who have emphasized the dangers that exist if this tax is continued without great care being taken to see whether some adjustments can be made in other areas to assist the South Australian community generally.

Amongst the people whose interests the Government must watch and whose interests the Government is concerned with, as evidenced by other measures the Government

has taken, are those people concerned with manufacture for export from South Australia. I say that the Government is concerned with the interests of those people because time and time again we see in the press reports of the need to increase exports.

Only today there was a report about the need to export to Indonesia, and over the weekend there was another report on this subject given by a Minister from this State. The point is stressed time and time again that manufacturers in this State must pay special attention to developing their exports because this will be of great advantage to South Australia.

These manufacturers are employers who are of great interest to the State Government. As the Leader has said, those employers have been benefiting from an export incentive scheme granted by the Commonwealth Government, which considered this question and passed appropriate legislation in 1961. That scheme is a two-pronged affair: it assists exporters by giving them income tax deductions, and it also gives them some concessions in the payment of pay-roll tax.

The incentive under the income tax legislation is basically an incentive to promote or gain markets overseas for local products. I understand that the incentive under the pay-roll tax system is a rebate of 10.5c in each \$1 of pay-roll tax paid, based on a pay-roll set against the sales increase over a base year. This latter incentive is in fact a reward for selling overseas.

We have been told that the Commonwealth Government will maintain this benefit to exporters up until 1973 by simply paying cheques to exporters of a sum similar to what their rebates would have been had this taxation remained with the Commonwealth; but of course it would be maintained only at the old rate of 2½ per cent. This means that the manufacturers who export, along with all other employers in this State who are liable for pay-roll tax, will have to bear this 40 per cent increase in taxation.

Will the State Government give an undertaking regarding its intentions when the Commonwealth Government's rebates cease in 1973? There is a clear need for the Government to make such a statement, so that those who have expanded their industries and taken special steps to produce goods for export can continue their plans rather than reduce production because of their uncertainty of the

situation thereafter. It may well be that the Commonwealth Government has indicated some sort of plan to the States.

I agree in principle that the matter of export incentives concerns the Commonwealth Government more than it does the State Governments. However, we in South Australia have had examples of how this Government seems to be more interested in exports than is the Commonwealth Government. Therefore, there is little doubt that the present Government has broached the subject with the Commonwealth Government. Will the Minister in reply say whether any discussions have taken place with the Commonwealth Government on this matter and, if not, what will be this Government's intentions (assuming, of course, that it is still in office in 1973 or thereafter) regarding this benefit which exporters at present receive but which, if the present plan is fulfilled, they will not receive after 1973?

Some manufacturers, who have gone to much expense and trouble to develop their export outlets, have seen evidence in this State of the present Government's extravagance in its attempts to build up commercial and industrial relationships with overseas countries, especially those in Asia. The Government has already announced that it is willing to hand to Asian interests, if they are willing to enter into business arrangements, at a nominal rental (indeed, I believe it is a peppercorn rental) for 99 years a site in Victoria Square valued at about \$1,000,000. It is also willing to give land tax concessions for that period in an attempt basically to increase commercial and industrial trade with Asia.

The Hon. T. M. Casey: You don't agree with that?

The Hon. C. M. HILL: No, I think it is extremely extravagant and wasteful that \$1,000,000 of the public's money should be used for this purpose. However, that is another subject, on which I should be only too happy to expand.

The Hon. R. A. Geddes: Being tax-free, of course, it is a continuing process.

The Hon. C. M. HILL: That is true, and it goes far beyond that, to the point of the possible complete failure of the venture. I do not know any Japanese business man that wants to come to Australia and hire a wing of a hotel here which is completely set up in Japanese style. When a Japanese tourist comes to Australia he wants to stay in

first-class accommodation of Australian style, in the same way as I, if I went to Japan, would not like to be put in a room just like an Australian hotel room.

The Hon. T. M. Casey: How would you like to sleep on a Japanese mat? Do you think you could do that?

The Hon. C. M. HILL: No, I am not on the mat very often.

The Hon. T. M. Casey: If you went into Japanese quarters that is what would happen.

The Hon. C. M. HILL: If the Minister likes to enjoy Japanese style accommodation, perhaps he can go to one of the bedrooms in a suite of this new hotel and see what it is like.

The Hon. T. M. Casey: You said that is what you would like if you went to Japan: to stay in Japanese-style accommodation.

The PRESIDENT: Order!

The Hon. C. M. HILL: I make the point that South Australian manufacturers, who are at present enjoying incentives and financial benefits because they have developed their export production, must know what the Government intends to do when these benefits cease. Indeed, they have every right to know this when they see the public's money being spent to build up trade and commerce with Asia, as instanced by the Government's plan to allocate \$1,000,000 of South Australian money for the hotel to which I have referred. I therefore ask the Government whether it will make a statement on this matter so as to allay the fears of manufacturers regarding the continuance of export incentives in the future.

I noticed with interest and pleasure that local government is to be relieved of the payment of pay-roll tax other than for expenditures relating to construction work. In this respect I express my appreciation to the Commonwealth Government, as this was a plan of that Government to assist local government throughout Australia.

The Hon. A. F. Kneebone: Although this was done as a result of the approaches of the Ministers concerned.

The Hon. R. C. DeGaris: But the Commonwealth Government is bearing the cost.

The Hon. C. M. HILL: Not only that, but before the Premiers' conference representations were made in this State for some relief to be given, and the Minister told the local government bodies that this was a Commonwealth matter.

The Hon. A. F. Kneebone: This was discussed at the Ministers' conferences, one of

which I attended. An approach was made to the Commonwealth Government on that occasion.

The Hon. C. M. HILL: I understand that the Commonwealth Government initiated these arrangements, which will help local government not only in South Australia but throughout Australia as a whole. I am sure that local government bodies in this State appreciate this assistance.

My next point concerns clause 12 (f), which provides that the Motor Vehicles Department and the Highways Department will still have to pay pay-roll tax to the State Treasury, whereas other Government departments will be exempted from such payment. This is another example of the Highways Fund being depleted and of the State Treasury's benefiting by this proposal. It is a great pity that every possible opportunity is taken to reduce the balance of the Highways Fund for general revenue purposes. There is a great need for the money in that fund to be used for the purposes for which it is intended. Capital works such as major roads and bridges throughout the State are always urgent. Sealed roads are still needed in the far-flung areas of the State, as are major bridges across the Murray River and other roadworks, including the widening of roads in metropolitan Adelaide and works relative to road safety improvement. Many other purposes for which the Highways Fund must be used are ever present.

It seems completely unfair that the Highways Department as a constructing authority (or even a constructing department, because that is what it is, in many respects) should have to continue paying pay-roll tax whereas other departments also involved in construction (for example, the Engineering and Water Supply Department, which is the department concerned with vast water main projects and the building of reservoirs) are exempt from this measure. People take the view clearly that the net proceeds from their licence and registration fees and the net proceeds from the Commonwealth allocations over five-yearly periods for road purposes should be spent for the benefit of those people who use the roads.

Already, motorists are dissatisfied with the present Government because of the taxation increases that have been imposed in the relatively short time in which it has been in office. Because of that dissatisfaction, they will not take kindly (and I do not blame them at all) to the fact that some part of the Highways Fund

is being filched while other Government departments are benefiting as a result of the change.

Motorists are finding taxation heavy. As evidence of that, I remind honourable members that the present Government last year increased licence fees by 50 per cent, and a few months later it increased registration fees by an average of 20 per cent. In some cases the increase was 33¼ per cent. So the Government could at least in some way recompense the Highways Department for that increase in taxation by allowing it to make the maximum possible use of the money at its disposal. The Government could do that by putting the Highways Department on the same level as other departments under this Bill. It could relieve it of the payment of pay-roll tax, but the Government has not seen fit to do that. I criticize it strongly for that reason.

I support the Hon. Mr. DeGaris in his contention that there is a need for a board of review under this legislation. I shall be interested to hear why a provision for a board of review has been omitted from this Bill when there is such a board under the Commonwealth legislation. From inquiry, I understand that the Commonwealth system has worked well. Also, I learned from a discussion I had with a person who was deeply involved in this matter that from time to time employers have found the board of review system a splendid one, for it has reduced their expenditure. They have found it a most sympathetic board to which to appeal. I am surprised that the present Government has omitted that provision in the appeal machinery in respect of this pay-roll tax legislation. I intend to support the amendment that the Hon. Mr. DeGaris has on file writing, in effect, a board of review into this Bill.

My last point deals with representations I have received from the Australian Boy Scouts Association, which finds its financial position worrying. It appreciates the fact that it receives some help from the State Government. It receives an annual grant of \$2,500, and through the National Fitness Council, from the subsidy granted there, it currently receives \$4,000 towards the cost of providing a full professional staff. So that association does get some financial assistance from the Government, but it finds that its salary bill is considerable. Indeed, over the last two years, the payments it has made for pay-roll tax have been \$625 and \$547 a year.

Honourable members will appreciate that the cause of the scouting movement is very good.

Traditionally, over many years, it has provided a means by which young people can develop healthy minds and healthy bodies. Any assistance that can be given to such an organization should be given.

I do not know what the Government's attitude will be towards including the Boy Scouts Association in the list of exemptions in clause 12 but, if the Government opposes it, I should like some further information on paragraph (j), which deals with an exemption given to the Australian-American Educational Foundation. I do not know, and have been unable to find out, the reason why that foundation is exempted from pay-roll tax. I appreciate it would be awkward to consider all the associations and groups (all of which, no doubt, want some assistance) but some guide lines must be set out. However, it seemed strange to me, on reading these provisions, that that group had been included in the list of exemptions.

In principle, I support the measure. It is necessary that Parliament pass it. If the State reconsiders its taxation structure to ensure that it does not receive more than it needs to receive by way of revenue and in this reconsideration it reviews carefully all its forms of expenditure, and if it exercises care and caution in both its planned revenue and its planned expenditure, South Australia can benefit.

However, I fear that this tax, being a growth tax, will be collected without any adjustment being made in other areas of taxation; that it will be a growth tax perhaps far greater than most people think, from the figures I quoted earlier in my speech. Further, I fear that it will bring considerable worry to employers. If great care and caution are exercised in regard to our tax structure, we can benefit by a steady growth tax; however, if that care and caution are not exercised, the repercussions may spread throughout the business world to the point of threatening employment, and no-one wants to see that. I support the second reading.

The Hon. H. K. KEMP (Southern): I support the Bill. I do not think it has been generally recognized that this measure is the first indication by the Commonwealth Government of the gross imbalance that has gradually occurred in connection with State and Commonwealth finances. This is the first example we have had of the Commonwealth's giving a little bit back. When the Commonwealth Constitution was first framed the whole of the

Commonwealth revenues were to be provided from excise duties and customs duties, and any surpluses from those duties were to be returned to the States for their own use. The States were to have all other forms of taxation in their hands, but that position has been gradually eroded away until we now have the spectacle of money that was raised by taxation being paid back to the States and then again being taxed by the Commonwealth.

Government departments and local government were paying pay-roll tax to the Commonwealth Government, to which we ourselves had provided money through taxation. I hope the Government does not let this matter lie here: there must soon be a reconsideration of the financial structure of the State Governments and the Commonwealth Government. The States have the responsibility of providing most of the services, whereas the services provided by the Commonwealth Government are comparatively negligible. However, the great majority of the revenue goes to the Commonwealth Government. If this situation is not corrected, we will have the centralization of all Government functions in Canberra, which seems to attract many politicians today. For this reason I do not think we can do anything other than support the Bill.

Apparently the decision to increase the rate of pay-roll tax from 2½ per cent to 3½ per cent has been made uniformly by all the State Governments. As a person who is interested in our export industries, I notice that the Bill provides none of the concessions that have hitherto been given by the Commonwealth Government in the form of partial rebates of the tax for export industries. It is obviously impossible for the State Government to make any such provision, but this omission will place our export industries at a disadvantage. Australia is already a high-cost country, and the cessation of this slight concession will cause our trading position to deteriorate further.

In this Bill we have the recognition that the Commonwealth Government has overstepped the mark in collecting revenues with its rapacious paws. It is pleasing to see that the exemptions have been kept at about the same level as in the Commonwealth legislation. However, it is necessary for the Treasurer to explain why the level of exemption has been changed from \$20,800 (as it was in the Commonwealth Act) to \$20,799.96.

Clause 12 deals with the people who are exempted. It has already been said that a

technical college will not be exempted, but I ask whether universities will be exempted. Of course, universities are wholly financed by moneys contributed through taxation. It will be grossly unfair if we are to be taxed on our taxes.

The same point applies to the funds of the Highways Department. I cannot help being sympathetic to the Government in connection with bringing into general revenue some of the money going into that department. After all, because accidents on our roads are responsible for a great deal of expenditure on hospitals and medical services, a high proportion of such expenditure should be paid from the funds of the Highways Department.

Can the Chief Secretary say why parking stations are exempted under clause 12 (e)? Such an exemption seems wrong. However, the exemption of local government, electricity, gas, water supply, sewerage, abattoirs and the other public utilities listed seems to be equitable and just. However, parking stations, some of which are run for private profit, do not deserve exemption any more than do other private businesses. I know the Adelaide City Council has a number of parking stations, but they are not the only parking stations or the most profitable ones in the State.

There is no need for me to go over the ground which has been covered already by other honourable members. I reiterate that in discussing this Bill we should recognize that this is a break-through in what has been a tragic development in the past in the gradual encroachment of the Commonwealth Government on the revenue earning capabilities of the States. I support the Bill.

[Sitting suspended from 5.3 to 7.45 p.m.]

The Hon. A. J. SHARD (Chief Secretary): I thank honourable members for the care and attention that they have obviously given to this most important measure, and also for the courtesy that has been extended to facilitate its passage. At the outset, I should make clear the real reason for the increase in the tax from 2½ per cent to 3½ per cent, and I draw honourable members' attention to the remarks which I made in the second reading debate and which, if I may be forgiven, I will restate.

The clear terms of the arrangement between the Commonwealth and the States is that the financial grants to the States are to be adjusted downwards by approximately the amount that the Commonwealth would lose by vacating the tax at the rate of 2½ per cent. Thus, if the

States retained the rate of 2½ per cent, there would be a negligible net increase in their revenue. In short, the real net increase in revenue that accrues to the States comes from the additional 1 per cent tax levied.

I assure the Leader of the Opposition that the insertion of paragraph (a) in the definition of "wages" in clause 3 is purely to meet the needs of the taxing situation within the State, and ensures that certain Crown instrumentalities are bound. A provision in this form is common in most of the corresponding laws of the other States. I note his concern that there will be difficulty in the interpretation of clause 8 but not, I suggest, in the area of determining where wages are actually paid. As far as possible, these difficulties have been anticipated by subclauses (2) and (3) of this clause.

Regarding clause 12, I intend to reserve my remarks as to the desirability of exempting technical schools until this matter arises in Committee. However, I assure the Leader that his interpretation of paragraph (g) of that clause is correct, and I commend him for his undoubted skill at the interpretation of what, on the face of it, seems an obscure provision. The only consolation I can offer the Council is that the corresponding Commonwealth provision was even more obscure. Honourable members will note from an amendment on file that an opportunity will be provided in Committee for further consideration of the period of 14 days set out in clause 15 (1).

I note the Leader's view that some form of tribunal would be a more appropriate body to consider objections against assessments in the first instance, and again I indicate that this matter can be better dealt with in Committee. Regarding clause 50, I suggest that, in this day of making photographic copies of documents for tendering in evidence, it is not too severe to provide that the copy shall be sufficient evidence of the matter set forth in the document since, as the Leader so correctly observes, it goes no further than this.

I refer now to the remarks made by the Hon. Mr. Springett, and I again draw attention to the previous remarks as to the absolute necessity for effecting some increase in the rate of tax and, although I note his concern that there will be a net real decline in the assistance given to exporters under the proposed Commonwealth arrangements, it is clear that questions of export incentive must be the province of the Commonwealth rather than the States, but this is not in any way intended to

deny that every possible encouragement will be given to exporters in this State. I do not consider that the two examples regarding itinerant workers given by Dr. Springett should cause much difficulty; in the first example, his week's wages in respect of his South Australian work will be returned in this State, and his week's wages in respect of his Victorian work will be returned in Victoria, and in the second example, his wages would all be returnable in South Australia. This is not to deny that there may be difficulties in this matter, but they should not prove insuperable.

Finally, I do not consider that, unless a differential rate is introduced in one or more States, this tax can of itself prejudice the employer in this State *vis-a-vis* the employer in other States. I am sorry I cannot provide for the Hon. Mr. Hill a statement of the Commonwealth's intentions regarding export rebates after 1973. I have ascertained that at this time the Commonwealth has not given any indication of its intentions to this State regarding this matter.

As to the Hon. Mr. Hill's concern about paragraph (f) of clause 12, it is in the Government's view equitable that, since the provisions for road purposes by both State and Commonwealth Governments have already been determined having regard to the commitment to meet pay-roll tax, a reasonable balance will be achieved by continuing this obligation, even though it is at a somewhat increased rate. The exemption for the Australian-American Educational Foundation in paragraph (j) was an exemption agreed with the Commonwealth. As the Hon. Mr. Hill has no doubt noted, it was contained in the Commonwealth Act, and at this point I am afraid that I can be no more explicit in the matter, although I have the strong impression that the effect of the exemption in South Australia's circumstances will be minimal if, indeed, there is any effect at all.

In closing, I should like to refer to the speech of the Hon. Mr. Kemp which, to my mind, went to the heart of the matter in its ready appreciation of the profound significance of this measure. I note his remarks about the decline in the real level of the export incentive, and can only emphasize once again the clear responsibility of the Commonwealth in this matter. I note his desire to see universities exempted, but at this stage we are somewhat circumscribed by the agreement between the States as to exemptions. Also, in the area of university grants by the Commonwealth,

appropriate provision has been made for the payment of pay-roll tax at least at the old rate. In conclusion, parking stations are not exempt as they fall in the class of enterprises conducted by councils that will attract pay-roll tax on wages. It is only the non-business activities of councils that are exempt.

Bill read a second time.

In Committee.

Clauses 1 and 2 passed.

Clause 3—"Definitions."

The Hon. R. C. DeGARIS (Leader of the Opposition): I move to insert the following new definition:

"the Tribunal" means the Pay-roll Tax Appeal Tribunal constituted by section 35 of this Act:

If the Committee accepts this amendment, I will move further amendments to provide for the setting up of a tribunal to hear objections and appeals. This is provided for at present in the Commonwealth Act, and I understand that it has operated very well. The Commonwealth tribunal is known as the Board of Review, and employers who have taken cases to that board have been completely satisfied. Also, it has built up at very cheap cost a knowledge of the total situation regarding pay-roll tax legislation.

With the setting up of a tribunal at a State level, that tribunal can draw its philosophy from the decisions that have already been made by the Commonwealth Board of Review. I consider that this question merits the close attention of this Chamber, for I believe that this tribunal would take a large load off the Treasurer. We must appreciate that between the time the Commonwealth vacates this field and the time that the States take on the responsibility of levying and collecting this tax a number of matters will deserve the attention of the tribunal.

If the situation is left as it is, the only appeal from the Commissioner will be to the Treasurer, and this seems to be an appeal from Caesar to Caesar. I believe that this tribunal would be able to do a good deal of work in this matter. A strong case can be made out for the establishment of boards of review or tribunals between the Commissioner and the final appeal to the court, for this would be a cheap way for employers or taxpayers to have their appeals heard. When the board of review makes a decision, either the Commissioner or the person lodging the appeal can appeal further to the Supreme Court. I

believe that this is a most important matter, and I trust the Government can agree to its inclusion.

The Hon. A. J. SHARD (Chief Secretary): Although I would be the last one to wish to introduce a discordant note, I must say that the Government cannot accept this amendment. It is one of a series of amendments intended to provide for the establishment of a Pay-roll Tax Appeal Tribunal, in place of the Treasurer, as the first forum of appeal against an assessment of the Commissioner. Since this amendment is first in point of time in the series, it would seem desirable that it should be treated as a test for the series. I would ask the Committee to reject this amendment, not because there is anything inherently wrong with the type of tribunal proposed by the Leader of the Opposition but for the reason that the procedure already provided for by this Act is adequate. It may have another not inconsiderable virtue in the eyes of honourable members opposite in that it follows very closely the scheme of first appeal provided for in a measure, the Gift Duties Act, that was introduced by the former Government. Should this not be merit enough, perhaps I may be permitted to enlarge on its virtues still further.

Under the measure as at present before this Committee, a dissatisfied taxpayer has three courses open to him. First, he may appeal directly to the Supreme Court and there have his grievance ventilated. Secondly, he may if he wishes seek a relatively speedy and informal hearing by the Treasurer who, in his deliberations, is guided by the advice and counsel of the Crown Solicitor. I would like to make it quite clear to honourable members that in the exercise of the powers here in point the Treasurer will give proper regard to the not inconsiderable body of what might be called "pay-roll tax" law as enunciated by the various Boards of Review under the Commonwealth Act as well as under corresponding laws of other States. Thirdly, if the taxpayer is still dissatisfied with the Treasurer's decision he may still appeal to the Supreme Court.

If the Committee accepts the amendment it will have, in fact, interposed a second judicial tribunal in the system, a tribunal whose procedures must necessarily be more expensive and time consuming than the procedures at present proposed. Further, the decisions of this tribunal will be subject to review in the same manner and in the same circumstances as the decisions of the Treasurer. It will, I concede, have provided a forum that can give

effect to the body of pay-roll tax law that already exists, but the Treasurer is not incapable of doing this and, as I have already indicated, he would in the exercise of his powers propose to do so. This, as I see it, is the sole real advantage that would flow to the public from the establishment of a tribunal with its attendant delays and expense, and I suggest that this advantage can be attained within the framework of the measure as it stands. I ask the Committee to reject the amendment.

The Hon. Sir ARTHUR RYMILL: In looking at the equivalent Commonwealth Act I see that there is at present a Board of Review in relation to pay-roll tax. Of course, the Commonwealth rate is $2\frac{1}{2}$ per cent as against the $3\frac{1}{2}$ per cent provided under this Bill. As far as I can glean from the Chief Secretary's second reading speech, the amount of tax that will be levied in a total year at the new rate will be about \$38,000,000. The Chief Secretary referred to gift duty in this relationship. How much is the expected revenue from gift duty? It seems to me it will be a small amount of money, and perhaps the comparison is not a good one because, in the case of a tax that sets out to levy as much as this Bill does and in such a way as this Bill provides, it seems to me there should be speedy and reasonably inexpensive methods of review of that tax.

The Hon. A. J. SHARD: I am unable to give the figure now. I have tried to get the information but so far have been unsuccessful.

The Hon. R. C. DeGARIS: About \$2,000,000 is the amount for gift duty, I think.

The Hon. A. J. SHARD: The Leader may be right. We are trying to find out.

The Hon. Sir ARTHUR RYMILL: The Chief Secretary raised this point—I did not. He made the comparison. I was merely of the view that that comparison was not totally apt because the gift duty is, I think, only a fraction of what the pay-roll tax will be. On the other hand, I suppose a similar principle applies. However, for a \$2,000,000 tax it may be said that a tribunal should not be set up whereas a tax of \$38,000,000 or \$40,000,000, it seems to me, really does warrant some sort of tribunal. The Commonwealth Government, from which we are about to take over the tax, has such a tribunal. There is a similar tribunal in respect of income tax appeals, something we know a little more about than we do about pay-roll tax. That tribunal has worked well and to the advantage of the

individual, because it is an infinitely cheaper method of people having their claims properly and speedily heard.

The Hon. A. J. SHARD: I now have the figure that the honourable member asked for. These figures are for the last two years available. The amount of gift duty was \$309,000 in 1968-69, and \$611,000 in 1969-70.

The Committee divided on the suggested amendment:

Ayes (11)—The Hons. M. B. Cameron, M. B. Dawkins, R. C. DeGARIS (teller), G. J. Gilfillan, L. R. Hart, C. M. Hill, E. K. Russack, Sir Arthur Rymill, V. G. Springett, C. R. Story, and A. M. Whyte.

Noes (5)—The Hons. D. H. L. Banfield, T. M. Casey, R. A. Geddes, A. F. Kneebone, and A. J. Shard (teller).

Majority of 6 for the Ayes.

Suggested amendment thus carried; clause as amended passed.

Clauses 4 to 11 passed.

Clause 12—"Exemption from pay-roll tax."

The Hon. R. C. DeGARIS: I move:

In paragraph (d) to strike out "(other than a technical school or a technical college)".

I raised this matter in the second reading debate. I do not intend pressing this amendment, if the Government does not agree to it, the reason being that, as the Bill stands, it is identical with the Commonwealth Act—

The Hon. A. J. Shard: That is right.

The Hon. R. C. DeGARIS: —but, for the sake of uniformity, the words "other than a technical school or a technical college" should be removed from paragraph (d). I do not think this will make any difference to the returns to the Treasurer from pay-roll tax. I do not know whether any technical school or technical college is at present paying pay-roll tax, but I think it is wrong in principle that a school or college that could be very wealthy should be exempt from pay-roll tax whilst a less wealthy technical school or technical college should be caught for pay-roll tax.

The Hon. A. J. SHARD: This amendment will exempt from pay-roll tax wages paid by any non-profit technical schools and technical colleges. Whilst they were not exempted under the Commonwealth Act, the Government will not oppose the amendment.

Suggested amendment carried.

The Hon. G. J. GILFILLAN: In paragraph (f) the Highways Department is singled out as the only Government department that

will pay pay-roll tax. I am concerned about the flow-on of that provision, which could cost about \$175,000 a year. Can the Chief Secretary say what the position is of councils which are now generally exempted from the normal pay-roll tax, in connection with the construction of roads? Many councils receive money from the Highways Department in several ways, such as grants in aid. I am particularly concerned about the debit order system of financing work, whereby the council acts as an agent of the Highways Department in road construction, using council plant and council employees.

The Hon. A. J. SHARD: They would be wages paid by the council through a special grant, and the councils would not be liable for pay-roll tax.

The Hon. G. J. Gilfillan: Does that include debit order work?

The Hon. A. J. SHARD: Yes.

The Hon. C. M. HILL moved:

After paragraph (i) to strike out "and"; and to insert the following new paragraph:

(k) by The Australian Boy Scouts Association South Australian Branch.

The Hon. A. J. SHARD: I ask the Committee to reject the amendment. The exemptions in the clause were agreed to by the Commonwealth and all the States, except the exemption for Government departments that I specifically adverted to in my second reading explanation; that exemption concerned only the Government. It is not unlikely that discussions will take place in the future between the States as to exemptions, but it is highly desirable that there be a uniform approach in granting exemptions. The amendment refers specifically to the South Australian Branch of the Australian Boy Scouts Association, but any such amendment would undoubtedly have national ramifications. Accordingly, I ask the Committee not to provide for such exemptions until the responsible Minister has discussed the question generally with his colleagues in other States.

Suggested amendment negatived; clause as amended passed.

Clauses 13 and 14 passed.

Clause 15—"Returns."

The Hon. A. J. SHARD: I move:

In subclause (1) to strike out "fourteen" and insert "seven".

When this measure was introduced in another place it was provided in subclause (1) that returns under the measure must be lodged within seven days of the close of the month to

which they relate. Although this period was that provided for 30 years ago in the Commonwealth Act covering this matter, there is no doubt that, with the complexities of modern accounting, it imposed a considerable burden on employers. For this reason it was proposed in another place and accepted by the Government that the period should be increased to 14 days.

However, the Government has since made further inquiries in this matter and is now satisfied that certain administrative arrangements have been made to reduce the burden imposed on employers by the application of the seven-day period. Further, the Government is of the opinion that, in view of the existence of these arrangements, having a different return period in this State from that provided for by the corresponding legislation of other States would cause not inconsiderable inconvenience to the group of employers who return wages in more than one State, an inconvenience that is not, in the Government's view, justified in the light of the administrative arrangements adverted to. Accordingly, this amendment proposes that the period for lodging returns be restored to seven days.

The Hon. R. C. DeGARIS: I support the amendment. I do not think it makes very much difference to the employer whether the period is seven days or 14 days. Whilst the Commonwealth Act provides for seven days, there is an understanding that there will be 14 days' grace—in other words, the employer has 21 days. If a period of 14 days is provided for, possibly the allowance of 21 days will still apply, but 14 days will be provided for in the actual legislation and there will be seven days' grace. This will produce confusion amongst employers who have to pay pay-roll tax in more than one State. Will the Chief Secretary give an undertaking that, if the Committee accepts his amendment, the 14 days' grace period applying now in relation to the Commonwealth Government will also apply to South Australia, and that the 21-day deadline will also apply?

The Hon. A. J. SHARD: I give that assurance to the Leader.

The Hon. Sir ARTHUR RYMILL: I am confused, following the Chief Secretary's explanation, because I understood him to say that the Government had accepted this amendment in another place. Will this Chamber be accused of being obstructive if it reverses an amendment that the Government has accepted?

The Hon. A. J. SHARD: I assure the honourable member that the Government,

which was approached by an organization in this respect, has accepted the amendment in another place and that, if this place is ever accused of being obstructive, this clause will not be mentioned.

Suggested amendment carried; clause as amended passed.

Clauses 16 to 30 passed.

Clause 31—"Provision for payment of tax by executors or administrators."

The Hon. R. C. DeGARIS: I move:

In subclause (6) to strike out "Treasurer" and insert "Tribunal". In subclause (11) to strike out "Treasurer" and insert "Tribunal"; and to strike out "he" second occurring and insert "it".

These amendments are consequential on the amendment to clause 3.

Suggested amendments carried; clause as amended passed.

Clauses 32 to 34 passed.

Clause 35—"Objections and appeals."

The Hon. R. C. DeGARIS: I move:

To strike out clause 35 and insert the following new clause:

35. (1) For the purposes of this Act, there shall be a tribunal to be known as the "Pay-roll Tax Appeal Tribunal" which shall consist of the three members, appointed by the Governor, of whom—

- (a) one shall be an officer as defined in the Public Service Act, 1967, as amended, who shall be chairman of the tribunal;
- (b) one shall be a legal practitioner as defined in the Legal Practitioners Act, 1936, as amended;

and

- (c) one shall be a person who, in the opinion of the Minister, has a knowledge of and experience in the commercial application of a law, whether of the Commonwealth or of this State, relating to pay-roll tax.

(2) The Governor may, as occasion requires, appoint such person as he considers fit and proper to act in the place of a member of the tribunal during that member's absence or incapacity.

(3) During the absence or incapacity of a member of the tribunal, the person appointed in accordance with subsection (2) of this section to act in his place shall be entitled to act in the place of that member and, when so acting, shall be deemed to be a member of the tribunal and, in the case of the person appointed to act in the place of the Chairman of the tribunal, shall be deemed to be the Chairman of the tribunal.

(4) An appointment made under subsection (2) of this section of a person to act in the place of a member and any exercise by that person of his powers and functions as such shall not be questioned on

the ground that the occasion for the appointment or for the exercise of the power or functions had not arisen or had ceased.

(5) An objection made to the tribunal shall be determined by the tribunal at a sitting convened by the Chairman of the tribunal and the Chairman of the tribunal shall preside at any such sitting.

(6) A decision concurred in by the majority of the members of the tribunal shall be a decision of the tribunal.

(7) A member of the tribunal shall not, as such, be subject to the Public Service Act, 1967, as amended, but this section does not affect the rights, duties or obligations under that Act of any member of the tribunal who is an officer as defined in that Act.

(8) No act or proceeding of the tribunal shall be invalid on the ground only of any vacancy in the office of any member or of any defect in the appointment of any member.

(9) A member of the tribunal shall, if the Governor thinks fit, be paid such fees or other remuneration as may from time to time be fixed by the Governor and shall be entitled to receive such travelling and other expenses as are from time to time approved by the Minister.

(10) Regulations under this Act may make provision for—

- (a) the practice and procedure to be adopted in the conduct of proceedings before the tribunal;
 - (b) the term of office of members of the tribunal;
 - (c) the vacation of office by, or the removal from office of, members of the tribunal and the filling of offices that so become vacant;
- and
- (d) the provision of secretarial assistance to the tribunal.

The new clause sets up the pay-roll tax tribunal, and deals with its composition and other matters relating to the tribunal which are usual when such a tribunal is established.

Amendment carried.

Clause 36—"Pending appeal or objection not to affect assessment."

The Hon. R. C. DeGARIS: I move:

To strike out clause 36 and insert the following new clause:

36. (1) Any person required to pay tax who is dissatisfied with the assessment of the Commissioner may—

- (a) within 60 days after the service on him of notice of assessment lodge with the tribunal an objection in writing against the assessment stating fully and in detail the grounds on which he relies;

or

- (b) within 60 days after the service on him of notice of assessment appeal to the Supreme Court.

(2) Notwithstanding subsection (1) of this section, where the assessment is an amended assessment, the objector or appellant shall have no further or other right of objection or appeal than he would have had if the amended assessment had not been made, except to the extent to which by reason of the amended assessment a fresh liability in respect of any particular is imposed on him or an existing liability in respect of any particular is increased.

(3) Where such person forwards to the tribunal an objection against the Commissioner's assessment the tribunal, after making such inquiries and obtaining such information and advice as it deems proper, may confirm or modify the assessment; and, if such assessment is not confirmed, the amount of tax to be ultimately retained shall be that fixed by the tribunal and the difference shall be refunded by the Commissioner to the person who lodged the objection.

(4) In deciding an objection the tribunal shall not be bound by any rules relating to the admissibility of evidence, but may admit such evidence as to it seems relevant.

(5) Upon the confirmation or modification by the tribunal of the Commissioner's assessment, such person or the Commissioner may within 60 days after the decision of the tribunal is communicated to him appeal to the Supreme Court.

(6) A person desirous of appealing from or against any assessment of the Commissioner or against the decision by the tribunal on an objection shall within 60 days after the day on which the Commissioner's assessment or, as the case may be, after the day on which the decision of the tribunal is communicated to him, institute an appeal to the Supreme Court by giving notice in writing to the Commissioner or the person affected by the decision of the tribunal, as the case may be, of his intention to appeal therefrom together with a statement of the grounds of such appeal and, within a further period of 14 days, lodging with the Supreme Court a petition of appeal.

(7) The court or any judge thereof sitting in court or in chambers may hear and determine the matter of such appeal and make such order with regard thereto and the costs thereof as shall be just.

(8) At the hearing of any appeal or objection under this Act the person making the objection or instituting the appeal shall be limited to the grounds stated in his objection or appeal.

This clause is substantially a re-enactment of old clause 35, with appropriate modifications following the establishment of the tribunal to consider appeals, instead of appeals being made to the Treasurer. The appeal period has generally been extended to 60 days, and provision is made for an appeal by the Commissioner against the finding of the payroll tax tribunal.

Amendment carried.

Clause 37—"Adjustment of duty after appeal or objection."

The Hon. R. C. DeGARIS: I move:

To strike out clause 37 and insert the following new clause:

37. (1) The fact that an appeal or objection is pending shall not in the meantime interfere with or affect the assessment the subject of the appeal or objection and tax may be recovered on the assessment as if no appeal or objection were pending.

(2) If the assessment is altered on an appeal or objection, a due adjustment shall be made, for which purpose amounts paid in excess shall be refunded by the Commissioner and amounts short paid shall be recoverable by the Commissioner as arrears.

This restates old clauses 36 and 37 in a single clause. It is intended to avoid difficulty with cross-references in the Bill.

Amendment carried.

Clauses 38 to 56 passed.

Clause 57—"Regulations."

The Hon. G. J. GILFILLAN: I question why we have these extensive regulation-making powers in the Bill. The first part of this clause is similar to the clause in the Commonwealth Act except that the maximum penalty has been increased to \$100, which seems quite high to me for a penalty provided in a regulation. I believe that Parliament and the public at large are becoming concerned at the very wide regulation-making powers that have been included in our Acts in the last few years. This leads to the position where we have government by the Executive, rather than having the full facets of legislation brought to the notice of the public on the floor of the Chamber. We have this very position at present, as honourable members will see from the Notice Paper, in respect of other legislation. The full implications of that legislation could not be known until the regulations were before the Chamber.

The Hon. A. J. SHARD: I am told that the regulation-making powers are not great in substance, and that the regulations will merely provide for the way in which information is to be supplied. That is the best explanation I can give at his stage.

The Hon. G. J. GILFILLAN: I thank the Chief Secretary for that explanation. However, some of the wording in this clause is quite new to me. For instance, at the end of the clause we find the following wording:

The regulations may be so made as to have a different application according to such factors as may be specified in the regulations.

Although this may be clear to some members, it is not clear to me.

The Hon. Sir ARTHUR RYMILL: I am afraid I find the same difficulty as the honourable member, because it is rather curious

wording. I do not know whether it is intended to mean that the regulations can be made so that they operate in contradiction of some of the terms of this Bill. I can only conclude that perhaps it is intended that something can be introduced in regulations that may be contrary to the provisions of the Bill itself. On the other hand, such regulations will have to come before the Chamber and be subject to scrutiny. I should be interested to hear the Chief Secretary's explanation.

The Hon. A. J. SHARD: I am unable to give an explanation of this matter. However, that part of the clause can be deleted if that is the wish of the Committee. The Clerks will need a little time to prepare this Bill before we can send it back to the other Chamber, and if progress was reported now it would enable me to get further information on this matter for honourable members, if they desire it.

Progress reported; Committee to sit again.

[Sitting suspended from 8.44 until 10.5 p.m.]

The Hon. G. J. GILFILLAN moved:

To strike out subclause (3).

This subclause appears on page 36 of the Bill, lines 11 to 13.

Suggested amendment carried; clause as amended passed.

Title passed.

Bill read a third time and passed.

CAPITAL TAXATION

The Hon. R. C. DeGARIS (Leader of the Opposition) brought up the report of the Select Committee, together with minutes of proceedings and evidence.

Report received and ordered to be printed.

The Hon. R. C. DeGARIS: I thank the members of the committee who worked so assiduously over the 12 months of its sittings, and I also express my thanks, as Chairman, to Mr. Drummond, who acted so well in his role as Secretary to the committee.

ADJOURNMENT

At 10.12 p.m. the Council adjourned until Wednesday, September 1, at 2.15 p.m.