LEGISLATIVE COUNCIL

Tuesday 15 November 1983

The PRESIDENT (Hon. A.M. Whyte) took the Chair at 2.15 p.m. and read prayers.

ASSENT TO BILLS

His Excellency the Governor, by message, intimated his assent to the following Bills:

Appropriation (No. 2),
Enfield General Cemetery Act Amendment,
Housing Improvement Act Amendment.

PAPERS TABLED

The following papers were laid on the table:

By the Minister of Health (Hon. J.R. Cornwall):

Pursuant to Statute—

Racing Act, 1976—Greyhound Racing Rules—Proceedings of an Inquiry.
Radiation Protection and Control Act, 1982—Report on Administration of the Act, 1982-83.
The Whyalla and District Hospital Inc.—General By-laws.
Libraries Board of South Australia—Report, 1982-83.

By the Minister of Agriculture (Hon. Frank Blevins):

Pursuant to Statute—

Technical and Further Education—Report of the Director-General, 1982.
Veterinary Surgeons Act, 1935—Regulations—Registration Fees.

QUESTIONS

FISHING INDUSTRY SURVEYS

The Hon. M.B. CAMERON: I seek leave to make a brief explanation before asking the Minister of Fisheries a question about economic surveys in the fishing industry.

Leave granted.

The Hon. M.B. CAMERON: I understand that AFIC (Australian Fishing Industry Council) has made a submission to the Minister concerning an independent economic survey into the fishing industry. The Minister replied to AFIC on 20 October, and I quote a few paragraphs from the letter, of which the Minister would be aware:

> Management in this State is therefore not confined to conservation, as suggested. In fact, economic considerations are given as much attention as maintenance of the resource when effort reduction policies are formulated.

I understand that the proposal from AFIC includes an economic study of the fishing industry by independent consultants. I further understand that the objective of the study is to produce economic profiles to assist the Government and the fishing industry in the following ways:

- Provide a basis for determining the capacity of the industry to contribute towards the costs of management of the industry.
- Assist the development of a longer-term plan for the management of the industry.
- Indicate potential areas for improvement in the structure and viability of the industry.
- Assist individual fishermen (or potential fishermen) in making decisions about their future operations.
- Assess the cost structure and viability of samples of fishermen in each of the four sectors and in various geographic areas as a basis for industry profiles.
- Assess the contributions already being made by sectors of the industry in the nature of taxes, licence fees and other forms and the capacity of the industry in relation to future contributions.
- Identify in broad terms any areas where the costs of management of the industry may be reduced whilst still achieving the objectives of the State Government and the industry or where the effectiveness of industry management may be improved.
- Evaluate alternative bases for the assessment of licence fees which would ensure equitable contributions by the various sectors of the industry and achieve the objectives of the State Government.

It was proposed by AFIC that a sum of $30 000 would be spent on the survey and that a steering committee would oversee the survey. The steering committee was to consist of a nominee of the Minister of Fisheries, a nominee of the Australian Fishing Industry Council, and an officer of the Department of State Development. That would mean that the Government would have a majority on the steering committee. It was also proposed that the consultants should consult with the steering committee throughout the study but that the final report should be the sole responsibility of the consultants. The steering committee should make recommendations to the Minister of Fisheries on action arising from the consultant's report. The costs of the study should be borne equally by the State Government and the Australian Fishing Industry Council.

Indications are that the Government has declined the proposal that it match the sum of $15 000 being provided by AFIC for the economic survey. I believe that that is a short-sighted attitude in view of the fact that the industry was worth $61 million to this State last year. Mr Puglisi, the President of AFIC, said:

> I expect that the total cost of our proposed economic survey would be in the order of $30 000 and we find it hard to believe that you are not prepared to spend $15 000 towards the future management of one of the State's most important primary industries.

The fishing industry is important to South Australia and has shown what I regard to be a very long-sighted attitude by proposing to spend what I regard as a significant sum of money for an organisation on a survey of its own industry. It has requested the Government, which is in charge of the management of the industry, to match the funding that it is supplying. Will the Minister reconsider his refusal and put the proposition to Cabinet that such an economic survey be funded in part by the Government?

The Hon. FRANK BLEVINS: The short answer to the honourable member's question is 'No'. However, I suspect that the Hon. Mr Cameron would not be satisfied with a short answer.

The Hon. C.M. Hill: Not only Mr Cameron—the industry as well.

The PRESIDENT: Order!

The Hon. FRANK BLEVINS: On the basis that a short answer will not be good enough for the Hon. Mr Cameron, I am happy to answer at greater length. I will not be putting to Cabinet the request by AFIC for a $15 000 contribution toward an economic survey because, quite frankly, as the Minister responsible I cannot justify to Cabinet that that amount of taxpayer's money would be usefully spent.

This is so for a variety of reasons. I suppose the principal reason is that an economic survey would involve a considerable time, and the various cost factors that impinge not just on the fishing industry but also on other industries vary enormously and change very rapidly. The industry has an assurance from me that there will be no increases during the life of this Government in licence fees—that is, in the part of the licence fee that has been in dispute over the past

few months. It seems to me that the value obtained from the expenditure of $15 000 of taxpayers' money would be very limited indeed. There is to be no increase in licence fees for two years, and we hope that the new Fishing Act will apply from April next year: the scheme of management, which is, in effect, a complete reconstruction of the way fisheries legislation operates in this State, should be given at least a couple of years to run.

I congratulate the previous three Ministers of Fisheries who were involved in drawing up this legislation and also the schemes of management, which will be introduced by regulation. I think that it is a significant and long overdue step in fisheries management in this State. There is also the question of providing this $15 000 to one section of the fishing industry. I have no objection to professional fishermen in this State conducting a survey of their own section: that is something that is entirely proper, and if they feel that it is of some value in reinforcing their case then I say that it is perfectly proper for them to go ahead and do it. However, there are other sections of the fishing industry. If taxpayers' money is going to be spent for one group, then why should we not spend it for other groups? For example, there are 300 000 recreational fishermen in this State and it may be that they would like a paid profile of their section of the fishery, and so on.

We have, in the Department of Fisheries, some extremely competent public servants who are extremely skilled and knowledgeable about the fisheries and who have the expertise we require to find information very easily. If there are costs associated with professional fishing that are not known to us then it would be simple for the fishing industry to conduct a survey at no cost whatever, because its members know the price of fuel and of operating boats, etc. and, if they feel that such information should be made public, then they are free to do so at no cost to either themselves or to the Government. As I have already mentioned, there are 300 000 recreational fishermen with competing claims.

The Hon. J.C. Burdett: Three hundred thousand?

The Hon. FRANK BLEVINS: Between 290 000 and 300 000.

Members interjecting:

The Hon. FRANK BLEVINS: Members opposite interjected when I mentioned a figure of 300 000 recreational fishermen. I will be delighted, either later this afternoon or tomorrow, to provide members opposite with a survey conducted relating to recreational fishermen which sets the figure for recreational fishermen at approximately 290 000.

Again, we have a question of competing interests. If AFIC feels that what it wants is worth while, then it can do it. I point out that through the levy on fishing licences we supply a considerable amount of money to AFIC. In fact, every licensed fisherman, whether or not he likes it, has to pay AFIC. It is exactly the same as compulsory unionism—it is no different, and I support it strongly. If it means that AFIC feels it requires more money to do its job better or to present material to Government, if AFIC approaches me to increase the levy on licence fees that goes to it so that it can finance proper research, I would be happy to consider that. I as Minister cannot justify taking to Cabinet a request for $15 000 for a sectional interest (when the results would be outdated on the day after they came in).

DENTAL SERVICE

The Hon. J.C. BURDETT: Has the Minister of Health a reply to a question I asked about the dental service?

The Hon. J.R. CORNWALL: The South Australian Dental Service wrote to Dr Barmes on 13 October 1983 with a request on my behalf to provide the standard deviations sought by the honourable member. As I advised the honourable member on 8 November, as soon as I have received that information from Dr Barmes, I shall forward it to him. I would like to add that Dr Barmes undertook this review on an official assignment from the World Health Organisation, and that, in his assessment of the quality of clinical care being provided, he was ably assisted by Dr Donald Heffron, a private general practitioner of considerable renown within the dental profession, both in Australia and overseas.

Standard W.H.O. methods were used in the clinical survey, and the 232 children examined by Drs Barmes and Heffron came from schools selected by Dr Barmes before he came to Australia, and were identified for examination by a random selection method, also determined by Dr Barmes. No officers of the South Australian Dental Service participated in this aspect of the review, nor were they permitted to examine any participating patients or clinical records. In other words, officers of S.A.D.S. did not have access to any of the 'raw data' mentioned by the honourable member.

MAGISTRATES

The Hon. K.T. GRIFFIN: I seek leave to make a brief explanation before asking the Attorney-General a question about magistrates.

Leave granted.

The Hon. K.T. GRIFFIN: An article in the *Advertiser* today states that a union branch in Whyalla has written to the Attorney-General asking him to dismiss Stipendiary Magistrate Mr K. Boxall. The report states:

> The union has asked Mr Sumner to appoint a commission to take evidence from the public 'with regard to his (Mr Boxall's) handling of cases'. The secretary of the Whyalla branch of the Amalgamated Metals, Foundry and Shipwrights' Union, Mr J. Hughes, wrote to Mr Sumner and the Chief Secretary, Mr Keneally, on behalf of the union, expressing its 'grave concern' about the magistrate.
>
> Mr Keneally has been asked to appoint an independent body to investigate complaints against Whyalla police. Mr Hughes said yesterday this action followed a branch meeting at the Whyalla Trades Hall last week when members present—about 20—unanimously passed a no-confidence motion. The meeting had recommended to all branch members that if they were taken before the court they should object to Mr Boxall's sitting on the bench, and if he did not disqualify himself, they should stand mute and refuse to plead.

In the last couple of paragraphs it is stated that Mr Sumner had not received the letter but a spokesman quoted him as saying that magistrates in making decisions are independent of Government, and parties have rights of appeal from magistrates' decisions. That is all right so far as it goes, but other issues may be involved. They relate to matters affecting contempt of court. My questions to the Attorney-General are:

1. Will the Attorney investigate what amounts to a threat reported in respect of Mr Boxall? Will he investigate any future action that may be construed as a threat to the magistrate in his judicial capacity?

2. If evidence now exists, and if evidence of any future threat is or becomes available, will the Attorney-General institute proceedings against those responsible for any in contempt, including contempt by members of the Whyalla branch of the Amalgamated Metals, Foundry and Shipwrights' Union, under section 46 of the Justices Act?

3. Will the Attorney resist efforts to remove Mr Boxall, S.M. from Whyalla?

The Hon. C.J. SUMNER: The honourable member seems to be drawing a long bow from a very small article in today's *Advertiser*.

The Hon. K.T. Griffin: I am seeking information.

The Hon. C.J. SUMNER: You will get the information.

The Hon. C.M. Hill: Answer the question.

The Hon. C.J. SUMNER: I am going to. If the honourable member will stop interjecting I will answer the question.

The Hon. C.M. Hill: What about the preamble? You are an expert in preambles.

The Hon. C.J. SUMNER: I think that preambles are very important.

The Hon. C.M. Hill: They are time wasting, too.

The Hon. C.J. SUMNER: In fact many Acts of Parliament contain preamble statements. I have not yet studied the letter from the union concerned. I reiterate the statement I made yesterday, namely, that magistrates are independent of the Government in the making of their judicial decisions and that, if parties are dissatisfied with the decisions of magistrates, they have rights of appeal. Clearly, that is the situation.

If that is not clearly the situation at the present time, it certainly will be once the legislation dealing with magistrates passes this Parliament in the near future. It is clearly accepted that in the exercise of their judicial authority and discretion, magistrates are independent of the Government and it would be quite improper for me to intervene in the course of action that the parties have, which is to appeal to a higher court.

The Hon. K.T. Griffin: But contempt proceedings are in your hands.

The Hon. C.J. SUMNER: I accept that people in the community are entitled to criticise the administration of justice and the courts. Any other position could not be sustained even by the honourable member. The fact is that we do live in an open society and people are entitled to express a point of view about politicians and about the administration of justice. I have not yet seen the letter, so I cannot know what else is contained in it. I merely assert what I asserted in response to the newspaper query, that I cannot interfere in decisions made by a magistrate.

The Hon. K.T. GRIFFIN: I desire to ask a supplementary question. First, does the Attorney agree that the institution of proceedings for contempt in respect of a magistrate's jurisdiction rests fairly and squarely with the Attorney under the Justices Act? Secondly, if there is evidence of contempt, will the Attorney take action?

The Hon. C.J. SUMNER: The honourable member asks a theoretical question. I have already indicated—

The Hon. K.T. Griffin: The first question is not theoretical, is it?

The Hon. C.J. SUMNER: It is completely theoretical. I have not seen the letter to which the honourable member refers and, therefore, I am not in a position to comment upon whether or not it constitutes contempt. Certainly, from what I have read in the newspaper article, I would be very surprised if what has been said does constitute contempt of court. I have said it before and I will say it again: the public has the right to express points of view about the administration of justice in this State, and I would be surprised if the Hon. Mr Griffin took any other view. I have not seen the letter. When I do, I can look at the matters that the honourable member has raised in his question.

The Hon. K.T. GRIFFIN: I desire to ask a further supplementary question, which is merely to repeat my first supplementary question: does the Attorney agree that under the Justices Act he has the responsibility for prosecuting for contempt of court?

The Hon. C.J. SUMNER: I would have thought that the honourable member knew the answer to that question. It seems surprising to me that the honourable member insists on asking these questions about things which he should already know.

The Hon. K.T. Griffin: I know the answer.

The Hon. C.J. SUMNER: Then why is the honourable member bothering to ask the question? He knows that the Attorney-General can take action for contempt, but he asks the question. If he knows the answer, why does he bother to ask the question?

The Hon. K.T. Griffin: Why did you sidestep it?

The Hon. C.J. SUMNER: I did not sidestep anything. I will repeat what I said: on the evidence that I have from the newspaper article, I would be surprised if there was any evidence of contempt. I said secondly that I had not seen the letter; so, I cannot express an opinion on it. I said thirdly that magistrates in the exercise of their judicial discretion are independent of the Executive, and that I cannot interfere with that. I made that quite clear. I said further that once I received the letter I would look at the matters raised by the honourable member. There cannot be anything clearer than that.

The Hon. K.T. Griffin: That is quite clear now.

The Hon. C.J. SUMNER: That is what I said.

RED MEAT SALES

The Hon. I. GILFILLAN: I direct my question to the Attorney-General, representing the Minister of Labour. I understand that the Minister of Labour has a completed survey conducted by his Department relating to shop trading hours. My interest in the issue relates to late night shopping for fresh red meat. Will the Attorney ask whether the Minister of Labour will make the results of that survey available to Parliament? If so, when? If not, why not?

The Hon. C.J. SUMNER: I will obtain an answer for the honourable member.

ABORIGINAL HEALTH CARE SERVICE

The Hon. DIANA LAIDLAW: I seek leave to make a statement before asking the Minister of Health a question about the Aboriginal Health Care Service.

Leave granted.

The Hon. DIANA LAIDLAW: On 7 October last the Minister announced that agreement had been reached between the State and Federal Governments, whereby from 1 December this year Aboriginal communities in the Pitjantjatjara freehold lands in the North-West of South Australia could run their own health care service. In answer to a question from the Hon. Dr Ritson last Tuesday, the Minister confirmed that the agreement provides for the communities of Amata, Ernabella, Fregon, Indulkana and Mimili to be responsible for their own health care quality decisions, including the employment of community-based doctors, special health workers, nurses and administrators to serve those communities. This community-based and controlled health service has been welcomed widely as a positive initiative which will lead to considerable improvements in the health care and situation of Aborigines, and I share that view.

However, I have a reservation about the agreement, which was reinforced somewhat by the Minister's response to the Hon. Dr Ritson and by his repeated references to the South Australian services being independent. The Pitjantjatjara communities, as the Minister would be aware, are not confined to South Australia. They are spread across the centre of Australia and across the bureaucratic borders of South Australia, Western Australia and the Northern Territory. Thus, I would have thought that the health needs of the Pitjantjatjara people would have been better served if the initiative was administered and co-ordinated by the

Pitjantjatjara on a regional basis and not isolated simply to South Australian communities.

I ask the Minister, therefore, whether his discussions prior to the agreement being reached between the South Australian and Federal Governments involved consultation with the Western Australian and Northern Territory Governments. Is it proposed that the Pitjantjatjara communities in South Australia will remain totally independent of the communities in the Northern Territory and Western Australia in respect of running their own health care services and, if this is so, does the Minister envisage that the popularity of the agreement that he has announced may lead to a problem if the Pitjantjatjara peoples from Northern Territory and Western Australia make use of the services in South Australia to a degree beyond the capacity of the South Australian-based services to meet that demand?

The Hon. J.R. CORNWALL: We already have a pretty good working relationship with the Northern Territory Government with regard to hospital services for the Pitjantjatjara people in the North-West of the State. Currently, the great majority of evacuations for hospitalisation go to Alice Springs. So, there has to be an ongoing liaison with the Northern Territory Government. I did not have specific discussions with my colleague the Minister of Health (Nick Dondas) in the Territory regarding this matter, but there were discussions at officer level at Alice Springs and other places.

With regard to the Western Australian Government, no, there were not any specific discussions, but I am sure that with her recently developed knowledge of Aboriginal health services the Hon. Miss Laidlaw would be aware that there is already an independent health service for the Pitjantjatjara people which is entirely Commonwealth funded, and which is right in the extreme North-West corner, only 10 to 15 miles from the Western Australian and Northern Territory borders. That provides quite an extensive service into the homelands (the sit-down country) and crosses the border extensively into Western Australia and the Northern Territory. There is a reciprocal arrangement with the Pipalytjara/Kalka service, so that we will now have an exchange of records. In other words, people moving west from Ernabella/Amata to Pipalytjara or Kalka will have access to the medical records which are left behind at Amata, Ernabella, Fregon, and so forth. Likewise, people who move in an easterly direction to the Nganampa health service in the Pitjantjatjara country will be able to get their medical records transferred in that direction. So, I do not envisage any difficulties.

The populations of the area generally are pretty stable. There is a degree of migration; the Aboriginal people—far more sensibly than their white counterparts—do not tend to pay a lot of heed to artificial State borders, and there is a lot of migration to and fro. By and large, the communities remain reasonably stable, and I really do not see any difficulties arising in practical terms for the people conducting the service.

TOBACCO ADVERTISING PROHIBITION

The Hon. R.I. LUCAS: I seek leave to ask the Minister of Health a question about tobacco advertising prohibition.

Leave granted.

The Hon. R.I. LUCAS: Members will be aware of the proposal for an international motor racing grand prix through the streets of Adelaide in 1986 to help celebrate Jubilee 150. Yesterday, a prominent racing driver, Jacques Lafitte, was in Adelaide looking at the layout of the streets of Adelaide, observing the course to see whether such a proposal was appropriate. As members will also be aware, tobacco companies are prominent in the field of sponsorship of formula one motor racing; at least four tobacco company sponsored teams are in the grand prix circuit: Marlboro, John Player, Guitanes and Barclay. In addition, Marlboro pays about 40 or 50 per cent of the world's top formula one drivers a retainer to exhibit the Marlboro logo on their uniforms and helmets. A couple of those drivers are Alain Prost and Rene Arnoux, who are two of the leading exponents of formula one driving. If a tobacco advertising prohibition Bill such as we recently discussed was to become law in South Australia, clearly these drivers and teams could not compete in the 1986 proposed grand prix. South Australia's chances of getting this event for 1986 will depend on the decision by the Formula One Constructors Association, the international controlling body.

Adelaide has a number of strong competitors for the 1986 Grand Prix. In fact, I am led to believe that the strongest competitor is Acapulco in Mexico. Clearly, in making its decision as to which city or country stages the Grand Prix, the association will have to bear in mind the possibility that not all company sponsored teams will be able to compete for the proposed Grand Prix events in this State. If there was a possibility that South Australia did not allow tobacco company sponsored teams or drivers to compete in the 1986 event, our chances of staging the 1986 Grand Prix would be negligible compared with a city like Acapulco, which would not have such a restriction.

First, can the Minister give an unequivocal commitment to the Parliament that the Government will not introduce tobacco advertising prohibition legislation (or support any such proposal) in the life of this Parliament (which continues until the jubilee year of 1986). Secondly, if he cannot give that commitment, will the Minister take the matter to Cabinet and bring back a reply?

The Hon. J.R. CORNWALL: He beavers away, but, by and large, the honourable member is a dull fellow. The honourable member's question must be the beat-up of the month. I hardly expect to read about it on the front pages of either of our metropolitan dailies tomorrow! Quite frankly, I have answered the honourable member's question previously: he has tried to recycle it on so many occasions that I am almost hoarse. I have no intention of adding anything further.

The Hon. R.I. LUCAS: I desire to ask a supplementary question. Will the Minister give a commitment that he or the Government will not introduce such legislation during the life of the present Parliament?

The ACTING PRESIDENT (Hon. G.L. Bruce): Order! That is the same question; it is not a supplementary question.

The Hon. R.I. LUCAS: Mr Acting President, I am seeking an answer—

The ACTING PRESIDENT: Order! It is up to the Minister whether or not he chooses to answer the honourable member's question. The honourable member has repeated the same question, so it is not a supplementary question.

The Hon. R.I. LUCAS: Mr Acting President, I defer to your ruling. Will the Minister answer my question?

The Hon. J.R. CORNWALL: As I have made clear to the Council, I have already answered the same question *ad nauseum* over a matter of weeks; I have nothing further to add.

AGRICULTURE MINISTER'S STATEMENT

The Hon. H.P.K. DUNN: I seek leave to make a brief explanation before asking the Minister of Agriculture a question about a statement he made at the opening of a fish factory at Port Lincoln.

Leave granted.

The Hon. H.P.K. DUNN: On 5 September this year the Minister of Agriculture attended the opening of a fish factory at Port Lincoln. The factory processes tuna which is eaten raw as sashimi in Japan. It has become a lucrative industry and it is highly prized; however, processing costs, before the fish reach Japan, are high. The Lukin family established the factory in Port Lincoln for an undisclosed figure. To give the Council an idea of how much money the family has spent on the factory, I point out that 1 000 tonnes of freezer storage has been provided at the fish processing factory.

During the opening of the factory the Minister made several statements. He began by saying that the factory was a tremendous credit to the Lukin family and that the industry was worthy of strong support by the Government. I agree with that. The Minister then went on to say that the tuna industry was going through a particularly sensitive time and unless strict management and regulations came into force, the new factory would be wasted. More importantly, the Minister also said, 'Provided you don't go broke in the meantime, mate; hang on.' The Minister made that comment to Mr Lukin. Mr Lukin must have just about fallen out of his seat when he heard that comment. I thought that the Government would be trying to promote the tuna industry.

What did the Minister of Agriculture mean by his statement to Mr Lukin, 'Provided you don't go broke in the meantime, mate; hang on.'? In the light of the Minister's earlier statement about careful management and regulation, is the Government anticipating introducing further controls on the tuna industry?

The Hon. FRANK BLEVINS: It is quite obvious that the Hon. Mr Dunn did not attend the factory opening. Several comments have been made to me since the opening by people who were in attendance (and there were several hundred) and also by those who read the article in the *Port Lincoln Times*. The people who have contacted me have apologised for the comments that appeared in the *Port Lincoln Times*. None of the people who actually attended the factory opening had any complaints at all. I am delighted to go through the whole matter with the Hon. Mr Dunn. At the end of my answer I am sure that he will agree that there was nothing untoward in my comment. In fact, it was a very positive comment.

First, Mr Lukin did not fall out of his chair when he heard my comment: he did the same as everyone else—he smiled. Incidentally, Mr Lukin's local member was at the opening; I suggest that the Hon. Mr Dunn have a word with him. There is a particular problem with the tuna industry at the moment but, unfortunately, I have very little control over it because this is a Commonwealth fishery. Until this season there was no minimum size limit for tuna. The tuna fishing effort is spread out along the southern coast of Australia, leaving aside the other international interests such as Japan and New Zealand.

The problem is that the Western Australian tuna industry takes much smaller fish. According to the C.S.I.R.O., other biologists and biologists in my Department, it is important for the survival of the southern blue fin tuna that quick and strong management measures are brought into force. At the last meeting of Fisheries Council, agreement was reached in relation to certain management measures. However, quite frankly, I would like to see much stronger management measures. I made my position quite clear during the meeting of Fisheries Ministers: I thought that the minimum size of tuna should be a lot larger and that it should be a uniform size throughout Australia. However, my view did not prevail.

When six or seven Ministers all have quite legitimate separate State interests at heart it is difficult to achieve unanimity immediately! Certain measures were introduced, and I think that they will assist the situation to some degree. I only agreed to the measures on the basis that they were interim measures. Hopefully, before the next meeting (and certainly no later than then) I hope that the minimum size for tuna allowed to be taken will be increased. As I said at the meeting of Fisheries Ministers, that will inevitably have the effect of centering the industry at Port Lincoln. A facility such as the one built by Mr Lukin at Port Lincoln would really then come into its own.

That was the second time I visited the factory—I visited it some months ago and then again for the opening. It is a very expensive facility. For that facility to return money to the family which has invested at least $1 million, if not more, in it, there must be a stable resource. That resource is the southern blue fin tuna. However, the way things are going, that would not be the case. As I have said on numerous occasions, provided Mr Lukin has the wherewithall to hang on until such time as the management measures relating to the southern blue fin tuna come into operation, then he will, in the end, succeed.

I gave a commitment to the Fisheries Council on behalf of South Australia that, for the protection of the southern blue fin tuna, whatever minimum size the biologists say is required to maintain the species we will agree to it, irrespective of the effect that has on our fishermen. The first thing that we have to do is protect the resource, or everybody will have to go. Coincidental with this matter of the southern blue fin tuna is that the higher the requirement for minimum size taken the more certain it is that the industry will be centred around Port Lincoln and around the facility Mr Lukin has built—provided he does not go broke in the meantime, I know that he will succeed.

I have made very positive statements about this matter. There were 400 people at the meeting mentioned, of which 399 took what I said exactly as it was expressed and one did not. Apparently the Hon. Mr Dunn read the editorial that appeared in the *Port Lincoln Times* rather than consulting with the people concerned and with the local member. I am not sure whether I have fully answered the honourable member's question, but if I have not I will be happy to answer any supplementary question he may ask about this matter.

SEXISM IN SCHOOLS

The Hon. ANNE LEVY: I seek leave to make a brief explanation before asking the Minister of Agriculture, representing the Minister of Education, a question about sexism in schools.

Leave granted.

The Hon. ANNE LEVY: Several months ago the Minister of Education announced that the Department was undertaking a survey into the extent of sexist practices existing in South Australian Government schools. I am sure that I am not the only person in the community who is interested in the results of that survey. In fact, I know a large number of people who are wondering how that survey is progressing and who are very interested in the conclusions that will be drawn from it. I point out that, as far as I know, it is the first such survey being attempted in Australia and that, despite programmes here and in many other places to reduce the degree of sexism in schools, no such evaluation has ever been undertaken before to ascertain to what extent the programmes have been successful. Will the Minister say how far this survey has progressed, when he expects it to be completed, and will the results be available for public information?

The Hon. FRANK BLEVINS: I will be happy to take the honourable member's question to my colleague in another place and bring back a reply.

AUSTRALIAN DANCE THEATRE

The Hon. L.H. DAVIS: I seek leave to make a brief explanation before asking the Attorney-General, representing the Premier as Minister for the Arts, a question about the Australian Dance Theatre.

Leave granted.

The Hon. L.H. DAVIS: Honourable members would be aware of the plight of the Australian Dance Theatre following the reduction in financial support for the company from the Victorian Government. The *Age* of Monday 14 November confirms that the Victorian Government has cut grants to the Australian Dance Theatre from $260 000 to $130 000 for the 1984 season. Furthermore, the Government made it a requirement that the Australian Dance Theatre spend those funds in Victoria only. Previously, as honourable members would know, there was a joint arrangement between the Victorian and South Australian Governments which, together with the Theatre Board of the Australia Council, have jointly funded the Australian Dance Theatre over the past seven years. The Victorian Government has effectively given the Australian Dance Theatre only six weeks notice of withdrawal of its funding support.

I am appalled to think that this long-standing arrangement for what is not only a national company but also a truly international company based in Adelaide has been severed. I am equally appalled to hear that the 16 full-time dancers of the Australian Dance Theatre are paid extraordinarily low salaries. In fact the highest paid of the 16 full-time dancers is about $17 300 a year. The Australian Dance Theatre has achieved distinction in Athens, Hong Kong, the 1980 Edinburgh Festival and has appeared at the Adelaide Festival of Arts on several occasions. It, in fact, opened the festival programme of the leading contemporary dance festival in the world at Cologne.

The company has made 39 performances in South Australia this year and, until the recent announcement by the Victorian Government, was planning a regional tour of South Australia in 1984 with tours to regional centres in Queensland and was also to appear in Brisbane, Sydney, Canberra and Melbourne. Not only is the future of the Australian Dance Theatre in jeopardy but also, in the short-term, its appearance in the 1984 Festival of Arts must be under a cloud. In the Adelaide Festival of Arts 1984 brochure glowing reference is made to the Australian Dance Theatre's participation at the Festival, to which they have managed to attract a top international choreographer, Glen Tetley, who is recognised as one of the leading choreographers of modern dance in the world. I suspect that this latest cut in funding by the Victorian Government may well make it more difficult for them to mount the production they wished to at the next Festival of Arts.

I hasten to remark that support for the Australian Dance Theatre, at least from the South Australian Government, has achieved a high degree of bi-partisanship and this and the previous Government have fully supported the company in its operations.

First, has the Premier any information regarding the South Australian Government's arrangements for the Australian Dance Theatre's full participation in the 1984 Festival of Arts? Secondly, has he had further communication with the Victorian Government following Monday's announcement of a severe cut in support from the Victorian Government for the Australian Dance Theatre? Thirdly, will the Premier have discussions with the Federal Government to ascertain whether or not there is any support which may be forthcoming for the Australian Dance Theatre?

As the *Advertiser* of Saturday 5 November stated in its editorial, 'That supreme irony brought to the fore by the festival is that it is mainly responsible for this State's distinction as the arts capital of a nation. Yet we have no national company. The A.D.T. in South Australia alone has aspirations to that role. The 1984 festival would be an ideal focus for its resurgence. If Victoria will not help, South Australia and Australia should.'

The Hon. C.J. SUMNER: Obviously, the Government shares the honourable member's concern about the funding arrangement for the A.D.T. and the actions taken by the Victorian Government. I understand that the Premier has had discussions with the Victorian Government, but I will obtain more detail for the honourable member and bring back a reply.

The Hon. ANNE LEVY: I wish to ask a supplementary question. Will the Premier, as Minister for the Arts, consider taking up with the Australian Council and the Federal Government whether the Australian Dance Theatre could perhaps be designated a national company located in Adelaide as the Australian Ballet is a national company located in Melbourne and the Australian Opera is a national company located in Sydney?

The Hon. C.J. SUMNER: That seems to be a very sensible suggestion, and I will certainly have it investigated by the Premier.

BURNS UNIT

The Hon. R.J. RITSON: Has the Minister of Health a reply to a question I asked on 21 September about the burns unit?

The Hon. J.R. CORNWALL: Yes. In August 1983 the head of the burns unit at the Royal Adelaide Hospital advised the Administrator that one of the senior consultants to the unit was considering retirement. The unit head foreshadowed changed requirements for the Department of Plastic Surgery as a result. The Administrator then asked the head of the unit to document these changed requirements and, at about the time he did so, the consultant retired. The relevant sessions were approved for replacement without any delay.

The Hon. R.J. RITSON: I wish to ask a supplementary question. Was it stated policy not to replace the retiring doctor and, if so, was it a policy of the Health Commission or the hospital? Will the Minister check with the Sax Report on the stated number of burns beds available combined between the Royal Adelaide Hospital and the Children's Hospital? Will he arrange for an officer to do a physical count of the beds and, if there is any discrepancy between the number of beds physically reserved for burns patients and the number actually stated in the Sax Report, will the Minister inform me?

The Hon. J.R. CORNWALL: I am not in charge of the burns unit of the Royal Adelaide Hospital although, from the detail of the questions that the honourable member has asked, he could be forgiven for thinking that I was in charge. Nor am I the Administrator of the Royal Adelaide Hospital. Clearly, questions involving such detail and concerning a specific unit, specific personnel and a specific hospital, and a particular letter on a particular day which is alleged to be written or not written, would have to be taken on notice, and I will bring back a reply as soon as I reasonably can.

COUNTRY FIRE SERVICES

The Hon. M.B. CAMERON: Has the Minister of Agriculture a reply to a question I asked on 30 August about the C.F.S.?

The Hon. FRANK BLEVINS: I have a reply, but in view of the time I seek leave to have it inserted in *Hansard* without my reading it.

Leave granted.

Reply to Question

Various criteria apply to the official use of motor vehicles by permanent staff of the Country Fire Services. In particular, the Director and Deputy Director have unrestricted use of a vehicle by virtue of their 24 hours 'on-call' availability. Vehicles may be assigned to other staff for official C.F.S. duties or for those occasions when an officer is required to be on immediate recall. Personnel in this category include superintendents, regional officers and the plant and equipment officer.

A superintendent may use a vehicle on a 24-hour basis provided that discretion is applied in the private running of that vehicle, and on the condition that the Director of Country Fire Services has approved the arrangement. It is understood that similar provisions apply to city based regional officers, but each of their counterparts in the country have a vehicle permanently on issue. Fire and duty officers may apply for and use cars within a radius of 25 kilometres of their homes during 'on-call' periods provided that such journeys are necessary and kept to a minimum. However, it is conceded that there are difficulties in defining 'private use' when a more junior officer is on call. Given these criteria and subject to the availability of vehicles, upwards of 14 persons are eligible to use cars outside of normal working hours at any one time.

In the case of passengers, immediate members of officers' families are insured for and permitted to accompany officers whilst on official duties. Such duties involve competitions, fire appliance and fire station commissionings for volunteer brigades and attendance at C.F.S. brigade social functions. All of the above functions are conducted out of normal working hours and involve the volunteers as a family unit. The wives and families of C.F.S. permanent officers are invariably invited and are expected to attend, both from volunteer brigade and C.F.S. board point of view.

SIR ROBERT HELPMANN

The Hon. C.M. HILL: Has the Attorney-General a reply to a question I asked on 18 October about commemorating the name of Sir Robert Helpmann in South Australia?

The Hon. C.J. SUMNER: Whilst the Government is aware of the stature of Sir Robert Helpmann as an artist, both in this country and overseas, and his outstanding contribution to the arts, there are no plans currently in process to honour Sir Robert.

HOSPITAL SERVICES

The Hon. J.C. BURDETT (on notice) asked the Minister of Health:

1. What was the total cost of the report of the inquiry into hospital services in South Australia?
2. How was the total cost divided between—
   (a) Persons involved in the inquiry and how much was paid to each such person and what are the names of each person?
   (b) Travelling expenses and how much was expended in respect of each person involved in the inquiry and what are the names of each person?
   (c) Accommodation expenses and how much was expended in respect of each person?
   (d) Provision of support staff by the South Australian Health Commission or by other persons?
   (e) Other expenses specifying the nature of the expenses?

The Hon. J.R. CORNWALL: The replies are as follows:

1. $131 363 to 31 October 1983.
2. *(a)* Consultancy fees:

	$
(i) Members of the Inquiry	
Dr S. Sax	13 500.00
Dr I. Brand	14 700.00
Dr D. Legge	17 500.00
Prof. G. Andrews	7 000.00
Ms J. Noble	on secondment
(ii) Consultants to the Inquiry	
Dr M. Price	1 050.00
Ms V. Pepe	700.00
(b) Air fares	
(i) Members of the Inquiry	
Dr S. Sax	8 426.90
Dr I. Brand	6 421.70
Dr D. Legge	6 160.60
Prof. G. Andrews	5 492.17
Ms J. Noble	6 207.20
(ii) Consultants to the Inquiry	
Dr M. Price	340.00
Ms V. Pepe	234.60
(iii) South Australian Health Commission support staff	
Ms M. Dwyer	706.80
Mr B. Surmon	469.20
Mrs B. Waters	234.60
(c) Accommodation expenses	
(i) Members of the Inquiry	
Dr S. Sax	1 111.20
Dr I. Brand	1 506.10
Dr D. Legge	1 120.00
Prof. G. Andrews	1 998.43
Ms J. Noble	4 737.00
(ii) Consultants to the Inquiry	
Dr M. Price	160.00
Ms V. Pepe	358.50

(d) Three principal planning officers and a planning assistant were seconded to the Inquiry for various periods. In addition, administrative and clerical support was provided by the policy and projects division of the South Australian Health Commission. It is estimated that this totalled 20 staff months.

(e) Other expenses:	$
(i) Printing and distribution of the report	15 635.00
(ii) Office accommodation and clerical services, including stationery, telephones	14 008.00
(iii) Meals, taxis and other expenses	1 586.20

FINANCIAL INSTITUTIONS DUTY BILL

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

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

That this Bill be now read a second time.

It is designed to introduce a broadly based duty at a very low rate on the receipts of financial institutions. This will enable the Government to remove certain existing stamp

duties which fall unevenly on the community. At the same time we hope to raise additional revenue to help the Government achieve its aim of halting the deterioration in the State's financial position.

The report of the Campbell Committee of Inquiry into the Australian Financial System commented at some length on the lack of neutrality, equity and efficiency of the stamp duty on credit and instalment purchase transactions. At present in South Australia, it is levied at the rate of 1.8 per cent on credit provided at an interest rate in excess of 17 per cent per annum. Over the years, the duty has been the subject of representations from many groups, prominent amongst them the Australian Finance Conference and the Council of Wool Selling Brokers.

One effect of the duty is to disadvantage individuals (frequently lower income earners) who find it necessary to borrow at high rates of interest to buy consumer goods. Another effect is to place small businesses at a disadvantage relative to large companies which have access to overdraft facilities made available by banks at preferential rates. The Government has therefore decided to abolish this duty at a cost of about $7.5 million in a full year.

Stamp duty on the issue and discounting of bills of exchange and promissory notes has always acted as an inhibition on the capital market. Now, with the abolition of the corresponding duties in New South Wales and Victoria, the market in South Australia is severely disadvantaged by the continued necessity to pay stamp duty. A number of institutions have made representations about the need to remove the duty if a healthy bill market is to re-emerge in this State.

The Government is persuaded by these arguments and has decided to abolish the duty. In 1982-83 it is estimated that over $1 million was collected but receipts for 1983-84 would almost certainly have been lower. Both New South Wales and Victoria have abolished stamp duty on the transfer of mortgages and mortgage-backed securities, which is said to be an obstacle to the development of a secondary market in these securities. We have, therefore, decided to remove this duty as a useful step in freeing the capital market and improving access to housing finance. It will not result in a significant loss of revenue. The Government has decided that the new duty should apply at the rate of .04 per cent or 4 cents per $100. This compares with a rate of .03 per cent currently operating in New South Wales and Victoria and a rate of .05 per cent proposed for Western Australia. We would have liked to achieve parity with the larger Eastern States but, after discussions with financial institutions, it became apparent that a rate of .04 per cent would be necessary if we were to make the desired changes to stamp duty and provide some of the exemptions which were sought by the institutions. Even at this rate it is anticipated that the revenue to be raised in a full year will be only $22 million, giving a net benefit to the Budget of $14 million instead of $16 million mentioned in the Budget speech. The impact of this measure on the average taxpayer will be minimal. For a family with the following characteristics:

- a single income equal to average weekly earnings;
- a $30 000 mortgage to repay over 25 years;
- a $5 000 personal loan to repay over five years;
- a monthly Bankcard account of $300;
- family allowance benefits for three children;

it is estimated that the impact of the duty will be between 15 cents and 20 cents a week, or between $7 and $10 a year.

As honourable members will be aware, the Government has sought the views of a wide range of financial institutions on a draft Bill for the introduction of f.i.d. To the best of our knowledge this discussion process is unprecedented in South Australia with respect to a major revenue measure. The organisations principally concerned have been:

Australian Bankers Association;
Australian Merchant Bankers Association;
Australian Finance Conference;
South Australian Association of Permanent Building Societies;
Credit Union Association of South Australia;
Council of Wool Selling Brokers;
Stock Exchange of Adelaide;
Retail Traders Association of South Australia;
Chamber of Commerce and Industry;
Australian Society of Accountants; and
Taxation Institute of Australia.

It should not be inferred from this that these bodies are universally in favour of the introduction of f.i.d. Many remain quite strongly opposed. Nevertheless, they have had an opportunity to contribute to the content of the Bill in a manner which has not been available to them in the past. The process has been most helpful to the Government and its officers and we would like to express our thanks to the industry groups involved for the constructive manner in which they have approached the discussions. Our understanding of the impact of the proposed duty on their operations has been greatly enhanced by their submissions and, while it has not been possible to accede to all their requests, a number of the provisions of the Bill reflect arguments put to us by these bodies. Fundamental to the concept of the new tax is the definition of a receipt. Extensive provision is made in defining 'receipts' and it is considered that the approach adopted in this legislation will overcome many of the problems experienced in the other States where financial institutions duty applies. The financial institutions required by the Bill to register and pay duty will do so by way of monthly return and will calculate their liability by reference to their total receipts for the month. Their subsequent banking transactions will not attract duty.

By contrast, individuals and institutions not required to register will not pay duty on the receipt of money. However, when they deposit the money with a financial institution, the latter will become liable for duty. In order that non-bank financial institutions, which have a primary liability for duty, do not also attract duty when they bank, they will have the right to apply for exempt accounts with banks. They will be permitted to pay into these exempt accounts all receipts in respect of which they have already paid duty. Special provisions have been included in the legislation to deal with short-term money market operations. A rate of duty of .04 per cent on each receipt is not appropriate for a market where the rate of turnover can be extremely high and so a different approach has been adopted. Rather than liability for duty being determined by the volume of receipts in a given period (a 'flow' concept), it will be determined by the average daily liabilities of the financial institutions concerned (a 'stock' concept). These liabilities are to be calculated on an Australia-wide basis to remove any incentive for short-term dealers to avoid duty by transferring transactions to other States.

For the purposes of calculating their liability for duty, the relevant financial institutions will be required to include one-tenth of their short-term borrowings on a national basis. This is a broad estimate of the share of the national market which might be appropriate to South Australia. A short-term money market transaction is defined in the same way as in New South Wales and Victoria—the minimum size is $50 000 and the period must be less than 185 days. The rate of duty to apply is .005 per cent a month—also the same as in New South Wales and Victoria. These special provisions for financial institutions operating in the short-term money market would have been of little value without

corresponding concessions for non-financial institutions participating in the market. Such organisations would not have been liable for duty upon the receipt of money but would have been affected every time they banked. Accordingly the Bill permits them to open short-term dealing accounts at banks, such accounts to be exempt from f.i.d. at the rate of .04 per cent but to attract duty on the basis of .005 per cent a month of the average daily closing balances.

The Bill provides for a list of South Australian Government departments and instrumentalities to be published in the *Government Gazette*, whereupon they may apply to the Commissioner for authority to open an exempt account. Much of the banking of Government departments is done through the Reserve Bank and would not have attracted duty in any case. It seems sensible, therefore, to widen the exemption to cover all their banking. The same argument does not apply to Government instrumentalities and it is the Government's intention to treat most bodies of this nature in the same way as private sector bodies, rather than give them access to exempt accounts. However, there are organisations such as the South Australian Health Commission on which it would be pointless to impose duty and the Government wishes to have the ability to gazette them so that they can apply to the Commissioner for exempt accounts.

Departments of the Commonwealth or of another State or Territory may also apply for exempt accounts. No provision is made for special treatment for local authorities and their banking will, therefore, attract financial institutions duty. Under the Stamp Duties Act in this State it has always been the practice to treat local authorities in the same way as other taxpayers and that practice has been continued in this Bill. There is a category of institution which falls part way between a financial institution and a non-financial institution and for which the provision of credit is only part of its overall operation. The best example of this type of institution is a large retail store. In both New South Wales and Victoria these institutions are required to register. However, it is significant that in Victoria they have, without exception, elected to take advantage of a provision of the legislation in that State which permits them to choose to operate through a non-exempt account at a bank rather than to pay duty directly.

Since the provisions governing the operations of such credit providers are quite complex and involve the institutions in considerable administrative and accounting work, the Government has decided not to require them to register. Instead, duty will be paid by the banks in respect of receipts from these institutions. This seems to us to be a desirable step in simplifying the legislation and is consistent with the *de facto* position in Victoria. It is only fair to warn, however, that, should signs emerge that credit providers are taking advantage of their non-registered status to expand their financial activities in a way which places them in unfair competition with registered financial institutions, the Government stands ready to amend the Act to bring them within its scope.

As with the New South Wales and Victorian legislation, the Bill contains a threshold of $5 million. Financial institutions with annual receipts of less than this figure are not required to register but at the same time are not entitled to exempt accounts so that their banking attracts duty. The purpose of this threshold is to simplify the administrative task of the State Taxation Office and relieve small institutions of the overhead burden associated with collecting duty and submitting returns. The legislation in the Eastern States is framed in such a way as to require depositors to register and pay duty if they deal with a non-registered financial institution. As far as can be ascertained, the only institutions which might be able to escape the obligation to register are those established under Commonwealth legislation. It is the Government's wish that such institutions have no competition advantage over their State counterparts and the private sector banks and so provision has been included in the legislation to enable them to register and pay duty. By taking advantage of this opportunity they will relieve their customers of the burden of complying with the legislation.

We are aware of the difficulties which financial institutions will face in complying with the legislation from 1 December 1983, particularly in view of the comparatively late announcement of the details of the Bill. Transitional provisions have, therefore, been included to enable duty to be paid on an estimated basis for the first three months. In recognition of the special problems faced by South Australian institutions provision has been made for an extension of this transitional period in exceptional circumstances. The Government has engaged in an unprecedented round of discussions with interested parties over these measures and, in relation to the Bill, we have already moved amendments, in another place, to accommodate submissions from financial institutions and have also accepted some amendments moved by the Opposition.

Furthermore, in response to the concern expressed by some charitable organisations about the introduction of the duty, we quickly moved to convene a meeting to discuss their perceived problems. At that meeting, it was made clear to the representatives of charitable organisations that it was not the intention of my Government to disadvantage their operations. We believed that the rebate system would be a less cumbersome method of providing concessions to charities, and it is worth noting that the Western Australian f.i.d. proposals also include a rebate scheme for charities.

The consultation process, however, brought out a number of difficulties that would arise for charitable organisations under the proposed system. Principally, this results from the large number of accounts held by many of the organisations. Rather than tamper with the rebate system to minimise the organisations' liability to duty, we propose to ensure conclusively that the duty does not affect charities. Thus, we intend to provide for an exempt bank accounts system, similar to that operating in other States currently levying the duty. An important divergence from the practice in the other States which will advantage South Australian charities is the exemption for their short-term money market dealings. Our legislation, then, will provide a full exemption to ensure that the duty does not affect the ability of charitable organisations to provide the services to the community that we all respect and wish to support. I seek leave to have the detailed explanation of clauses inserted in *Hansard* without my reading it.

Leave granted.

Explanation of Clauses

Clause 1 is the short title. Clause 2 provides for the commencement of the measure on 1 December 1983. Clause 3 is the interpretation provision. Included in this section is the definition of financial institution which will encompass such institutions as banks, building societies, credit unions, merchant banks, pastoral finance houses, dealers on the official short-term money market, some types of corporate lenders, and finance companies. Clause 4 provides that the Act binds the Crown.

Clause 5 prescribes the receipts to which the Act applies, being a receipt of money in the State or a receipt in relation to which the South Australian law is the proper law. Proposed subsection (2) deems consideration other than money in settlement of a debt or other consideration to be a receipt. Proposed subsection (3) deems the crediting of an account to be a receipt, and subsections (4) and (5) expand on the

concept of account crediting. Subsection (6) relates to the situation where a person's account is debited but no corresponding credit occurs in an account. Subsection (7) relates to the recommitment of term deposits. Subsection (8) prescribes that simple bookkeeping entries are not dutiable. Subsection (9) relates to exchanging cash for a cheque. Subsection (10) is the exchange of a cheque for cash.

Clause 6 prescribes certain receipts to which the Act does not apply. Clause 7 relates to non-dutiable receipts. Included in this provision are receipts to the credit of an exempt account, receipts constituting short-term dealings and included in short-term dealing returns, receipts resulting from clearing arrangements between banks, building societies and credit unions, foreign exchange settlements, receipts relating to security transactions that have been subject to stamp duty under the Stamp Duties Act, and receipts to satisfy a financial institution's engagement on a bill of sale on behalf of a customer. Subsection (3) ensures that although money may be credited to an exempt account, it may be a dutiable receipt by the person in whose name the account is kept. Provision is also made to prevent double duty when there is both a physical receipt of money and the crediting of an account in the State. Receipts in prescribed agency situations will also be non-dutiable.

Clause 8 prescribes when amounts are received in the course of short-term dealings. The key concepts are that the dealing must relate to a term not exceeding 185 days, and must be by way of amounts exceeding $50 000. The formulae for average daily liability are also explained. Clause 9 empowers the Commissioner to declare dealers in the unofficial short-term money market to be dealers for the purposes of the Act.

Clause 10 assigns the administration of the Act to the Commissioner. Clause 11 is a delegation provision. Clause 12 provides for secrecy. Clauses 13 to 20 provide for the grouping of financial institutions. The provisions have precedents in other legislation.

Clause 21 provides for the registration of certain financial institutions. A financial institution must register if it, or a group of which it is a member, has dutiable receipts for the preceding twelve months exceeding $5 000 000, or for the preceding month exceeding $416 666. Other financial institutions may also apply for registration. Registration may be cancelled if a financial institution's receipts fall below the prescribed minimum. Clause 22 requires registered financial institutions to file monthly returns. Clause 23 provides a means by which groups can nominate a member to file group returns.

Clause 24 allows the Commissioner to certify that some financial institutions may file annual returns in lieu of monthly returns. Clause 25 provides that the Commissioner may require further or fuller returns. Clause 26 provides for the registration of short-term money market operators, who must either be dealers or persons who carry on the business of dealing in the short-term money market. Clause 27 requires registered operators to file monthly returns. Clause 28 relates to further or fuller returns.

Clause 29 prescribes the rate of duty. Duty is levied on dutiable receipts and is not payable by financial institutions that are unregistered and not required to be registered. Clause 30 prescribes the rate of duty for short-term dealings. Clause 31 provides for applications for special exempt accounts. Applicants may include registered financial institutions, companies providing special services to credit unions and building societies, the Law Society of South Australia, cash delivery companies, the Stock Exchange, and prescribed persons.

Clause 32 allows registered short-term money market operators to apply for exempt accounts. Limits are imposed in relation to the nature of the amounts that may be credited to the accounts. Clause 33 relates to sweeping accounts. It is common banking practice for certain customers to arrange with their banks to consolidate automatically, on a regular basis, amounts standing to the credit of several accounts. Such customers may apply to have their consolidated account certified as an exempt account. Clause 34 allows application to be made for the certification of certain trust accounts to be exempt accounts.

Clause 35 relates to Government department accounts. Clause 36 directs financial institutions that hold exempt accounts that lose their status as such to cancel the designation of the accounts as exempt accounts. Clause 37 provides for the filing of annual returns for exempt accounts. Clause 38 provides that financial institutions duty that is payable for a month shall be paid within the period that the return for that month must be lodged.

Clause 39 empowers the Commissioner to grant extensions. Clause 40 allows the Commissioner to fix a special period for the payment of financial institutions duty if the institution is about to leave the State. Clause 41 imposes additional duty for late payment. Clause 42 allows the Commissioner to refund overpayments. Clause 43 relates to the Commissioner's assessment of financial institutions duty. Penal duty will be payable if a financial institution fails to lodge a proper return.

Clause 44 deems payable financial institutions duty to be a debt to the Crown. Clause 45 allows for the substituted service of process on defendants. Clause 46 relates to liquidators of financial institutions. Notice of appointment must be given within 14 days of appointment. Assets cannot be relinquished before such notice is given.

Clause 47 requires that agents of financial institutions that are winding-up their business in the State must give notice to the Commissioner and set aside sufficient assets to pay duty owing under this Act. Clause 48 relates to duty outstanding after death. Clause 49 provides that the Commissioner may recover unpaid duty from executors or administrators. Clause 50 provides that a person who pays duty on behalf of another can recover it as a debt.

Clause 51 allows for the apportionment of duty between persons jointly liable. Clause 52 allows the Commissioner to collect amounts owing by way of unpaid duty from persons who owe money to the relevant financial institution. Clause 53 allows a person who is dissatisfied with an assessment to object to the Treasurer or appeal to the Supreme Court. A person who is dissatisfied with a decision of the Treasurer may also appeal to the Supreme Court.

Clause 54 provides that a liability to pay duty is not suspended by virtue of an objection or appeal. Clause 55 makes it an offence to neglect to furnish any return or information relating to financial institutions duty to the Commissioner, or to pay improper amounts to exempt accounts. Clause 56 provides for continuing offences in relation to defaults after conviction under this Act. Clause 57 makes it an offence to wilfully attempt to evade duty.

Clause 58 provides that proceedings for offences must be commenced within three years, are summary offences, and may be commenced only with the approval of the Commissioner. Clause 59 provides that payment on account of penalties does not relieve any obligation to pay duty. Clause 60 makes it an offence to hinder or obstruct any person acting in the administration of this Act. Clause 61 extends liability for offences by companies to responsible officers of those companies, unless it is proved that they could not have prevented the commission of the offence by the exercise of reasonable diligence.

Clause 62 allows financial institutions that are not required to register under this Act to give an undertaking to pay duty as if they were registered, and be deemed to be so registered. Such an arrangement can stand until the undertaking is

withdrawn or no longer acceptable. Clause 63 allows registered financial institutions to apply to pay receipts into non-exempt accounts. When an arrangement of this nature is entered into, the institution may not make payments to its exempt account, but is deemed to have paid duty on its receipts. It is envisaged that this facility will be used by those financial institutions that, although being registered, would prefer to act as if unregistered.

Clause 64 provides for the appointment of public officers for companies. Clause 65 relates to agents and trustees of registered persons. It is noted that an agent may be nominated by the Commissioner (by virtue of section 3). Clause 66 relates to persons who have the control of money belonging to a financial institution resident out of South Australia. Such a person may pay any outstanding duty on behalf of the financial institution. Clause 67 relates to the proper keeping of books and records relating to financial institutions duty. A three year period is prescribed.

Clause 68 vests various powers of inquiry in the Commissioner. Clause 69 empowers the Commissioner to gain access to books and take copies. Clause 70 empowers the Commissioner to seek and execute a warrant to enter premises. Clause 71 relates to the production of evidence in proceedings. Clause 72 prescribes the procedure for service of certificates, notices, etc., by the Commissioner.

Clause 73 facilitates service on the Commissioner. Clause 74 allows the Commissioner to pay outstanding amounts from consolidated revenue. Clause 75 provides that nothing in the Act prevents the passing on of duty by a registered person to those persons for whom they keep accounts or carry out short-term dealings. Clause 76 allows the Commissioner to provide rebates to charitable organisations for duty where duty paid in relation to an account exceeds $20. The section also applies to term deposits, except those constituting short-term dealings.

Clause 77 allows for the collection of duty from persons who deposit with unregistered financial institutions that are liable to be registered. Such persons must file monthly returns and pay duty in respect of its deposits at the rate that duty would be payable by the financial institution in respect of its receipts. Clause 78 is the regulation-making power. Included is power to control procedures for the passing on of duty. Clause 79 provides that the schedule is incorporated as part of the Act. The schedule provides transitional provisions allowing for the filing of estimated returns and facilitating the establishment of interim exempt accounts.

The Hon. M.B. CAMERON (Leader of the Opposition): We are debating the first completely new tax to be introduced by a South Australian Government since 1974. It is a Bill which is being considered in extraordinary circumstances. It is ironic indeed that the first new tax in nearly a decade will be introduced by a Government whose fundamental election platform was the promise of no new taxes and no increased existing taxes during its first term of office. Of course, no new tax is popular, but when it is introduced in the circumstances in which the Government has introduced the f.i.d. proposal, then the unpopularity is multiplied many-fold.

It is extraordinary that this legislation should come before this Council with the Premier and his Cabinet still unsure of what they have unleashed on an unsuspecting public and (one should add) an unsuspecting backbench of the Government. We have the unique position of the Premier, once a strong critic of the existence of the Legislative Council, openly acknowledging that deficiencies in his legislation can be remedied in this place. It is a position made even more remarkable when we recall the arguments of members opposite about the power of the Council to amend money Bills. Once they strongly opposed the Legislative Council's changing any money Bills. Now, the Premier openly endorses change and publicly accepts that it may be necessary.

This smacks of the same sort of cynicism which marked the A.L.P.'s grab for power at the last election by offering a tax freeze and then within weeks of gaining office raising charges and taxes. The situation is all the more extraordinary when we have what is quite obviously a faulty Bill, acknowledged as such by the Treasurer, which has been passed in haste by the Government and which the Treasurer now wants amended in this place. It was irresponsible of the Government to rush this Bill through another place knowing it was faulty. It was also irresponsible of the Government to want amendments made in this place on behalf of the Treasurer when he cannot even be present in the Chamber to answer questions and explain the Bill's deficiencies. It almost seems that the Government recognised that the Premier was having problems coping and wanted to get the Bill out of the other Chamber as soon as possible in an effort to lessen the heat on him.

An honourable member: It won't happen, though.

The Hon. M.B. CAMERON: It will not happen, no. Throughout last week, as the public at last became aware of the effect that f.i.d. would have on the entire community, the Premier made many comments about the new tax which revealed that he, too, was only just beginning to appreciate the effect that this alleged 'broadly based' revenue measure would have on all organisations. It is easy to think that, with a title such as financial institutions duty, this tax would affect only the large corporate financial organisations. Of course, we now know that in fact all sorts of groups and individuals will be affected. It hits everyone, and even yesterday, when the impact of the tax was at last being understood by the Government, the Premier and Cabinet were considering further amendments to correct the anomalies and lessen the sting. And, today, of course we are told after the legislation has been passed by the other place that new exemptions will apply.

There was a story in the *News*, which I believe is probably correct, on 10 November, and I quote:

> The story goes that when the Bannon Cabinet considered the final draft of the Financial Institutions Duty Bill it dispensed with the matter in five minutes. The Government had obtained a copy of the Victorian and New South Wales legislation, lifted the rate from .03 per cent to .04 per cent and altered the list of exemptions. Mr Bannon and his colleagues have found once more that to decide in haste is to repent at leisure.

I believe that this applies in these particular circumstances.

The question of the impact of this tax is something which I will take up shortly. First, though, I wish to deal with the attitude of the Government in promoting the view that the Legislative Council is the best place for considering amendments to this legislation. At a press conference on the steps of Parliament House whilst the House of Assembly was debating the f.i.d. Bill, the Premier said, while admitting that the Bill needed clarification, that the Legislative Council was the proper place to ensure some of these matters were 'fixed up' (to use his words). He then went on to respond to a question about his general attitude towards the Legislative Council. I quote the report on the front page of the *Advertiser* of 11 November 1983, which is a significant day, as we all know:

> On whether this (that is, advocating changes be made in the Legislative Council) was inconsistent to use the Council, when the A.L.P. was opposed in principle to the Legislative Council, he said, 'In principle, I think they (Legislative Councils) are fairly unnecessary, yes.'

During the debate in another place last Thursday the Premier also indicated that the Government would consider amendments to this money Bill in this Council. He said, referring to his attitude to an Opposition amendment:

Equally there are other amendments which we will oppose, although there may well be elements in those amendments that deserve further consideration. It will be my intention to ensure that those elements are given full consideration, and the opportunity to make amendments can be given in the Legislative Council when the measure is before it. I make that point in anticipation of the debate that will occur in Committee. I can assure the Opposition that regard will be given to some of the points it has made. I believe that the Legislative Council, which, after all, is termed the House of Review, is the appropriate place where these matters can be considered.

What remarkable comments from a person who in his maiden speech in 1975 expressed the hoped that the Legislative Council would be abolished by the then next election. In the past he has sought to attack the Council, but now that the pressure is on he is obviously turning to us to help him out. Sinking in the quicksand of his own legislative irresponsibility, the Premier wants this Council to throw him the rescue rope.

The Financial Institutions Bill is a money Bill. It was mentioned in the Premier's and the Attorney's Budget speeches and was proposed by them as a key source of Government revenue. We now have the situation where the Labor Party wishes this place to amend a money Bill. The Premier's statements to which I have referred have made this clear. This is an amazing 'about face'. He expects the Council to make amendments, yet in the past the A.L.P. has openly stated that it does not believe the Council should interfere with money Bills. Indeed, as recently as October 1981, during the time of the former Government, the now Minister of Agriculture, the Hon. Mr Blevins, indicated this point of view. In debate on the Stamp Duties Act Amendment Bill, he said:

... The Opposition is not really in the business of interfering in money clauses that the Government puts to this Council.

He went on to dispute whether or not a particular clause was a money clause and said:

It would make an interesting debate, because it will obviously affect the way the Opposition deals with this clause.

The debate went on for some more time with the now Minister indicating that his Party's view that a money Bill should not be amended or rejected by the Council was 'an important principle' to him. It now appears that the Government is prepared to cast aside those 'important principles' in an effort to dampen the widespread opposition to this measure arising from the confusion surrounding it.

I should emphasise that we on this side of the Council welcome the new found appreciation of the Government for this Council. We recognise the need for amendments and do not shirk from the need to pursue them in this place. The Government, in view of its decision today not to tax charities, must be grateful for the existence of this place. Without the Council, the Government would already be in the position of having to go through the process of introducing an amending Bill in another place. This clearly shows just how necessary this Council is, and at the same time what an absolute fiasco the Premier's introduction of this new tax has been. If it had not been for the work of the Opposition in exposing the anomalies and injustices in this Bill, charities in this State would still be faced with the prospect of large tax burdens.

The Hon. C.J. Sumner: That's nonsense.

The Hon. M.B. CAMERON: That is not nonsense, as the Attorney well knows; otherwise he would not be introducing amendments. Even the Attorney does not know what is in the Bill. I suppose we should now call him the shadow Treasurer.

The Hon. K.T. Griffin: The Attorney does not involve himself in other areas of Government responsibility.

The Hon. M.B. CAMERON: That is correct. The Attorney will have to this time, because he will be answering questions on behalf of the Premier, who, in another place, did not have the answers and did not know what the Bill would do. One wonders whether f.i.d. does not really stand for 'fiasco increases daily'. It seems extraordinary that the Opposition, with the relatively meagre resources made available to it by the Government, was able to provide the only complete and effective analysis of the implications of the new tax, whilst the Premier with his army of Ministerial staff and Treasury advisers has twisted and turned, still unsure or unwilling to appreciate the additional burden he is placing on the South Australian community through this measure.

The A.L.P.'s obvious change of mind about the role of this Council is welcomed by the Opposition. The compact on money Bills arrived at in the last century never envisaged that this Council could not or should not move amendments to money Bills, although the words used are 'suggested amendments'. The effect is the same. It has been the Labor Party which has had a hang-up about first of all the existence of this Council, and secondly its powers in relation to money Bills. We welcome the Labor Party's new attitude towards this Council and its powers announced by the Premier in the other place and on the steps of Parliament and trust that it is a permanent change.

It is useful for the Council to review the history of the financial institutions duty in the South Australian context. Official announcement of this measure came in a Ministerial statement on 4 August. At that time the level of duty to be applied had not been determined. In the State Budget delivered on 1 September we were not much better off. Again, the rate of duty as well as exemptions and reductions of other stamp duties had not been determined. We were told that the Government wanted to raise $16 million in a full year and $8 million in the 1983-84 year. A draft Bill was circulated to select organisations in early September, but again the rate of duty had not been determined.

It was only when the final draft of the legislation was introduced on 29 October that the public became aware of the relevant details (although, of course, we now find that considerable confusion and uncertainty remains). Thus, we have a situation where a new tax has been announced officially at the start of August but it is not until nearly 12 weeks later that we are told what the level of the tax will be, after Supply Bills had been introduced. Those affected by the tax are only given little more than four weeks to settle their arrangements and cope with the new tax. The Government knows that, in many cases, that will be impossible.

Although the Premier formally announced in August that a new f.i.d. would be introduced, the first study of the f.i.d. began as long ago as November last year. What is clear, regardless of the outcomes of these studies, is that the Government has no mandate for this tax increase. This Government was not popularly elected on the basis of a promise to increase taxes—indeed, quite the opposite. The present Government had a mandate not to increase or introduce taxes. However, it has broken this mandate.

I remind the Council of the Government's quite unequivocal policy commitment, as follows:

The A.L.P. will not introduce new taxes nor increase levels of existing taxes during our first term of office.

A member of the House of Assembly said that the Government must have only expected to be in power for 12 months, because it only took it 12 months to break that promise. There were no 'Ifs' or 'Buts': it was a clear, unequivocal statement which probably more than any other ensured the election of this deceitful Government.

The Premier's attitude towards the f.i.d. has changed substantially. On 21 November 1982, the *News* carried an article headed 'South Australia to study new tax scheme'. The article said, in part:

The Premier, Mr Bannon, will investigate whether South Australia will benefit from a financial transactions tax proposed in the Eastern States. Mr Bannon has ordered a Treasury study of the impact in South Australia of the tax in New South Wales and Victoria. Mr Bannon said the imposition of a transaction tax in the other States might promote considerably greater activity in South Australian financial institutions. 'That's why we are having the investigation,' he said, 'Some transactions may be transferred to South Australia to avoid the tax in the eastern States,' he said.

This was a clear indication from the Premier that he, at least in November last year, appreciated that if a tax existed in one State but not another or was higher in one State than another then this would give the lower tax State the competitive edge.

Despite recognising this, he has now gone ahead and placed South Australia in a poor competitive position in comparison with every other State (except Western Australia after January) by imposing a f.i.d. of .04 per cent. This is higher, of course, than both New South Wales and Victoria, where the rate of duty is .03 per cent and means businesses which will be required to pay the duty will be attracted to either of these States or, as is even more likely, to Queensland, where no f.i.d. exists. Indeed, the Queensland Premier, Mr Bjelke-Petersen, announced an extensive plan to make Queensland the financial centre of Australia at the last election by announcing the abolition of a number of business and finance related levies and duties.

Today I received, as did other honourable members, a telex from Mr Ron Cameron, Director of the Australian Bankers' Association Research Directorate. I believe that the telex points out exactly what I am saying in relation to other States and what the Premier himself was aware of in November. The telex states:

The 4 cents per $100 duty charged on the receipts of financial institutions is higher than the 3 cents per $100 established for a similar duty in both New South Wales and Victoria. 'This means that a savings bank customer in South Australia will be paying 33 per cent more duty than an individual in a similar financial position in Victoria.' Mr Cameron said. The banks have presented arguments to the Government of South Australia requesting the abolition of stamp duty on cheques because it is a discriminatory tax on bank customers. It acts to discourage the use of the most efficient, least-cost, means of payment.

That is very significant indeed. The telex continues:

This, over time, will result in lower deposit balances in cheque accounts, reduce trading banks' capacity to make loans and, at the same time, contribute to increases in the interest rate charged on loans. 'It also encourages an increased use of cash which is less efficient and adds to security problems,' Mr Cameron said. As a result of the new legislation in South Australia, the average personal cheque account customer will pay a significant amount in new tax. When stamp duty on cheques is added, the personal customer in South Australia will pay over 4 times the amount of State duty now paid by a person operating a similar bank account in Victoria. For a small company customer the total State financial duty will be towards twice that levied on a company with similar financial transactions in Victoria. Mr Cameron said, while the banks appreciated the Government's action in arranging consultation on the technical aspects of the new legislation, it is nevertheless the strongly held view of the banks that the legislation should be reformed to: reduce the rate of duty to 3 cents per $100 of financial institutions receipts; and remove the stamp duty on cheques altogether.

Mr Cameron then provides certain statistical information. I seek leave to have the statistical information inserted in *Hansard* without my reading it.

Leave granted.

Tables following illustrate the new tax liability for: (i) savings bank customers (ii) trading bank customers

	Vic.	S.A.	Calculation basis
Examples of customer saving account costs: per quarter			
Personal 1			
f.i.d.	1.20	1.60	Deposits totalling $4 000
Personal 2			
f.i.d.	1.80	2.40	Deposits totalling $6 000

	Vic.	S.A.	Calculation basis
Examples of customer cheque account costs: per quarter			
Personal 1			
f.i.d.	0.45	0.60	This is on an average
Cheque duty	N/A	1.30	small account with transactions of
Total State duty	0.45	1.90	• 11 credits totalling $1 500
b.a.d. tax (Commonwealth)	2.60	2.60	• 20 debits, comprising— 16 at $35 4 at $221
Total Government charges	3.05	4.50	(Total 13 cheques)
Personal 2			
f.i.d.	1.05	1.40	This is based on an
Cheque duty	N/A	3.00	average loan account with transactions of
Total State duty	1.05	4.40	• 10 credits totalling $3 500
b.a.d. tax (Commonwealth)	5.75	5.75	• 40 debits, comprising— 30 at $35 9 at $221
Total Government charges	6.80	10.15	1 at $500 (Total 30 cheques)
Company 1			
f.i.d.	11.40	15.20	This is based on a very
Cheque duty	N/A	5.80	small average company account with transactions of
Total State duty	11.40	21.00	• 15 credits totalling $38 000
b.a.d. tax (Commonwealth)	15.00	15.00	• 70 debits, comprising— 40 at $35 20 at $221 8 at $1 421 2 at $6 000 (Total 58 cheques)
Total Government charges	26.40	36.00	
Company 2			
f.i.d.	180.00	240.00	This is based on a small
Cheque duty	N/A	92.00	average company account with transactions of
Total State duty	180.00	332.00	• 80 credits totalling $600 000
b.a.d. tax (Commonwealth)	242.50	242.50	• 1 000 debits, comprising 550 at $35 250 at $221 150 at $1 421 50 at $6 000 (Total 920 cheques)
Total Government Charges	422.50	574.50	

The Hon. M.B. CAMERON: The action of the South Australian Government is totally inconsistent with its policy prior to the last election, which stated:

The financial sector offers us one of our best opportunities for the creation of new jobs in service and high technology industries. There are many good reasons why major financial institutions would want to set up in South Australia. I believe that, given the right incentives, we can attract these companies here. Our strategy would be to see the establishment of the head office of a major financial institution before the end of our first term.

The introduction of f.i.d. will result in two broken promises. Not only will the promise not to introduce new taxes be broken, but the commitment to establish a head office of a major Australian financial institution in South Australia cannot be met when the Government introduces a tax such as this. If ever there was an action which would undermine efforts to bring financial institutions to South Australia it is this one.

Indeed, I have heard of at least one major company which operates on a national basis and has a significant work force which will shift its business activities from Adelaide to Queensland unless this tax is either defeated or at least reduced to .03 per cent to bring it in line with the other major financial centres in Australia.

The Hon. C.J. Sumner: Who is that?

The Hon. M.B. CAMERON: I am not prepared to say the name of that company, but I can assure the Attorney-General that that company exists. Let him not back away from the matter on that basis.

The Hon. J.C. Burdett: And a substantial company.

The Hon. M.B. CAMERON: A very substantial company. This company faces thousands of transactions a year, which

will be subject to duty. This company will quite obviously suffer from Mr Bannon's new tax. It is not prepared to stay here and do its national accounting if it faces this sort of problem. More than that, South Australia will suffer and will lose jobs and people—our economy will remain depressed. The Government's decision to introduce the f.i.d. is all the more cynical when we remember the fear campaign which the Labor Party was endeavouring to whip up over the prospects of a new tax less than two months before the last election.

Indeed, the now Premier challenged the former Premier (Mr Tonkin) to give a commitment that f.i.d. would not be introduced in South Australia, and in doing this said the following:

> Political Parties should not be allowed to get away with imposing new unannounced taxes straight after an election. Labor believes it would be wrong to introduce new taxes or abolish existing revenue sources until a thorough and wide-ranging inquiry has been conducted into the way the State raises these funds.

There has been no inquiry to my knowledge. In response to a question relating to the introduction of a financial institutions duty by a future Labor Government, on 8 October Mr Olsen quoted the present Premier as saying the following (when in Opposition):

> The policy of the Opposition in South Australia is to initiate a comprehensive and public inquiry into the State's $500 million taxation system.

The present Premier replied:

> That will be done.

Mr Olsen then said 'Good' and continued the Premier's quotation as follows:

> The inquiry would, among other things, examine the equity and efficiency of the taxation system. In the Opposition's view, it would not be appropriate to change the rate of, or to abolish any existing State tax or substitute new taxes until the inquiry has been conducted and its recommendations made the subject of policy for the election after this.

There still has been no inquiry made. We have not seen the inquiry but we are seeing the new taxes. Since the election, as I have indicated, the Premier has made a number of conflicting statements about the f.i.d. On 8 March the Premier said the following:

> I am not attracted to f.i.d. tax. We must find a means of raising money which will have the least economic impact on the State.

That was not the last time that he questioned the suitability of f.i.d. Again, on 15 April, he said the following:

> I am not attracted to that (f.i.d.). In terms of our State economy the yield of such a tax would probably not justify the problems in instituting it.

How right the Premier was. The problems remain as late as today. We have new exemptions being discussed. It would be rare that a Government measure has ever had the number of amendments proposed by the mover of the measure itself that we find in the case of this duty. Confusion has reigned supreme ever since the Premier first floated the prospect of f.i.d. Yet the Premier has said that he undertook unparallelled consultation in developing this new proposal. The problem was unparallelled because there have been very few new taxes introduced in my time in Parliament, so there has been a necessity to consult.

At a business luncheon sponsored by the Labor Party on 2 May this year the Premier indicated, in response to a question, that financial institutions would be invited to submit opinions and evidence in relation to f.i.d. to the inquiry into state taxation; that his personal preference was to avoid the introduction of such a tax in South Australia. The Premier continued to talk of the inquiry into taxation which has never eventuated and he continued to imply that he did not support f.i.d. The situation is that we have had this new tax before the inquiry has taken place. The Premier has totally gone against the commitment he gave before the last election.

Yet, more recently, he has said that the f.i.d. is a 'good tax'. One wonders what the nervous backbench of the Labor Party has been thinking about the Government's performance over the past week. Today we have the situation where the Premier announces that charitable institutions would be exempt from the duty. That, at least, is some small consolation to the Opposition, which raised the concerns of charitable institutions in the first place. But it has not gone far enough. The Premier's own advisers have been quoted as acknowledging that there remains a 'grey area' and in today's paper we see that the Boy Scouts and Girl Guide Associations, and the Totally and Permanently Incapacitated Soldiers Association, have fallen into this 'grey area'. How many more associations are we going to see fall into this grey area? Could it be that it depends on one's political clout whether one falls into this grey area—whether one attracts publicity adverse to the Government?

The Hon. K.L. Milne: What about life-saving clubs?

The Hon. M.B. CAMERON: Almost everybody in this State that deals with charitable or non-profit work ought to be considered for this grey area, but this will depend on political clout, I believe. What about the 200 Rotary clubs that do so much good work in this area—are they to be in this grey area? It will depend on what body it is and what impact that body has on marginal seats, which is a ridiculous situation. There should have been a clear commitment by the Government that non-profit organisations were exempt from this tax. One can imagine the jockeying for positions that will now take place as community and other organisations are forced to vie for exemption from this duty.

As I indicated earlier, the f.i.d. is a tax that will create a burden across the entire community. Although responsibility for administering it and paying it rests primarily on financial institutions, there is no doubt that these institutions will pass on the increased costs which they will incur. These increases will not only be the duty itself, but the cost of administering it, which will be quite substantial. I understand that in some cases the cost of administering the tax will equal the cost of the tax itself—that is the effect of it. The Attorney can shake his head, but we have been informed that with some organisations that will be the case.

The Premier, in responding to the concerns raised by the Opposition, initially accused us of using emotional arguments. Now we find him acknowledging there was truth in our claims. We believe that charitable organisations, sporting clubs and other non-profit making organisations, land brokers, land agents, and legal practitioners trust accounts should be exempt, that the transfers between accounts by the same persons by the same financial institutions be non-dutiable, and that the provisions for the conduct of special accounts by pastoral finance companies be widened. We believe too that the f.i.d. level should be dropped from .04 per cent to .03 per cent. Most of all, we believe that the Act should not come into effect until 1 February 1984. It is ludicrous, in light of the continuing confusion that surrounds the f.i.d., and the Government backdown which has occurred today, that financial institutions should be expected to begin applying this new tax in a fortnight's time.

The Government is forcing these institutions (with callous disregard to the problems it has created for them) to implement this new f.i.d. tax from 1 December. If it continues to demand that the duty be paid from 1 December it will force financial institutions to pay a substantial tax which they will be unable to recoup for the first few months of operation. This can only cost this State jobs.

In defence of his measure the Premier hit out at what he claimed were alarmist statements. In last Friday's *News* he was quoted as saying that it was nonsense to suggest that

f.i.d. would cost jobs. I have already given one example of where it will almost immediately cost jobs. The Premier stated:

> The incidence of f.i.d. is not that great. After all, we are talking about a tax yield in terms of some $14 million this year. Wherever that falls it is still not a huge sum.

What an extraordinary statement for the Premier to say that this tax is only raising $14 million! The then Leader of the Opposition, Mr Bannon, attacked the former Government when the tally of State taxes and charge increases reached $20 million after three years. And now he says $14 million in just one new tax measure is not such a large sum after all. In the *News* of 23 April 1982, in an article headed 'Charges up by $20 million', it was stated:

> The South Australian public has paid more than $20 million in higher State charges since the South Australian Liberal Government took office, according to the Opposition Leader, Mr Bannon. 'A total of 90 state charges have been increased,' Mr Bannon said.

He went on:

> The Liberal Government has imposed higher charges as a matter of deliberate policy. This comes from a Government with concern for us on the basis of cutting taxes.

How hollow these words now ring when we see this Government presiding over an increase of 72 State charges in just one year, over four increased taxes, and now this new tax. In three years those 90 State charge increases raised $20 million—in one fell swoop, the Government through this measure seeks to raise $14 million.

The Government should have the courage to withdraw this legislation, to have a close look at it, to make the necessary amendments and, if it still wishes to proceed, to introduce a new Bill back into the Lower House. It should be fair to the South Australian financial and business community and defer any introduction until February, and it should reduce the rate of duty from .04 per cent to .03 per cent so that our State is not unnecessarily disadvantaged compared to New South Wales and Victoria. Surely that is an important point.

The Hon. K.T. Griffin: They could introduce it in this place first and have it reviewed first up.

The Hon. M.B. CAMERON: That is fine. There is a newfound attitude towards the Council, so the Government would have no worries about bringing matters into this place. In addition, the Government should acknowledge the special case that all non-profit community organisations have for exemption and should make the necessary adjustments to its legislation. The Government should also consider the plight of local government and of those individuals and organisations required to hold other people's funds in trust accounts at no advantage to themselves and ensure that they, too, are exempt from any duty under this Act.

The Hon. K.T. GRIFFIN: The dilemma for the Legislative Council in respect of this Financial Institutions Duty Bill is whether the Council ought to save an elected Government from its own folly and mismanagement, or insulate the community from the rapaciousness of the Government it elected even in the event of the actions of that Government being the opposite of those it proposed prior to its election only one year ago. And there can be no doubt that it lied its way to power—no new taxes, no increase in existing taxes through the front door or the back door was its promise.

The Liberal Opposition's position is clear and the facts are unequivocal—the Government should not need this legislation, the tax it will impose, or the revenue it will raise. If the Labor Government had exercised tight budgetary control over its departments and Ministers, and continued to reduce its public sector workforce in favour of work being translated to the private sector, neither this Bill nor other legislation to increase State taxes in the past year would have been introduced.

On the other hand, the Labor Government argues that it has financial obligations to meet and is dependent upon this measure and the other taxing measures which have been before the Parliament in the last year to enable it to meet its obligations and implement its policies. And well it may if it pursues its policy of increasing the size of the Government's workforce paid from the taxes imposed on South Australians, like the financial institutions duty, if it pursues a policy of more Government spending and does not exercise tough financial and management controls over departments and agencies. But it is not implementing any policies which save South Australian money (if it ever had any of these sorts of policies). And the policies of higher taxation and higher charges falling on all South Australians are the direct opposite of the now broken election promises.

The dilemma then is that, if the Bill is rejected, the Labor Government will cry that the Legislative Council is thwarting its will, the will of a duly elected Government. That has some superficial attraction, but it is only superficial, because the will of the Bannon Labor Government is not the will of the people of South Australia. The Premier has no mandate for this legislation. But if the Bill is rejected Mr Bannon can divert the focus of the community from his own bad faith to an issue contrived by him as to whether or not the Legislative Council should 'thwart' his Government. And he will falsely blame the Legislative Council for any Budget problems he subsequently faces.

Such action by the Legislative Council has been the subject of much debate in South Australia, particularly in the late 1960s and early 1970s. And I have no desire to allow Mr Bannon's A.L.P. Government to slip off the hook so easily. He will have to be judged at the ballot box on his performance and his commitment to integrity and honesty. And on that judgment day he will have a significant number of minuses, including this Bill, and few, if any, pluses.

On the other hand, to merely mouth protests about this Bill and to let it go in its present form is to ignore the impact of the Bill on all South Australians directly and indirectly through the financial institutions tax which is to be deducted directly from their moneys and in the increased cost of goods and services which they use. In addition, charitable and sporting organisations, under the Bill as brought into this place, will continue to bear the Bannon burden of this tax. And if the Bill passes the second reading, and if the Legislative Council supports the many amendments which I will move, the Premier cannot criticise the Legislative Council for that. In the House of Assembly, in the debate on this Bill, he said (referring to amendments proposed by the Leader of the Opposition):

> Amendments which seek to fundamentally attack the Bill, particularly the revenue yield which is the basis of the Bill, will be opposed by this Government. Equally, there are other amendments which we will oppose, although there may be elements in those amendments that deserve further consideration. It will be my intention to ensure that those elements are given full consideration, and the opportunity to make amendments can be given in the Legislative Council when the measure is before it . . . I believe that the Legislative Council, which, after all, is termed the House of Review, is the appropriate place where these matters can be considered.

So, notwithstanding the Labor Party's policy of abolition of the Council, the Premier finds it useful and convenient to defer Government amendments to a money Bill to the House of Review which will fix up his Bill. I note that there are to be amendments affecting the revenue yield in so far as they relate to charitable institutions. So, then, the answer to the dilemma is probably somewhere in between—Mr Bannon should have his tax, but as much relief as possible should be achieved for South Australians. In the *Advertiser*

of 28 October 1983, Mr Bannon argued that this duty was a very good tax. Well, he did not think so on 8 March, when he said:

> I am not attracted to a financial institutions tax. We must find a means of raising money which will have the least economic impact on the State.

He repeated that view on 15 April 1983, when he said:

> I am not attracted to that (f.i.d.). In terms of our State economy, the yield of such a tax would probably not justify the problems in instituting it. And, in any case, evidence suggests that there may be some benefit for us, certainly in the short term, not to have such a duty.

No tax can ever be described as 'good' or 'very good'. All taxes are bad, but the community recognises that, if certain services are to be provided for the common good or to assist those who, through no fault of their own, are unable to help themselves, they must be prepared to pay some taxes, but at the lowest possible level. Such taxes are a levy on the community for the purposes of a Government which should be seeking to act in the best interests of all members of the community at the lowest cost possible to every member of the community, that is, each taxpayer or each taxpaying unit.

Perhaps what Mr Bannon meant when he said that the tax on financial institutions was a 'very good tax' was that the tax, being a broadly based tax, was an equitable tax. It is correct that it is broadly based and to that extent it is equitable. However, it can really only be described as equitable if an equal or greater amount of existing taxes and duties are lowered or abolished so that the net impact on the community is neutral, or better. But we find that Mr Bannon is seeking to collect $22 million from the tax on financial institutions, but returning only $8 million through the removal of other duties. So much for equity. There is an old maxim which is well known to all students at law school that 'he who seeks equity must do equity'. I will leave Mr Bannon to ponder on that.

The Hon. L.H. Davis interjecting:

The Hon. K.T. GRIFFIN: I hope that the—

The Hon. C.J. Sumner interjecting:

The Hon. K.T. GRIFFIN: That is very appropriate, too. I think that the Bannon Government ought to think carefully about that maxim, too. Perhaps Mr Bannon, in characterising the tax as a 'very good tax', meant that it was very good from the Government's point of view not to have to run a large bureaucracy to collect it, but to require the private sector—the banks, building societies, credit unions and other financial institutions and the community at large—to provide the structure for and bear the cost of calculating and collecting the tax. In fact, it will cost one large financial institution $50 000 merely to set up the appropriate computer programme as a preliminary to calculation and collection, and it has estimated that for every 4c in the $100 tax collected it will cost the same amount for that financial institution to collect it.

So, directly the public pay 4c in every $100 tax, and the financial institution pays the cost of the collection and passes that cost on indirectly through the costs of providing its services to its clients and customers. Part of that cost will also be borne by charitable and sporting organisations—non-profit organisations established for charitable, religious, educational, benevolent and sporting purposes. As a result of the Liberal Opposition's amendment in the House of Assembly, 'charitable organisation' extends to the trustee who holds property on behalf of such a body. That is quite a significant amendment to which the Government has agreed.

Under the Bill that has been introduced, the Government proposes to tax non-profit sporting organisations and not even grant them refunds on the duty they pay. With charitable, religious, educational or benevolent organisations, the Bill proposes to allow them to pay the duty now and to claim a refund in respect of every account in the name of that organisation where more than $20 duty has been paid in the preceding year. That refund will be the duty paid less $20 per account.

There have been some media reports today, and in the Attorney's revised second reading explanation a suggestion is made, that the Government has backed off from its proposal which is in the Bill before us and will accept the Liberal Opposition's proposals to exempt these organisations absolutely. I notice that amendments have been put on file which seek to achieve that. The Liberal Opposition welcomes the Government's response to our proposal.

Let me just address some remarks to the concept in the Bill, if it were to continue, as to what it would have meant for charitable institutions and organisations. It would have meant that not only would the Government have had the use of the money of these charities for 12 months, but also it would have retained $20 not for each institution but for each account. In Victoria I understand it was estimated that there were over 100 000 of these accounts. In South Australia there is nothing to suggest that the number of accounts will be less, although on many of them the refund will not be paid because the duty will be less than $20 a year. However, even with 35 000 accounts—about a third of the number of accounts in Victoria—it is not hard to envisage at $20 per account, and in that event over $700 000 is charged to charitable, educational, religious and benevolent organisations.

The Government has rejected the Liberal Opposition's proposal in the House of Assembly to exempt accounts at the beginning of the year, presumably to minimise the number of staff that may be required to process the applications for exemption. Presumably it is charging $20 per account to limit the number of accounts in respect of which a refund is paid. Both would limit the staff required and postpone the need for that staff for 12 months. Perhaps that is one of the characteristics of Mr Bannon's 'very good tax'?

To have proceeded with the propositions in the Bill would have been mean and penny-pinching: for a Government to use the funds raised, even generously given, for religious, charitable, benevolent or educational purposes. I know that the Labor Government believes the Government ought to be doing more for people, and volunteers ought to be phased out, but this is pushing the policy too far. If the original Bill had proceeded, even Mr Scrooge would be pleased with Mr Bannon—even though these are likely to be some amendments to the charitable institutions concept in the Bill—but one could hardly regard that as a conversion of Mr Scrooge this Christmas.

What the Government proposal in the Bill does is impose quite extraordinary imposts on non-profit bodies. The Catholic Church indicated that it may be charged $20 000 to $30 000 per year, the Uniting Church up to $40 000, the Adelaide Central Mission $6 000 per year, Minda Home $4 400; and Telethon, the Good Friday and Christmas Appeals, the Phoenix Society, Bedford Industries, and the Crippled Children's Association all would have been subject to the tax with a rebate applying at the end of the financial year.

The Government's provision in the Bill was not fair and equitable—it was a vicious impost upon churches and all their attendant charitable and religious works and all their committee councils, boards and groups; it is an impost upon independent schools (already under pressure from State and Federal Government), private non-profit hospitals, private nursing homes run on a non-profit basis, the charitable fund raising of Apex, Rotary, Lions, Kiwanis and the like. They would all have been in the position of paying the tax now to finance the Government and going through the

rigmarole of applying for a refund and receiving everything but $20 back in a year's time. And there is great consternation among these bodies about the Government's attitude. They are all under great pressure in difficult economic times, and the State Government is acting irresponsibly in adding to that pressure.

The Government's Bill would also have applied to funds paid from the Commonwealth Schools Commission: $36 million in a year, on which the duty is $14 400. It would also have applied to funds paid to the universities, it would have applied to grants to independent schools by the State Government: $21 million a year, on which the duty is $8 400. It would also have applied to grants made by the Department for Community Welfare—over $1 million on which the duty is $400 as well as to grants by the Department of Social Security.

It would have applied to all these funds each time they are paid into a bank account; for example, Schools Commission funds may have been paid from the Commission to an umbrella organisation such as the Catholic Church, which would distribute it to schools which then would pay it into a bank account, may draw it out for the purpose of investing it until needed, and then recover the investment to pay liabilities. That may have been dutiable up to three or four times before it was finally expended on behalf of the school to whom it was ultimately paid.

Sporting organisations have been omitted from the Bill altogether by the Government, and yet the Government professes to have the interests of recreation of the community at heart. Sailing, athletic, tennis, cricket, football, bowling, lacrosse, hockey, and baseball clubs—by far the major proportion of them—are concerned with providing on a non-profit basis an opportunity for recreation for their members and ought not be be penalised by this duty.

The Opposition will be moving to extend exemption to non-profit sporting bodies and will be moving to ensure that charitable and sporting organisations will be able to make application to the Commissioner of State Taxes at the beginning of a year for a certificate approving an account of that organisation as an exempt account.

The Hon. L.H. Davis interjecting:

The Hon. K.T. GRIFFIN: That is right. On production of the certificate to the bank, the bank thereafter will not assess duty on receipts of that organisation paid into that account. That is a fair and equitable provision.

The Government has moved with remarkable speed to have this new tax (the first new tax for 10 years) into the Parliament, passed and in operation within what must be a record time—introduced on 27 October, passed in the Parliament in 2½ weeks and into law within another two weeks. The Premier defends this programme by saying:

> I make clear there had been considerable consultation and discussion with the financial institutions responsible for it and that the fruits of those discussions are incorporated in a number of elements of the Bill.

But the Premier was all over the place on this question when pressed in the House of Assembly. He first said that institutions had received a letter about financial institutions duty in April 1983, but he did not say that it was a mere inquiry: no indication that such a duty was contemplated for South Australia was given in that letter. In fact, his public attitudes were opposed to such a duty. Then he said in the House of Assembly:

> Institutions have had notice of the f.i.d. since August. There has been fairly extensive discussions with them on the nature and form of the legislation. Most institutions have national branches or head offices that have been applying it both in Victoria and New South Wales.

But that is quite wrong. A draft of a Bill was prepared and dated 29 August 1983. That was made available at a meeting of some institutions in September on a confidential basis. That must have been the meeting to which the Premier referred in the House of Assembly, when he said:

> A meeting of selected groups from the finance industry was conceived in September, representing the wide range of financial institutions that I have mentioned, and at the same time copies of the draft f.i.d. Bill were distributed for consideration.

The points which arise out of this are as follows:

1. The bodies attending the conference were, indeed, carefully selected as those who would collect the tax and administer it, not those who would pay it. Where were the Real Estate Institute, the Law Society, the payroll companies, the charitable, religious, educational and benevolent groups, and the company liquidators?

2. The Bill was not available to anyone other than those at the conference. Requests were made for access to the Bill and not acceded to, and it was on a confidential basis.

3. Some institutions such as building societies and credit unions do not operate outside South Australia—they are prevented from doing so according to the Statutes under which they were created—did not have branches or head offices in New South Wales or Victoria and did not have any experience of f.i.d. in those States. In fact, some have had to write new computer programmes to cope.

4. Submissions were made on the Bill, but no preview of the Government's decisions were given to any one, not even to those who attended the conference, and the first they knew what the result of their submissions may have been was when the Government introduced the Bill on 27 October. They even received the Bill from the Opposition. So much for their having an opportunity to prepare for the implementation.

And it is rather presumptuous of the Government to believe that its Bill will pass in every respect.

Now, a major South Australian financial institution has written to the Premier stating that, because the tax commences on 1 December rather than 1 February 1984, the cost to the institution during that period will be between $120 000 and $150 000, which it is unable to recoup because it has not been able to get its programmes up and running in the light of the extraordinarily short time between introduction of the Bill and the date of its operation.

There is some sort of transitional period, but because of the difficulty in getting computer programmes up and running many financial institutions liable to collect and pay the duty will have to absorb the cost of that rather than pass it on to individual depositors and customers.

The headlong rush by the Labor Government into the implementation of this tax is nothing short of incredible and demonstrates how desperate they must be to raise funds to prop up their mismanagement. It reinforces the view which the Liberal Party has been putting constantly that this Labor Government is concerned only with itself, and proceeds on the basis that because it is the Government it reigns supreme. It dictates; the citizens and institutions jump. There has been no real consultation on this Bill. Accordingly, I will move that the operation of the Bill be postponed until 1 February 1984, to give the collectors of this tax a fair and reasonable opportunity to establish appropriate mechanisms and procedures to enable it to do the Government's work for it.

The rate of financial institutions duty under the Bill is .04 per cent. In Victoria and New South Wales it is .03 per cent, and in Western Australia it is to be .05 per cent. The further west one moves the more onerous the burden imposed by Labor Governments. There is no financial institutions duty in Queensland, the Northern Territory, the Australian Capital Territory or Tasmania; so the temptation will be for people involved in commerce and industry with large amounts of money either to shift a part, if not all, of their financial or other operations to one of those non-f.i.d.

States or Territories or, at least, to establish a small office and ship cheques on a regular basis out of South Australia to one of those locations, thus avoiding f.i.d.

The Hon. M.B. Cameron: Not an impossible thing to do.

The Hon. K.T. GRIFFIN: No, it is happening now in New South Wales and Victoria. It may be that some will even consider relocating from South Australia to the major financial centres of Sydney or Melbourne because of the now lower rate of tax in those centres, thus accelerating the drift of commercial business from South Australia.

Sir Thomas Playford always fought to keep South Australia's costs lower—much lower than those of its competitors in the other States—and that paid off until the Dunstan Labor Government pursued its policies with higher taxes, more froth and bubble and no substance. This left South Australia falling further and further behind.

This tax is 33⅓ per cent higher than in those major commercial centres in Melbourne and Sydney. This, along with the other policies of the Bannon Government, means that South Australia is losing its edge and, if we do not watch out, we will become a commercial and financial backwater in Australia when we should be a vibrant economy. What this will mean (and many people do not realise this) is that not only will we lose jobs to the Eastern States but also we will lose the capacity to develop and maintain a strong, competent and competitive commercial professional sector. The professional expertise which develops along with commercial activity puts South Australian professionals in a good competitive position with their Eastern States counterparts. For example, if we have only branch office work in South Australia, the legal profession in South Australia will not have access to the work requiring considerable skills and, because it does not do the work, when that sort of work may occasionally be required in South Australia, the lawyers of Melbourne and Sydney get the work because of their constant practice in that area.

Furthermore, this has its effect on jobs in professional offices—if the work is not there, you do not need to maintain the backup. And so the problem will be compounded—the less chance to practice in highly skilled areas, the less demand for services in South Australia, the more the work is concentrated in Sydney and Melbourne. And this consequence is repeated in accounting, in engineering, in financial advising, in money market matters generally and in a wide range of other professional services dependent upon a strong, vigorous commercial sector in South Australia.

The Bannon Government's move to tax us more highly in South Australia is another nail in the coffin of South Australia. The whole Bill gives a clear impression that Mr Bannon does not understand the consequences of it. A major area of concern is in respect of the payment of wages and salary to the credit of a bank account of an employee rather than the employee taking his or her salary or wages in cash or by cheque. The Bill presently provides that, when salary or wages is credited to the employee's account with a bank, credit union or building society financial institutions duty is payable. The Bill also provides that, if there are standing directions given by the employee to his or her bank, credit union or building society (as there frequently are) to transfer money to other accounts within the same institution or a related institution (that is, a trading bank or savings bank within the same group), duty is payable on that transfer.

It may be that there is a home savings account, a mortgage account, investment account, car account or Bankcard account all in the one name with the bank, credit union or building society. If money is to be transferred from the deposit of salary or wages within the bank by a book entry, the Bill requires duty to be paid. That is Government double dipping. I will be moving amendments to avoid this consequence. Already the employee is having deductions made from his or her salary or wages for 'pay-as-you-earn' income tax, soon to have deductions for Medicare levy which is in the nature of a tax, and now financial institutions duty, all an impost on the salary or wages of an employee.

What the Government's Bill will do is encourage employees to take their salary in cash—the security risks will be increased and that will be an open invitation to muggers and thieves. The Public Service Association does not like it. The Leader of the Opposition in the House of Assembly drew attention to the resolutions on the agenda for this year's annual conference of the Association. Those resolutions are:

1. That fortnightly paid public servants be able to request that their salary or wages be paid in cash or the requisite amount of the levy be included by the Government in the payment of salary or wages made by a cheque or deposit.
2. That the Public Service Association support members to be paid in cash, on request when a financial institution duty is levied. Further, that a campaign be undertaken to remove these charges at a level which affects workers' wages and that the Public Service Association also protests at its introduction at a time of rises in costs and reduced wages and salaries.
3. That in view of the additional impact of the f.i.d. tax, this conference calls upon the State Government to give its employees the choice of payment by cash or negotiable cheque.

At least in one area relating to pay-rolls the Government accepted the Opposition's proposals for exemption. In the area of cash delivery companies and companies processing pay-rolls the Government had not thought through the consequences of the Bill. The estimate by two major companies in South Australia was that the annual cost of f.i.d. resulting from the doubling and trebling of duty because of the system which the companies used to provide security in processing cash and wages would have amounted to about $700 000 a year. That impost by the Government on companies for merely processing other people's money and providing a security service is incredible.

One of those companies was able to exert influence on the Government through the Transport Workers Union in view of the very real prospect that either that company would have to close or seriously curtail its business operations and dismiss workers because it was not in a position to absorb that sort of cost. The Opposition in the House of Assembly moved successfully that cash delivery companies and salary processing companies acting as agents for employers and those requiring the transport of large sums of money could establish exempt accounts through which moneys not belonging to them may be processed without the risk of single duty, double duty or treble duty being incurred.

There was a problem with pastoral finance institutions. The Liberal Opposition in the House of Assembly successfully moved amendments which widened the scope of the provisions to ensure that such institutions are able to minimise the payment of double duty and to bring their position in South Australia almost up to the position of pastoral finance companies in New South Wales and Victoria. However, there is one further problem with pastoral finance institutions which has not been addressed. There is still the potential for extensive double duty on receipts for services other than pastoral banking and finance business. In other States the pastoral finance companies, as registered financial institutions, pay duty only on the receipts from banking and finance business. I will be moving amendments to ensure that that becomes the position in South Australia.

There is a major problem with trust accounts. As the description suggests, the accounts are for handling moneys held on trust. Clause 34 establishes a mechanism for the Commissioner of Stamps to approve the exemption of a 'prescribed trust account' required to be kept under a 'prescribed Act'. The effect of such approval would be to exempt

from the financial institutions duty moneys paid into such an account. The second reading speech does not identify the sorts of trust accounts which are likely to be prescribed or which Acts of Parliament are likely to be prescribed. I will be moving an amendment which will identify at least three trust accounts for which exempt accounts should be allowed to be established. They are legal practitioners' trust accounts, land brokers' trust accounts and real estate agents' trust accounts.

Legal practitioners are required by the Legal Practitioners Act to keep a trust account which must be audited annually. All of a client's moneys must be paid by law into that trust account. Often moneys are paid into the trust account only for the purpose of paying them out in settlement of accident claims for personal injuries or settlements on home purchases or other property transactions, and the trust account is merely a record of the receipted payment of those funds and a safeguard to all parties to ensure that the funds are properly dealt with. Land brokers and real estate agents are in exactly the same position. They are required by law to keep trust accounts for clients' moneys.

Legal practitioners, land brokers and real estate agents all pay considerable costs in maintaining their trust accounts and are not permitted to pass them on to their clients. The Government has not given any indication that the trust accounts of these three groups of people serving a community need will be prescribed as exempt accounts. Accordingly, I will be moving amendments which will expressly provide for those trust accounts to be exempt accounts.

There are several consequences if the Government's Bill prevails. The first is that there may well be a move to reduce the incidence of the duty by solicitors, land brokers and real estate agents requesting their clients where they act for purchasers, for example, to pay settlement moneys direct to the vendor. This means the money bypasses the trust accounts although the moneys will still be physically handled by the solicitors, land brokers and real estate agents. Obviously, it will not occur with all of the money or in all cases but it will occur in a substantial number of cases. This means that there is opened up a greater opportunity for misappropriation in those very remote cases where practitioners feel the temptation to manipulate. There will be no auditing of these sorts of amounts.

An additional problem which is likely to occur, and the more significant problem, is that amounts ultimately available to Legal Aid will be prejudiced. Banks pay interest on the balance in a solicitor's trust account to a special fund and if funds bypass a solicitor's trust account, even for a day, the amount of interest likely to be payable by banks on those trust funds for the benefit of Legal Aid and the Legal Practitioners' Guarantee Fund (a fund to protect clients whose solicitors have defaulted with their money) are likely to be substantially reduced. That will mean that the Government, by other means, will have to make up any deficiency in funds available for Legal Aid.

There is an additional problem with the Bill as it is drafted at the present time. There is a Solicitors' Combined Trust Account established under the Legal Practitioners Act. That account comprises parts of solicitors' trust accounts which are not immediately required for the clients' purposes. They are invested by the Law Society, and the interest is divided between the Legal Services Commission for legal aid and the Guarantee Fund which is a fund to protect clients of solicitors who default with the clients' funds.

That fund is a reservoir of money to ensure that the client does not lose. The problem not covered by the Bill, although it will be covered if my amendments are supported, is that when solicitors call upon that part of the combined Trust Account which is part of their trust account and money is paid from the solicitor's share of the Combined Trust Account to the solicitor's operating trust account, financial institutions duty is payable by the solicitor out of his own pocket. That should not occur. The solicitor is paying tax on money which is held in trust on what is, in effect, a transfer of money between accounts under the control of the same person.

In relation to the accounts of liquidators, which are trust accounts, a problem has been raised by liquidators. Those accounts may be exempt accounts. But a liquidator does not open an account unless he has something to put in it. Ordinarily he will go to the bank only when he has the first amount of money in respect of a particular liquidation and open an account. But, under the Bill, when he first puts the money into the new account financial institutions duty is payable because the account does not at that stage have an exemption. Thereafter, the liquidator can apply to the Commissioner of Stamps for an exemption of that account and if he obtains the exemption the duty on subsequent deposits is not chargeable. However, the initial deposit is dutiable, bu' should not be dutiable if there is to be consistency of approach in respect of these accounts. I therefore propose that a liquidator should be able to obtain an exemption in advance of an account being opened in respect of a particular liquidation so that upon the opening of that account he may be exempted from duty on the first and subsequent deposits.

While dealing with liquidations, clause 46 creates some problems and puts the State in a preferred position *vis-a-vis* other creditors. Where a company (or an individual) becomes insolvent and owes duty to the State Government under this proposal the State will obtain a priority. The move among State Governments under Liberal Administrations has been to forgo priority for taxes over other creditors. Yet here we have a State Government seeking to get more blood out of an insolvent stone than ordinary members of the community who may be creditors. It is correct that nothing in the clause is expressed to affect any of the provisions of the Companies (South Australia) Code. However, once priorities under that Code have been met the rest of the assets are available for unsecured creditors. Now, what the Government is seeking to do is to give it a priority for unpaid duty over unsecured creditors and that is ultimately inconsistent with the Companies (South Australia) Code. I will be addressing further questions to the Attorney-General in respect of this important issue.

Another area of major concern is clause 65, which relates to agents and trustees. Under clause 3 of the Bill an agent is defined as 'a person who is, by order of the Commissioner, declared to be an agent for any other person for the purposes of this Act'. Notice that the Commissioner has wide sweeping power to declare anybody an agent of another and thus place heavy burdens upon that agent under the Bill. And there is no right of appeal from that declaration. And this is in addition to other powers of the Commissioner in respect of 'declarations' which can create obligations under the Bill. There must be a right of appeal from such declarations to ensure that the Commissioner is accountable, and I will be moving amendments to give rights of appeal.

In this same category of onerous provisions is clause 77 of the Bill where a person who deposits money with a financial institution that is not a registered financial institution has onerous, indeed I would say impossible, burdens and responsibilities placed upon him. Clause 77 applies where the financial institution is not registered but has sufficient dutiable receipts to require it to be registered. In the event that a person deposits money with such an institution the depositor has to lodge a return with the Commissioner of Stamps within 21 days after the month during which the deposit was made and then that depositor is

required to pay the duty. That clause imposes upon the depositor an impossible burden.

The depositor, to determine whether or not he has an obligation to lodge a return with the Commissioner, must know what dutiable receipts the financial institution has received and must check whether or not it is a 'registered financial' institution. The depositor may not have access to the records of the financial institution (most likely he will not have that access) and in any event will not have access to information as to whether a receipt is dutiable or non-dutiable. In addition, the depositor, in the unfortunate circumstances envisaged by new clause 77, will have to pay financial institutions duty. It may well be that duty has already been paid on that money deposited with that institution, so the deposit attracts double tax and places a most onerous burden upon the depositor to ascertain facts which are not within his knowledge and could not by the exercise of reasonable diligence be so. The Bill also makes it an offence for him not to do it, and places a penal obligation upon him.

The second reading speech is not at all helpful—it says merely that this is an anti-avoidance measure which may not be used much. Who decides when and where not to use it? That clause will be opposed, in the light of the lack of clarity of its impact. The next clause which creates problems is clause 61 relating to offences by bodies corporate and the liability of officers. The Bill which comes before us is quite significantly different from the Bill which was introduced into the House of Assembly. The provision in the House of Assembly was much less onerous than the provision which is now before us and was fair and reasonable in the context of a taxing measure such as the Bill we are now considering.

In that original provision what had to be proved was that the officer of the company had knowingly been a party to the commission of an offence against the Financial Institutions Duty Bill. Mere negligence was insufficient. Yet the provision which is now before us, imposing considerable penalties, provides that mere negligence by an officer in not asking the right questions at the right time is sufficient to establish a liability. That is patently wrong and ought to be resisted. I know that some legislation does include the provision which is now in the Bill, but that is not the messy legislation which this is, now are they tax measures?

I want to now address some remarks to clause 75, which relates to the passing on of duty. The provision in the Bill does nothing. Without the clause there is nothing in the Bill to prevent the passing on of duty. It is in the nature of a 'motherhood' statement. In New South Wales and Victoria their legislation goes much further and provides that nothing in any contract entered into before a certain date (in those two States 1 December 1982 which is the date of operation of the legislation there) shall prevent the financial institution paying the duty from recovering the duty. This has the effect of amending existing agreements to the extent that the duty can be recovered, and some of those agreements are long term and for large amounts involving a substantial amount of duty. The present clause does not enable that duty to be passed on, and I ask the Government why there is the difference?

Digressing a little, it is interesting to note in newspaper reports that the Savings Bank of South Australia has announced that it will not pass on duty but will bear the financial institutions duty on school bank accounts. Figures are not available to indicate how much is involved but it could be substantial. But the Savings Bank of South Australia is an instrumentality of the Crown and as such can afford to cut its margins and absorb some costs which otherwise would be passed on. I wonder if other major banks who also conduct school banking services, but not on such a large scale, will follow the decision of the Savings Bank of South Australia and absorb financial institutions duty on school banking and thus absorb the duty or pass it on in terms of additional operating costs.

There are a number of technical matters to which I will direct attention when the Bill is in the Committee stage, if it gets past the second reading. They are matters of substance that ought to be addressed in this Council. In the context in which the Government puts this Bill, with a net gain to revenue of at least $14 million, in circumstances where the Government is guilty of mismanagement, this Bill is not appropriate. However, if it passes the second reading, there are a substantial number of amendments to be moved and I will await the Government's response to those amendments with great interest.

The Hon. J.C. BURDETT: I rise to speak briefly to this Bill. The second reading explanation seems to follow the traditional good news and bad news approach, which I think is more appropriate to a dubiously funny joke than to a major tax measure. Even today on the radio the Premier still seemed to be adopting the same sort of approach. On the one hand he said that there were benefits (the repeals of various stamp duty measures), but on the other hand he said that the duty will be imposed. That is ridiculous, because, as the Hon. Mr Griffin stated, the net gain to revenue from this measure, at least in its original form, will be $14 million, and one does not talk about stamp duty repeals and this duty in the one breath.

This is a very substantial and onerous duty—there is no doubt about that. There are some concessions, and that is all. In the early part of the second reading explanation, following the good news, there is the bad news approach. Instead of frankly stating what the duty is (as one would have thought should be done) and what the Bill is about, the second reading explanation deals with a matter that is not even covered in this Bill.

The Hon. M.B. Cameron: In fact, I thought it was a stamp duties Bill.

The Hon. J.C. BURDETT: Yes. I suppose it was technically out of order, but no-one took that point. The early part of the second reading explanation deals with the good news, not contained in this Bill but in relation to a Bill which, presumably, is to come to us at some later time today. The explanation referred to the abolition of stamp duty in respect of credit provided at a rate of interest in excess of 17 per cent, the aboliton of stamp duty on the discounting and issuing of bills of exchange and the abolition of stamp duty on the transfer of mortgages and mortgage backed securities. As I have stated, it is ironic that this good news is not even contained in this Bill but in a Bill which, presumably, is to come to us later.

These repeals (to which I have just referred) on credit provided at a rate of interest in excess of 17 per cent on stamp duty on the discounting and issuing of bills of exchange and on the transfer of mortgages and mortgage backed securities is not even carried to its logical conclusion, because, if we are to have this kind of duty, stamp duty on cheques should also be abolished, as speakers who preceded me in this debate have stated. Mention has been made of the telex that was sent to some members from the banks, which stated that the abolition of stamp duties on cheques ought to happen. The banks have presented arguments to the Government of South Australia requesting the abolition of stamp duty on cheques, because it is a discriminatory tax on bank customers. It is further stated—

The Hon. R.C. DeGaris: Has that been abolished in Victoria?

The Hon. J.C. BURDETT: Yes, that was done in Victoria in two steps. In Victoria, as part of, or related to but not

at the same time as, f.i.d., stamp duty on cheques was abolished. The telex further states:

> It also encourages an increased use of cash which is less efficient and adds to security problems.

That was referred to by the Hon. Mr Griffin in his very comprehensive speech. A valid point that the telex raises is as follows:

> As a result of the new legislation in South Australia, the average personal cheque account customer will pay a significant amount in new tax. When stamp duty on cheques is added, the personal customer in South Australia will pay over four times the amount of State duty now paid by a person operating a similar bank account in Victoria.

It was further stated:

> For a small company customer the total State financial duty will be towards twice that levied on a company with similar financial transactions in Victoria.

The good news should have been taken a little further. If one is to be consistent, one should do what has been done in Victoria and abolish the stamp duty on cheque accounts.

The Hon. K.L. Milne: Where do you get the four times—

The Hon. J.C. BURDETT: From the banks.

The Hon. K.L. Milne: Stamp duty is 10c.

The Hon. J.C. BURDETT: I cannot provide the detailed computation: it is contained in the telex, a copy of which was sent to the Hon. Mr Milne.

The Hon. K.L. Milne: I have a copy.

The Hon. J.C. BURDETT: I have not been able to assess it, but it is a comparison between South Australia and Victoria.

The Hon. M.B. Cameron: And it refers to personal customers.

The Hon. J.C. BURDETT: Sure. If the Hon. Mr Milne wants to take it further, he may do so. The second reading explanation gets rid of the good news fairly quickly. We come to the bad news, which is the news of an f.i.d. of .04 per cent, not .03 per cent as in New South Wales and Victoria. As the Hon. Martin Cameron stated (and I think that the Hon. Trevor Griffin referred to this also), it is of very great concern that the rate is in excess of the rate in Victoria and New South Wales . Of course, there is no duty in Queensland. This Government, as the Hon. Martin Cameron said, has talked about making South Australia the centre of tertiary industry, that is, of distribution and exchange in Australia, and the honourable member gave some details and quoted the releases in that regard.

This Bill, of course, will completely destroy that proposal. In fact, many institutions will move to the Eastern States to avoid the duty and thereby create even greater unemployment in South Australia. South Australia was always a low-cost State under the late Sir Thomas Playford, but this has now gone out the window, and we live in a State where an artificial duty creates a higher cost than occurs in the Eastern States.

The second reading explanation made some note about the measure of consultation, and this matter has been referred to by previous speakers. The organisations that were not consulted are significant by their absence, and they include church, charitable, voluntary, community and sporting bodies. Some bodies were consulted to some extent or another, but I am not sure how far that went. If this legislation is not amended, the charitable, voluntary, community, church and sporting bodies will be affected. Non-profit bodies were not consulted before the Bill was introduced in the other place. We read in the press last Friday that the Government consulted the charitable, church and other bodies, and I am pleased to note from the latter part of the second reading explanation that the Government proposes to amend the Bill to exempt at least some of those bodies.

I think that that is the only change I can see in the second reading explanation made by the Premier in another place, in comparison with that made by the Attorney-General in this Council. I refer to the following statement:

> We propose to ensure conclusively that the duty does not affect charities.

I do not know why the word 'conclusively' is used, because it certainly would otherwise have been the case. The amendment that I have not yet had the opportunity of perusing, which the Government intends to introduce here, I take it, will make it clear and will for the first time state that these bodies will not be adversely affected to the great extent indicated by the Hon. Mr Griffin in his contribution. I still do not know the extent of the exemptions. I trust that at least church and purely charitable bodies will be exempted, but sporting bodies ought to be exempted also, and other community-based non-profit voluntary bodies should be exempted. I trust that later, when I have a chance to look at the amendments, I will be able to assess whether or not that has been done.

The Hon. R.C. DeGaris: Would you exempt all sporting bodies?

The Hon. J.C BURDETT: I would exempt all sporting bodies which are not for the purpose of private profit making. I cannot see any other distinction that can be drawn. I say that in response to the interjection of the Hon. Mr DeGaris. If he has some distinction between some sporting bodies and others, then in his contribution he will doubtless pursue that. Perhaps he has in mind the question of racing bodies—trotting and greyhound organisations and so on.

The Hon. R.C. DeGaris: Massage parlours?

The Hon. J.C. BURDETT: I will not pursue that matter further. Another question which has been raised concerns the date of operation: whether it be 1 December (as set out in the Bill) or 1 February 1984 (as proposed in an amendment moved in another place which was not carried). To impose such an administrative burden as this Bill does on financial institutions at such short notice is quite improper. Previous speakers have stated the amount which some institutions could incur through the Bill's having a premature starting date. It would not be possible for them to pass on the cost if the starting date is fixed with indecent haste. I do not know why there is this indecent haste. If there is such a need, why was the Bill not introduced earlier? Certainly, I believe that the earliest viable date for the imposition of this duty to take effect should allow financial institutions time to adjust to its collection.

The question of double dipping was also referred to by the Hon. Mr Griffin. We have heard about the beneficiaries of Government benefits, especially in regard to the Federal Government and people receiving superannuation pensions and the like in regard to double dipping, but here we have a clear-cut case of the Government's double dipping in levying this tax. Examples given have included the payment of a salary into a bank account. That duty is paid is fair enough, but then within that same bank and in respect of that same customer there may be subsequent transfers and, as the Bill stands, such transactions would also be dutiable.

For example, if a person had his salary paid into his bank and there was a transfer of some funds to a loan account, an account to pay off a car, a mortgage or something else, each of those transactions would be dutiable, and that is quite improper. Those transactions in respect of the same customer and within the same financial institution ought to be exempt. The Hon. Mr Griffin has also referred to transactions resulting from lawyers trust accounts and transactions involving land brokers and land agents, which ultimately involve the same person. To levy such a duty on those transactions each time they occur is double dipping on the part of the Government.

Previous speakers have referred to the question of mandate and promises. Clearly, there was no mandate for the imposition of this duty. The contrary is the case: it was promised that if this Government was elected there would be no increase in present taxes and no new taxes. This Government has certainly been elected on false pretences and has broken that promise blatantly. It is fairly clear that the Government would not have been elected if it had not made that promise. It was elected and, without worrying about it at all, the Government has quickly—within the first 12 months—introduced this new tax as well as increasing other taxes such as licence fees and increasing charges to an extent which amounts to a tax.

I now refer to an article in the *Advertiser* of 5 November 1983 headed 'Sting in Bannon king-hit'. The introduction to the article states:

It is one year since John Bannon ousted the Liberal Government. Political reporter Matt Abraham says the masterstroke of the Bannon campaign was his policy speech. It was the put-up-or-shut-up document for the A.L.P. Here he looks at the specific promises of the policy speech, and what has been delivered so far.

In that excellent article and in an unbiased and clinical way Matt Abraham sets out 30 promises and examines their delivery. Certainly, it is a pretty sorry record when one looks at it, because it indicates that most of the promises have not been kept. There is an appalling record in regard to each of the promises.

In regard to the Tonkin Government, the promise to abolish succession duties was carried out. The Tonkin Government had an excellent record of keeping its promises. While that Government was in office the then Premier constantly asked his Ministers to report on what their promises were in their portfolios and what was the performance of those promises. Certainly, I can recall fulfilling those requests and in my area, as in most, most of the promises were fulfilled. Where they were not fulfilled, there was some reason why they had not been.

In the case of the Bannon Government—and we can look through this article—honourable members can see the appalling record of broken promises, and it is by no means exhaustive. Although only 30 promises are referred to, many more were made. I refer to promise No. 29 'No new taxes during our term of office' and the following comment:

Legislation for the financial institutions duty, the first new tax in South Australia for almost 10 years, was introduced to Parliament last week. The tax of .04 per cent on each dollar of most financial transactions in South Australia is due to operate from December.

I say that this is not just a case of no mandate for a tax, but a tax imposed in breach of a mandate not to impose any new taxes.

My attitude to this Bill will be determined during the course of the debate, but they are my contributions to the debate. I close by saying that the chickens will come home to roost on this Government. It came to office on promises of no increased taxation and no new taxes. It found during the past week, and it will find this week and during its remaining term of office, that people will eventually look back to what it said that it would do and to what its promises were prior to the last election, and will judge it according to the performance of those promises.

The Hon. L.H. DAVIS: The financial institutions duty could be said to be the tax of a lifetime. It is with the citizens of South Australia from the cradle to the grave: financial institutions duty will be paid on the bank account opened by the proud parents on the birth of a child; it will also be paid by the funeral director on receipt of money for the coffin when the person dies.

While the Federal Government is trying to crack down on tax avoidance, this Bill undoubtedly will encourage cash transactions. As my colleague the Hon. Mr Burdett rightly observed, the financial institutions duty will be a burglar's delight.

It is necessary to go back to 27 May 1982 to discover what was the blue print for the Labor Party if and when it came to Government in South Australia. On that date, the document *South Australia's Economic Future* was published. Comments were made about the need for a strong partnership between public enterprise and the private sector. Specific reference was made in this document to the establishment of a body to raise housing funds through the issue of capital-indexed debentures which are guaranteed by the Treasury as part of the Labor Party's economic and housing package. Specific reference was made to the need to keep South Australia's financial and institutional basis strong; specific reference was made to the idea of establishing a South Australian Enterprise Fund which, again, would be a partnership between the public and the private sectors, to marshal capital resources to facilitate the development of industry within the State. Finally, and most pertinent to the Bill that we now have before us, on page 83 of that document was a specific heading 'Inquiry into the State's System of Revenue Raising' and I quote from this document:

. . . Labor believes that it would not be appropriate to change the rate of or to abolish any existing State tax or substitute new taxes until a thorough and wide-ranging inquiry has been conducted into the way the State raises its funds. Labor will initiate such an inquiry which will be the first-ever comprehensive review of the State's finances. It will be an independent inquiry and will give close attention to the structure and distribution of State revenues.

One can see from that document how far short of the mark the Labor Party in Government has fallen. First, the Ramsay Trust was a failure. Secondly, the South Australian Enterprise Fund, which was said to be the Labor Party's first and most urgent task when it came to Government just over 12 months ago, has not yet been conceived, or rather born.

The Hon. R.I. Lucas: It may have been conceived.

The Hon. L.H. DAVIS: It may have been conceived, but at the moment one could say that the South Australian Enterprise Fund is decidedly stillborn. Lastly, on the specific reference made to the need for an independent inquiry into the taxation system in South Australia, one year has elapsed. The Premier on more than one occasion has alluded to the fact that he is setting up an inquiry, and that inquiry was going to be a condition precedent to any further tax changes or introduction of any new tax in this State. That has not occurred; it is a promise that was first made by the Labor Party in Opposition in May 1982, and repeated in the policy speech of October and November 1982, and still (12 months later) that promise has not been fulfilled. Indeed, that broken promise has been further damaged by the fact that the Government has introduced a new tax.

On 22 November 1982, in the *Advertiser*, Mr Bannon said that he had called for a report from the State Treasury officials on the implications of the financial tax which was to be introduced into Victoria and New South Wales. He said that he had discussed the matter with the Victorian Treasurer (Mr Jolly) after a special meeting with Mr Cain and Mr Wran. He said that he was interested only in the implications of the tax on other States. He wanted South Australian Treasury officials to investigate the problem of people or groups in New South Wales or Victoria attempting to avoid paying the tax by registering transactions or other financial dealings in South Australia or other States where the tax did not apply.

Mr Bannon said that he was sticking to his election promise of not introducing new taxes, and he hoped to establish in the New Year the promised inquiry into taxation, which would include submissions from the public industry

groups. That was the Premier, Mr Bannon, two weeks after he came to office. He continued to repeat his claims that no new taxes would be introduced by a Labor Government and, in particular, no financial institutions duty, through November into April and May 1983.

Then, of course, we had the bombshell announcement in early August, by which a severe and Draconian measure was announced which heralded a bundle of taxes, one of which was the financial institutions duty. It was the first announcement that the Treasury had made about the introduction of such a duty, and until the Bill came into the other House no-one knew (from 4 August until 27 October) what the level of duty would be. It made it very difficult for institutions to plan; it made it very difficult for national firms to anticipate what impact this duty might have.

One would have thought that the lessons from New South Wales and Victoria would be learnt: that introducing such a new and complex duty takes time. It is difficult for financial institutions, notwithstanding that most of the major ones are on computers, to make the necessary and complex changes. So, we are debating for the first time in the Legislative Council this Bill which seeks to introduce a financial institutions duty in just 15 days. I find that a disgraceful state of affairs. Indeed, if this Bill does pass the Legislative Council this week, by the time a fresh copy is available to the institutions so affected by the measure they will have well under two weeks in which to put programmes into operation.

The Government has simply not learnt from the uproar which occurred in New South Wales and Victoria, where the legislation was introduced so close to the proposed start-up date.

It is interesting to note that this is the first new tax that has been introduced in this State since 1974. At that time the then Dunstan Government introduced licence fees on liquor and petrol. We have seen how accustomed the Government has become to levying those sorts of taxes as a revenue-raising measure. One has only to instance the proposals in the 1983-84 Budget which seek to savagely increase the Government take from licence fees on tobacco: those fees will increase from $16 million in 1982-83 to $30 million in 1983-84.

The Attorney-General's second reading explanation suggests that the impact on the average South Australian family will be minimal. He claims that the average family will be out of pocket to the extent of between $7 and $10 per year. The second reading explanation referred to a person with a $30 000 mortgage over a period of 25 years, a $5 000 personal loan, a monthly Bankcard account of $300, and a family allowance. The Treasurer has clearly misled Parliament, as can be seen from the following figures: the $30 000 mortgage over 25 years will require an average monthly repayment of $350, attracting financial institutions duty of about $1.70 per annum (at a rate of .04 per cent). That assumes that only one transaction is involved in the mortgage repayment. Indeed, it may well be that more than one transaction is required, which will attract further duty.

In relation to the $5 000 personal loan over five years, with a repayment of the order of $125 per month, that will attract financial institutions duty of 60c per year (once again, assuming that it only attracts the duty once). The monthly Bankcard payment will attract financial institutions duty of $1.44. The family referred to will receive $55 per month by way of family allowance for two children, attracting financial institutions duty of 30c. If one adds up the financial institutions duty to be levied on that family (being as generous as possible and assuming that the duty is not attracted twice on any of the transactions) it amounts to about $5.

The one point that has been totally ignored by the Government is that the banks and building societies will almost certainly pass the cost of transactions on to customers when it comes to the administration of the financial institutions duty. Most building societies in Victoria were deducting between 90c and $1 per month for borrowers; that is, people who have mortgages with the building society and who are repaying on a monthly or quarterly basis. Indeed, in making a preliminary assessment of the administrative costs of f.i.d., the building societies in South Australia claim that it could cost as much as one-eighth of 1 per cent to administer. On a $30 000 loan that would amount to about $35.

In claiming that the total impact of f.i.d. on the average family is limited to between $7 and $10, the Government is totally ignoring the fact that banks and more especially building societies and credit unions (where the profit margins are much lower) will be passing on administrative costs to depositors and borrowers. The Labor Party exhibits an enormous naivety in introducing this legislation. In fact, in the middle of the fairly tortuous debate in another place, where the Treasurer spent more time revealing what he did not know about the Bill rather than what he knew about it, the Treasurer is claimed to have said at one stage that if the legislation had been introduced at Budget time it might have meant that a lower rate could have been applied, or something of that nature. I find that to be a remarkable statement. It means that, if the legislation had been introduced earlier, the rate would have been .03 per cent instead of .04 per cent.

The Hon. R.J. Ritson: In August he didn't want it at all—did he?

The Hon. L.H. DAVIS: Until August he said that he would not have it, but then he changed his mind. Surely, when one is introducing a new tax one takes the long view and hopefully a matter of three months will make little difference to the initial rate that is struck. The Labor Party also exhibited naivety in its approach to charitable and other benevolent institutions. In fact, the Government was forced to back down in rather indecent fashion. It is revealed in the second reading explanation that last Friday the Government had a meeting with charitable institutions affected by the legislation. I understand from someone close to those proceedings that the Treasury officials who discussed the matter with the charities were rather embarrassed by the whole affair. Those who were present at the meeting received the distinct impression that the implications of the legislation on charitable groups had not been thought through. Everyone was terribly apologetic, saying that it should not have happened, and that it was awful.

It is amazing to think that this Bill was first introduced as a draft measure some two months ago and achieved wide circulation amongst institutions and other bodies that were likely to be affected by it. It is amazing that the Labor Party did not consider the obvious implications of the measure on charities, which may obtain large receipts but which have no profit motive whatsoever.

During debate in another place the Treasurer also referred to South Australia's financial advantages and the burgeoning financial sector. The Treasurer said that the financial sector would be able to withstand the burden of this impost. I think that we should look closely at what this tax measure actually does. The central issue in this debate is probably the ultimate perception of South Australia as a place in which to invest. What will institutions now resident in South Australia and those planning to come here think of South Australia as a place in which to invest as a result of this measure? Admittedly, we already have a very narrow financial base.

We have a contracting manufacturing centre. We have a small and slow-growing population, so any Government, of whatever persuasion, should not be putting hurdles in the way of institutions that may well wish to invest in South

Australia. This clutch of taxes, which really amounts to financial rape over the past few months, has created, unfortunately, in the eyes of many prominent business people in this community the distinct impression that we have in this present Labor Government a Government that does not care or understand and is financially naive.

The Chamber of Commerce recently issued an excellent publication, *A Survey of South Australian Industry*, for the September quarter of 1983. It certainly paints brighter prospects for the State in 1984, but I do not think that we should delude ourselves about what the bottom line of that report says, as follows:

> The September quarter in South Australia will probably mark the beginning of a substantial recovery in the State's economy provided—

and these words are underlined—

> that the early stimulus derived from the rural and housing sectors is carried through in new investment and new industrial development.

I think the survey is saying that recovery in South Australia is very narrowly based and that if we achieve normal, rural seasons, and once the initial impact of increased spending on Government housing programmes passes, South Australia will not have a lot going for it. We certainly have the continued and exciting development of the oil and gas fields in the Cooper Basin to the north, but they are offset by the continuing uncertainty that exists in relation to the mammoth Olympic Dam copper, gold and uranium project.

Economic stagnation in South Australia has increasingly been the order of the day since the mid-1970s. This is reflected in the annual net population loss and in the fact that we have lost our relative position in trading. In the time of Sir Thomas Playford South Australia was an exporter. Today, if one takes the figures for 1981-82, one sees that we sold $4.05 million worth of goods to other States but bought $4.3 million worth of goods from them. This relationship whereby we are a net importer from other States, has existed at least since 1978-79. That is not a pleasant trend. Similarly, South Australia has lost markets for manufactured goods of nearly all types such as steel, machinery, transport equipment and other articles.

Manufacturing employment which involved 38 per cent of the workforce in 1970, has shrunk to 18.9 per cent of the workforce in 1983. Of course, a lot of that is attributable to technological change, but much of that dramatic decline in manufacturing employment, which has halved in terms of total workforce over the past 13 years, is due also to declining performance and competitiveness over that period.

That shows up, of course, in the traditionally largest components of our export earnings, motor vehicles and parts, which accounted for 23.7 per cent of interstate export earnings. Fabricated metal products, machinery and equipment accounted for 7.2 per cent, and domestic appliances and electrical equipment 6.7 per cent, of export earnings. Those three items account for about 37 per cent of our total export earnings. This change in our shrinking manufacturing base has been affected, in my view (and I am sure in the view of some other members of this Council), in part by South Australia's declining competitiveness, which in turn has resulted from a decline in our average labour cost advantage. This may come as a shock to other members, as it did to me, but in 1974 our average labour cost advantage in South Australia against other States was close to 7 per cent. Today, that average labour cost advantage has shrunk to about 1 per cent.

The Hon. K.L. Milne: To less than that, I think.

The Hon. L.H. DAVIS: The Hon. Mr Milne says that our average labour cost advantage is now less than 1 per cent. Above national average increases in charges for services such as water, and power, and a more restrictive legislative environment, have all had their impact on total costs.

We now come to yet another impost which will be a burden on industry. I suggest that the introduction of this legislation, ill-conceived as it is, reflects Labor's financial naivety. For example, the Premier is very proud that the accompanying Bill, the amendments to the Stamp Duties Act, which seeks to give some relief in certain areas, will, as a result of one of the proposed amendments, lead to the establishment of a stronger bill market in South Australia. What the Treasurer totally ignores is that, while the financial institutions duty remains at .04 in South Australia and only .03 in New South Wales and Victoria, there will still be the attraction to settle transactions interstate. People in the money market tell me that it is most unlikely that the Government's hope of achieving a stronger and broader bill market will result simply from the removal of stamp duties on these transactions.

The Hon. R.C. DeGaris: Has there been any movement to Queensland at all?

The Hon. L.H. DAVIS: I am eager to discuss the point that the Hon. Mr DeGaris raises because the scene I am setting generally is of a State which is out of the main stream in terms of population, manufacturing, immediate resource opportunities, a large corporate sector and natural resources. Yet this Government, fully knowing these facts, has introduced in 1983-84 a State Budget which will increase State taxes by 14 per cent when the Federal Government has budgeted for inflation and wages to rise in the same period by only 7 per cent. It has sought to introduce, specifically, the financial institutions duty.

The Hon. Mr DeGaris has asked what will the implications be for South Australia and, in particular, whether Queensland will be advantaged by this and other taxation measures that have occurred in South Australia and other States. I have spoken to people in Queensland and have had calls from people in South Australia about this matter. There is no question at all that Queensland is benefiting, first, from the declaration by the Premier of that State that a financial institutions duty will not be imposed there and, secondly, from the fact that he will remove stamp duties on securities transactions on the Brisbane Stock Exchange.

That, of course, is a measure which is not picked up in the amendments to the Stamp Duties Act, and it is perhaps not terribly pertinent to this debate. The Premier of Queensland sees quite clearly that, through heavy State taxation and restrictive legislation affecting businesses in New South Wales and Victoria, quite literally Brisbane can well be a centre not only for tourists but also for capital, and he is setting out quite deliberately to build up that financial base and the capital markets within Brisbane.

That means jobs and it means expanding financial opportunities for the people in Queensland or for people who may want to go to Queensland. It is, as I have said, essentially a matter of perception: people are standing off, viewing South Australia in 1983, and saying, 'Why should we go to South Australia?' Indeed, for many the answer must sadly be, in view of this latest measure, in the negative.

The Hon. R.C. DeGaris interjecting:

The Hon. L.H. DAVIS: One should link together the bill market and the short-term money market. I have heard that one of Australia's largest cash management trusts is proposing to move its market from one of the main capital centres into Brisbane (I will not say which one, but it is based in Sydney or Melbourne). That is a result of the absence of taxation. The Hon. Mr Blevins smirks—I am not sure whether in disbelief or in amusement. However, if the Hon. Mr Blevins happened to be the Managing Director of a major financial institution which was faced with the option of carrying on in a heavily taxed business environment or

moving to a State that has declared an interest in keeping taxes low with a business environment that is attractive to financial institutions, I am sure that he would put his hand up to move. Knowing the Hon. Mr Blevins's predilection for the sun, I am sure that he would be very happy to go to Queensland.

The Labor Party when it came to Government undertook to maintain a strong and friendly relationship between the public and private sectors. We have already seen the Government's attitude to the public sector. The Public Buildings Department is being built up again, and other areas in which the Liberal Party had achieved reductions in the Public Service by a process of attrition rather than sacking have seen a change of policy.

In fact, this is reflected in the latest employment figures that I have to hand; these are very dramatic employment figures, because they show that, in the past 10 months, there has been a turn-around in both private sector employment and State Government sector employment in South Australia. Whereas in August 1982 405 700 people were employed in the private sector in South Australia, that figure had shrunk to 394 700 by June 1983, a decrease of some 11 000 people employed in 10 months. However, on the other hand, State public sector employment had increased from 99 300 to 100 500, an increase of some 1 200. That reversed the trend that we had seen during the years of the Tonkin Government from 1979 to 1982, when State public sector employment decreased by some 3 000 people.

But a really dramatic aspect of private sector employment (if I can dwell on this for one moment) is that in the past decade there has been a net decrease of nearly 25 000 people in private sector employment in South Australia. In August 1973, 419 000 people were employed in the private sector; in June 1983, 394 700 were employed, and that is a fall of nearly 25 000 people. At the same time, in the period August 1973 to June 1983, the public sector expanded from 84 700 people to 100 500 people, an increase of 15 800 people, or close to 20 per cent. The future of this State is not bound up with a burgeoning public sector: it relies exclusively on a strengthened private sector, and this latest action, I would submit, is certainly not going to achieve that aim.

I refer now to some examples of how the f.i.d. will work in practice. First, I refer to the effect of the f.i.d. levied at the rate of .04 per cent on a receipt in regard to a large building company. For example, Jennings Industries Limited, Australia's leading home builder and a public company, has public accounts (which are available for perusal). It can be seen that for the 1982-83 financial year its gross revenue was $512.4 million, and its net profit was $9.77 million. The percentage return on turnover for Jennings Industries was 1.9 per cent. That is a very low rate of return on revenue, and I am told by building companies in South Australia that that in fact would not be generally achievable by medium-sized building companies in South Australia. They are currently quoting below cost just to stay in business.

So let us take the example of a building company in South Australia that tenders for and is successful with the building of a $1 million project. Let us assume that it receives a 2 per cent return on that $1 million. That would provide it with a net profit of $20 000. The f.i.d. will be based on the $1 million that that building company receives from the owner of the building, and that $1 million will be forwarded to suppliers and contractors, and will also go in salaries and wages.

So, the f.i.d. levied at the rate of .04 per cent will attract a tax of $400, which happens to be the maximum tax that can be payable on one transaction in South Australia. Therefore, the net profit of $20 000 is effectively reduced by $400. That shows how significant the impact of f.i.d. can be on any company or group engaged in high-turnover low profit margin business. I suggest that f.i.d. will merely put the building industry in South Australia further into the red. I have already referred to the impact of the f.i.d. on individuals. The Treasurer has claimed that it will be about $7 to $10, but I have suggested that it will be much more than that.

[Sitting suspended from 5.53 to 7.45 p.m.]

The Hon. L.H. DAVIS: I was referring to specific examples of what the impact of this financial institutions duty would be on various areas within the South Australian financial community. Before the dinner adjournment I had given a specific example of a building company and illustrated the dramatic impact that the financial institutions duty would have on a high turnover, low profit margin business. One could include in that not only the building industry but also the liquor and grocery industries.

I now specifically refer to the effect on the building societies which, along with banks and credit unions, are the major financial institutions in Australia. The turnover on deposits of the two major South Australian building societies is approximately $10 million to $12 million a day, which would mean that financial institutions duty would be payable in the order of $4 000 to $5 000 a day. That would suggest that the two major building societies in South Australia would be paying in the order of $1.3 million a year, or about $600 000 to $650 000 each in financial institutions duty.

It is interesting to note that the two major building societies in South Australia—the Co-operative Building Society and the Hindmarsh Building Society—make minimal profits on their businesses. Their net earnings are in the order of $1 million to $1.5 million per annum each. When one notes that financial institutions duty will cost them something in the order of $600 000 to $650 000, one can readily understand that building societies have to pass that duty on to their customers.

The Hon. R.J. Ritson: Isn't that 20 housing loans that people cannot have?

The Hon. L.H. DAVIS: Exactly. One can equate that with all sorts of opportunities, forgone as the Hon. Dr Ritson so rightly observed. If one takes an example in the short term money market where special provisions are proposed, the dealings are extraordinarily complicated. I will take a specific example to show the Council how complicated it is: let us assume that an individual account with a short term money market dealer is $60 000 on the first day of the financial institutions duty. It is, in other words, an existing balance of $60 000. Let us assume that immediately the financial institutions duty comes into effect there is an additional deposit of $50 000. Quite clearly, financial institutions duty is levied at the rate of .04 per cent on that $50 000. If on the next day $10 000 is withdrawn, the institution can say that the dutiable amount in the account is now $40 000, which is below the cut-off point of $50 000, because it has the ability to allocate any withdrawal amongst any market receipts, including the old accounts to which the duty does not apply. Therefore, in that case no tax would be payable.

The other example, which relates specifically to individuals and which has been barely touched on in the course of this debate, affects individuals far more than people would ever imagine. Consider the example of an individual who deposits $10 000 in a building society, bank or credit union. The person wants to maintain maximum flexibility with that investment and decides to place it on a one-month term arrangement; in other words, fixed for 30 days. At the end of that 30-day period that person decides to renew it for a further 30 days, and may continue to do that for a period.

First, the 30-day rate may be marginally more attractive than placing the $10 000 deposit on call. People would understand that the longer the term, generally the better the interest rate. However, under the operation of the financial institutions duty legislation, that $10 000 investment in a bank, building society or credit union will be dutiable every time that a depositor seeks to renew that investment. Think through the implications of that: if there is a $10 000 investment on 1 January 1984, which is renewed at the end of every month by that depositor, duty will be attracted to that account at the rate of .04 per cent so that at the end of the year, assuming that that amount is withdrawn, duty of .52 per cent on the total deposit will have been paid; in other words, more than half of one per cent will have been paid out in financial institutions duty on the one account. That is an extraordinary proposition! It is something which was given little attention in the Lower House, which is perhaps not surprising given the urgency with which the matter was debated and the requirement for the Government to push it through, but the provision for a financial institution—

The Hon. M.B. Cameron: The reason for that is that the Government has left fixing the rate for too long.

The Hon. L.H. DAVIS: That is right; it has left everything far too long. One could argue whether we should even be here tonight debating the situation, but we are and we have to accept the responsibility. One of the responsibilities is to point out the inadequacies and the inequities that exist in this system.

I can better illustrate that point by taking the example of three people: one person, who has left his investment for a fixed period of 12 months and then withdraws it, attracts duty totalling only .08 per cent—because he has put it in, attracting duty, and presumably when he takes it out and lodges it somewhere else he attracts duty again at a total rate of .08 per cent.

The next person rolls it over every three months. At the end of three months he chooses to renegotiate. At the end of one year he or she also decides to withdraw that investment. The total amount of financial institutions duty payable equals .20 per cent. However, the person who desires financial flexibility and renews monthly will pay an astronomical .52 per cent. That becomes relatively more significant as interest rates fall.

Members will observe that interest rates are falling quite dramatically and it may be that a one-month fixed term attracts an interest rate only in the vicinity of 8 per cent to 8½ per cent. So, 5 per cent to 6 per cent of the total amount of interest earned on the deposit will be given up in f.i.d. This provision did not exist in the draft Bill circularised to financial institutions in September at the time when the reality of f.i.d. was starting to make its mark on the business community of Adelaide. As far as I am aware, this insidious provision of taxing every roll-over, however short it may be, is not a feature of the New South Wales and Victorian legislation. It is purely a revenue-raising measure to tax a sum of money which remains in the one account for a period of time and which is renewed by a nod of the head or a phone call.

I do not wish to be alarmist, but could I suggest, as someone who has some experience and knowledge, hopefully, in the financial world, that for larger sums of money outside the conventional short-term money market there would be a very strong case for people to invest interstate, either with their bank or an appropriate building society? It would certainly be cheaper for them.

The Hon. C.M. Hill: It will frighten people away.

The Hon. L.H. DAVIS: It has an enormous scare element in it. The example I gave is very real: I have checked this with the institutions. It surprises them that the legislation as it now stands picks up roll-overs of money. I further suggest that it again demonstrates the financial naivety of this Government because it is altering people's investment habits. Only during the past few years have people got away from the lazy money syndrome, where they stuck their money in a bank at 3¾ per cent and did not move it anywhere else. In recent years people have become more financially sophisticated, flexible and knowledgeable with their investment money. That is good, not only for the people themselves but also for society as a whole because that money is used to better effect.

However, legislation which imposes f.i.d. on every roll-over will change people's investment habits and will create fear in the community. I believe that it is bad to change people's investment habits. To force people away from an arrangement they like and may prefer and, indeed, they see as a necessary prerequisite in arranging their financial affairs—

The Hon. G.L. Bruce: Does it do that in Victoria?

The Hon. L.H. DAVIS: It does not do that in Victoria or New South Wales. For that reason I have placed on file an amendment which seeks to remove what I believe is a quite disgraceful and insidious provision, which has gone through under the door without any formal reference to it during the second reading debate in the House of Assembly. This is typical of the slovenly approach of this Government, that it probably does not know that it is doing this.

One bank I have spoken to uses short-term deposits to lend back as fully drawn advance loans to the market to help small businesses and other operations. The bank's view is in accord with my view that, as people become aware that a 30-day roll-over or a 90-day roll-over (which is regarded in financial institutions as perhaps the most common roll-over) attracts duty at the rate of .04 per cent, they will change their investment habits for better or worse. First, larger investors can shoot money across the border where such provisions do not exist. Secondly, people can lengthen the period of the term deposit, which may not be in their best interest. Thirdly, people can change the form of their investment altogether by withdrawing and holding the cash or doing something else with the money.

I am labouring the point to emphasise that this legislation has far greater effects than the Government realises and, I am sure, than the community realises. I find it reprehensible, deplorable and absolutely insidious that upright citizens of this community will suddenly find, if this legislation is passed in an unamended form, that term deposits on a roll-over every 30 days (which is not uncommon) or every 90 days (which is even more common) will pick up this so-called small tax. It is not a small tax: it is a substantial tax. As I have indicated, for a one month roll-over based on a 12-month period, the tax will be over half of one per cent.

The Hon. C.J. Sumner: Will you repeal it?

The Hon. L.H. DAVIS: I certainly hope that we won't have to repeal it. I hope that the Government will accept the amendment on file. I now turn to some of the other provisions in the legislation and some of the differences existing between the legislation before us and the legislation that has been up and running in New South Wales and Victoria for nigh on 11 months.

First, I note that in this State local government authorities are subject to f.i.d. I understand that that is not the case in other States. Secondly, retail stores in New South Wales have to register, but in South Australia they do not. I do not necessarily disagree with that provision, but I hope that retail stores do not use the exemption to create problems later on. Obviously, that will be a matter that the Government will have to closely observe. Thirdly, I note that, unlike Victoria, this State has not used the trade-off of the abolition of stamp duty on cheque forms. The Government made great play of a trade-off for the introduction of f.i.d.

and the abolition of certain forms of stamp duty. Of course, that will be the subject of further debate in the Council when the Bill enters its Committee stage. However, let us not beat around the bush.

The abolition of stamp duty will certainly help in certain areas, principally on instalment credit attracting a current rate of interest in excess of 17 per cent. It will certainly benefit small businesses and people on a lower socio-economic level in the community generally who are forced to pay top market interest rates for consumer durables. I accept that that is a good provision. However, the trade-offs as they affect business are virtually nil. There is no benefit in the form of exemption from stamp duty. There is minimal benefit in connection with bills of exchange, as the Opposition will demonstrate at greater length when we debate the stamp duty legislation.

So, let it not be said by the Government that there are benefits all round with trade-offs. Not only is there no benefit all round in terms of the amount, because f.i.d. will raise a gross $22 million as against the give-up on stamp duties of some $8 million, but also the burden of f.i.d. will more often than not fall on people who will not necessarily have any reduced benefit from stamp duty exemptions.

Quite properly, a great deal of attention has been paid to charitable organisations and religious bodies, principally the Catholic Church and the Uniting Church. However, we should not forget that the Lutheran Church of Australia has its head office in this State. Members on this side of the Council received a letter from the Lutheran Laymen's League of Australia. For simplicity, the Lutheran Church in this State is divided into compartments, including the Lutheran Laymen's League. The League administers funds provided by members of the Lutheran Church throughout Australia. The funds are used as capital to support the Lutheran Church in meeting the spiritual and physical needs of its members.

During the past five years the annual turnover of funds administered by the Lutheran Laymen's League increased from $19 million to $42 million. That is an enormous increase. The League is only one aspect of the Lutheran Church; there are also the schools and the general account of the Lutheran Church. Like the Catholic and Uniting Churches and other religious groups, the Lutheran Church would have been seriously affected by the measure so carelessly thrown together by the Government (which claimed that it had fully consulted with community groups). The consultation must have taken place in a dark room with those present wearing blindfolds!

Reference was made in another place to the impact of the legislation on private schools. I do not want to generate debate on State aid, but the Bill certainly operated to the disadvantage of private schools. Most private schools in the non-Catholic area attract fees of about $3 000 per annum in their senior schools. It is quite easy to understand that many of those schools have a gross turnover of about $6 million per annum. That $6 million per annum will attract financial institutions duty, which will equate to about $3 per student. Members of the Government may well ask 'What does that matter?' It matters to the extent that an extra impost will be levied on students; whereas in the public school area there is no extra impost. Is not the Government above taxing educational institutions?

Another aspect that remains unclear from debate in another place is the Government's intention in relation to Government instrumentalities that operate on a commercial basis. What is the Government's intention in relation to the Public Buildings Department, which was recently discovered as the great saviour of the capital works programme in South Australia (notwithstanding that it may be 50 per cent more expensive to use)? I understand that at the moment the Public Buildings Department pays a notional pay-roll tax. Will it also attract a financial institutions duty? Will the same hold true for the Woods and Forests Department? There is no equivocation in New South Wales in relation to this matter: in that State there is no question—Government instrumentalities are dutiable.

The Hon. R.C. DeGaris: Government departments?

The Hon. L.H. DAVIS: The Hon. Mr DeGaris has raised an excellent point. There is a distinction in the Bill between Government departments and Government instrumentalities. The Hon. Mr DeGaris is quite right to draw that to my attention. We have a situation where the Public Buildings Department is competing in the private arena, as is the Woods and Forests Department. Of course, other Government instrumentalities also compete in the private arena (by 'Government instrumentalities' I refer to statutory authorities).

I now turn to the costs involved in the implementation of f.i.d. Quite clearly, long lead times are required to establish computer programmes. When f.i.d. was first mentioned in September there was no mention of the rate or how it would be applied. The business sector was given a draft Bill but, of course, there is no guarantee that legislation will leave Parliament in that form. Certainly, national companies may be advantaged in the sense that they have experienced the way that similar legislation operates in Victoria and New South Wales (despite the fact that there are variations in those two States). However, those same companies are disadvantaged in the sense that there will be further variations in South Australia.

I will provide an example to show the real cost of this duty to a major national group. A national bank trading Australia-wide has indicated that it has sent two people from its Adelaide office to head office to be trained for a minimum period of one week. Head office employs five people who work on a procedure to introduce the necessary changes and on an education programme for staff. Enormous costs are involved. According to the Treasurer, the business community in this State is burgeoning, but that statement flies in the face of an observation by the Chamber of Commerce and Industry. Generally, our business community has no experience in relation to the new duty.

It is interesting to note that in anther place the Treasurer indicated that between 85 per cent and 90 per cent of the financial institutions duty will be collected by banks. I am not sure where he obtained that figure but, presumably, he is relying on advice that he received from other States. Another aspect that has not been mentioned is the fact that the burden of collecting the tax rests very much with the private sector. In recent times the South Australian Government has switched to the electronic fund transfer of salaries and wages. I understand that the system is running in many departments and is shortly being installed in the Education Department. Soon, nearly all public servants who elect to be paid by the electronic transfer system directly into their bank accounts will be literally paid out of one office by one computer. That will save enormous administrative costs to the Government and, of course, it will increase the costs and pressures on banks and other institutions in receipt of salaries and wages.

In addition, the introduction of f.i.d. will increase the burden and pressure on financial institutions that have the responsibility to administer the operation and collection of f.i.d. Earlier, I expressed some dismay at the overall impact of the legislation on the business community in South Australia, the perception of the strength of the South Australian economy, and the direction of the South Australian economy from within and indeed from without.

There have been claims made that the short-term money market will benefit. I doubt that and, in particular, I refer

to clause 8 in regard to short-term dealings. Subclause (3) sets up a definition for ascertaining the average daily liability of a short-term dealer in the money market. The formula suggests that a group that may be trading nationally should allocate 10 per cent of its average daily liability to its South Australian operation. I accept that one has to draw a figure for this because it is the only sensible way of coming to a decision about what duty will be payable in South Australia. However, I believe that that figure of 10 per cent is unreasonable, given that our population is not anywhere near that but is about 8.5 per cent of the total population, and given that I do not believe we have 10 per cent of the Australian money market in South Australia. Therefore, I indicate that I have on file an amendment to adjust that formula so that it will read A over 12B (an altered denominator of 12B).

Finally, I join with my colleagues in expressing concern about the commencement date of this duty and the level of duty, of its insidious nature and in particular refer to the roll-over of term deposits. Of course, a point that has been made so well by my colleagues is the fact that transfers between accounts also draw this duty. The operation of the short-term money market dealers I have recently referred to. The Bill has attracted much public criticism. That should be no surprise to the Government, which was elected with no mandate for this legislation. Without wishing to introduce any levity into this debate I will conclude my observations about this Bill with the following verse:

The A.L.P. said 'We want South Australia to win',
But 12 months later the slogan's worn thin;
Soaring petrol, liquor and power prices were all a take;
not exactly what you would call 'Icing on Labor's first birthday cake'.
Well then, at the last election, when Labor made its bid,
Did they tell the truth about taxes; no, they just told a 'fid'.

The Hon. R.C. DeGARIS: This Bill comes before the Council after a long debate in the House of Assembly and after acceptance in that House by the Government of a number of amendments to the original Bill. The general principle of introducing a broad-based neutral duty in preference to the existing system of specific duties is one that should be accepted by the Parliament as a reasonable change in our tax laws. The Campbell Committee of Inquiry into the Australian Financial System reported as follows:

A system of specific duties in the financial area should be abolished as it impacts unevenly and inequitably on the flow of funds and interferes with the efficiency of the financial system. A preferred form of levy is a uniform duty on similar kinds of financial transactions which does not affect the choice of financing arrangements.

While there may be some criticisms of the actual drafting of the Bill and some argument on certain provisions, particularly those which vary with the States of Victoria and New South Wales, we as a Council should be supporting the general principle of this Bill provided, also, that existing stamp duties in many areas are abolished.

The State's taxing abilities for a broad-based tax are extremely limited. I hope that the constitutional change being proposed and now before the Federal Parliament permitting the Federal Government to transfer power to the States succeeds. That constitutional change means that the Commonwealth could recognise the needs of the States to utilise certain taxing powers of a broad-based nature rather than the very limited area of taxation available to the States at the present time. The financial institutions duty, while under criticism as a tax, is nevertheless a broad-based tax and the only one that is available to the States at this time. However, that point does move away from the Bill. Nevertheless, it is a point that I am quite certain most members would understand.

The Leader of the Opposition in the House of Assembly handled the Bill in that House with a deep understanding of the legislation. The Premier, although he has been performing well, did not have the same understanding of the measure even though he was the Ministerial architect of the legislation. This leads me to another point worthy of consideration—that is, the need at State level for a separate Minister as Treasurer. The complexities of highly technical tax measures appear to warrant a separate Minister rather than loading that responsibility on the shoulders of a State Premier whose task is onerous enough without that responsibility. Without any shadow of doubt, the performance of John Olsen on this Bill has improved his public standing considerably and credit must also go to those who advised him on this legislation.

There have been a number of criticisms of the Government in this debate for introducing a new tax in South Australia. Those who criticise the Government for the introduction of taxation increases must accept that all the blame cannot be laid on the present Government. To promote that view is unfair. Some of the blame for increased costs, services and taxation can be placed upon the shoulders of the present Government—indeed, most of it can. However, some of that blame must be borne by the previous Government—I am sorry to say that, but it is true. One must accept that the reduction in taxation levels during the last Administration was balanced by an absorption of capital funds to pay the piper. That absorption amounted to approximately $150 million. The interest Bill on that amount alone is between $15 million and $20 million a year without the necessity to finally return the tax funds to the Capital Account. While this Government's management of expenditure lines and its promises at the election add to that problem, I hope that this Council, in looking at this measure, is fair in its assessment of the position. I will say now, although it may upset some Liberals in this Council, that if the Treasurer were still David Tonkin we would possibly be debating an f.i.d. in this House during this session.

The Hon. M.B. Cameron: He said we would not.

The Hon. R.C. DeGARIS: Hang on a moment! Let me put it this way—if we are going to face the problems we have in South Australia what form of taxation would such a Government introduce?

The Hon. J.C. Burdett: We wouldn't have increased the Public Service.

The Hon. R.C. DeGARIS: That is not the whole problem, as I have explained. What I wanted to say is that, if the Tonkin Government was in power now, there would be a possibility of a broad-based tax being introduced, but it would not be more than .03 per cent and the further abolition of existing stamp duties would also be included. It is perfectly clear that many of the existing stamp duties in South Australia are selective and limited to one or two sections of the community, and they should be abolished. Therefore, as I said in my opening remarks, we in this Council should be quite fair in our assessment and should realise that this is a broad-based tax and that certain stamp duties in the financial sector should be abolished.

In this House of Review the Liberal Party has an important part to play, particularly when legislation of this kind is introduced. However, the Liberal Party does not have any real power in regard to a money Bill of this type. What will happen to this Bill will depend on the views of the Democrats, and on their views only. As a tax the f.i.d. can be criticised, but the criticism must be directed at special points in the Bill. Criticism can be directed, first, at the multiplier effect inside South Australia and the difficulties legislatively of avoiding that effect and, secondly, the double dipping

where f.i.d. has already been paid in the same State or in another State. There are some legislative difficulties in avoiding that effect. These two points must be canvassed further in the Committee stage rather than in the second reading stage.

F.i.d. legislation is essentially different from traditional stamp duty legislation. The duty is not imposed in respect of a document or an instrument but in respect of an activity or a transaction, the receipt of money by a person, or the result of a person transacting short-term money market operations. Amendments will be carried in this place, but at this stage it would not be reasonable to predict what those amendments will be.

The most important question that must be addressed is the level of the duty and I intend to spend some time on that matter. In the Budget debate the Government decided that the increase in receipts, with the introduction of f.i.d. and the repeal of certain existing duties, would be $8 million in the financial year if the duty was applied from 1 December. The duty, if applied from 1 December, would bring in a return over six months, so that the increase in revenue for a full 12 months would be $16 million. I do not wish to criticise the Treasurer, but in my experience in this Parliament in the presentation of the proposed increase in revenue from new taxes or from increases in existing taxes, Treasury estimates are always extremely conservative. Strangely enough, Labor Treasurers' estimates are more conservative than Liberal Treasurers' estimates.

If one examines the returns from f.i.d. in Victoria and New South Wales and adjusts the returns to South Australia, one sees that the proposed estimate in the Budget of $8 million is some millions short of the probable result, but we must remember that that comparison is based on the same level of tax that exists in New South Wales and Victoria of .03 per cent. However, we are not considering .03 per cent in this case but a levy that is one-third higher. The next argument must be related to the question that, if our level of duty is higher, one-third higher than in New South Wales and Victoria, what percentage of business will be lost to South Australia because of that higher level of duty? I do not know, and I cannot answer that question for the Government, but I do know that the handlers of huge amounts of money will find a way of reducing the impact of duties, and if the duty is higher in South Australia, losses to this State will occur. If the Council decides to reduce the levy from .04 per cent to .03 per cent, the loss of revenue to the State's Treasury will not be 33⅓ per cent on the estimates made, for two reasons: first, because of the conservative figures given for the revenue increases; and, secondly, the possibility that business would not seek better areas in New South Wales and Victoria.

It has been argued at times that the Council should not interfere with any money Bill. That view has been expressed by some members in this place on other occasions, and any study of *Hansard* may surprise one as to who has expressed that view. We have also seen resolutions of the Council criticising the actions of other Upper Houses on money matters. However, constitutionally, this Council has a perfect right to express its view on money Bills, and it should do so, where the information is misleading, whether in the Budget figures or in information available at the second reading stage. I have no doubt in my mind that the levy of f.i.d. in this State should be .03 per cent, and it should not rise above that figure while that level of tax applies in New South Wales and Victoria.

It is interesting to note in passing that, while the level of duty proposed is .04 per cent, one-third higher than in New South Wales and Victoria, the duty to be applied to the short-term money market operators is the same as that which applies in those States. One would have thought that, if one duty is to be higher, then all duties should be higher. The next question I wish to address is exemption from the payment of tax. It is fair to state that this matter is of some political consequence: it is also fair to state that the exemptions that Parliament inflicted on the Governments of New South Wales and Victoria have caused a high administrative cost to the taxpayers in those States. I believe that the Government, in trying to do the right thing in relation to the taxpaying public, has bumped into a serious political problem in its proposals in this area.

On the information I have received, one of the high administrative costs of the tax in Victoria and New South Wales is related to the question of exemption for charitable organisations. I do not wish to canvass the area further at this stage, because I have no doubt that the Government has reconsidered this question and may be providing some answer to the question in the Committee stage. The only thing I will say at this time is that I understand the dilemma that the Government faces. The Council must understand that point and I am certain that neither the Democrats nor the Liberals want to see a high-cost system of administration. One thing we have to realise in regard to this legislation is that we are imposing on financial institutions a levy on deposits. We are also asking those financial institutions to be the tax collector, and when one comes to the question of exemption, one finds that it is extremely difficult and costly not only for the Government but also for those institutions that must incorporate a large number of exemptions in their computers.

Really, when one looks at this question it is probably far better to have some sort of system in which the exemptions return the money to the person so taxed. I know that this is difficult and it may even pay the Government to pay some interest on that money rather than to have the high cost of administration in a series of exemptions. I warn honourable members that on checking this question in New South Wales and Victoria they will find that the administration cost and the cost to the people who are doing the taxing for us and those whom we are taxing is extremely high in relation to this whole area of exemptions. I warn the Council that it should be looking at this question. I am not arguing that there should be no exemptions at all; all that I am arguing is that there should be—

The Hon. I. Gilfillan: Why is it more expensive?

The Hon. R.C. DeGARIS: I can give some illustration for the Hon. Ian Gilfillan if he desires, but from the financial institution's point of view the programming of the computers alone with regard to those people who are exempt is extremely difficult. Secondly, in regard to those institutions which are exempt, the administration cost for the Government—with officers in various organisations changing every year—of the whole process of checking on exempt organisations is an expensive and difficult area. If the Hon. Ian Gilfillan wants to check with Victoria and New South Wales he will find that this is the position.

On this question of exemptions, a number of areas need some examination. I was impressed with the information supplied to the Council by the Hon. Trevor Griffin in his speech. I do not want to cover all those areas again at this time, but I point out some difficulty with one. I was rung by a gentleman who receives a war pension for some injuries to point out that the war pension has always been non-taxable; it is not taxable at the Federal level in any way whatsoever—not even for income tax. He has a war pension as compensation for injury—rightly so. He is very deeply upset that after all this time the State comes along and he has to pay f.i.d. on his war pension. Whilst the amount charged is only about $2 per annum, nevertheless honourable members would appreciate and understand the point.

The Hon. K.T. Griffin: The same with social security pensions at other levels.

The Hon. H.P.K. Dunn: It is non-taxable.

The Hon. R.C. DeGARIS: It is non-taxable federally as far as income tax is concerned, but it is taxable under f.i.d. and that concerns the war pensioner very much. The point once again is that the cost to the taxpaying public of handling some hundreds of thousands of exemptions in this area is rather frightening. I pose the question to the Government: how can exemptions be achieved without placing tremendous difficulty on financial institutions which are going to be the real tax collectors, and how can we do it to save the taxpayer a lot of money for administration? I cannot supply the answer to the Government, but I would like to know what it will do about it.

Perhaps the easy way out is for people to cash their money and avoid f.i.d. It is strange that we are moving towards a cashless society, but with the introduction of this new tax there may be a movement in the opposite direction. I will be interested to see what the Government puts forward in relation to these organisations and non-taxable receipts. Other matters could be addressed, but they can be left to the Committee stage.

I direct the attention of the Minister to clause 5 (2), which I have had a great deal of difficulty in trying to understand. (I know that one has difficulty in understanding a lot of Bills.) This clause may be viewed as the anti-bartering clause. It reads:

> Where a person receives a consideration, other than money (whether or not in consideration of his having given credit to any person), in or towards settlement, satisfaction or discharge of any debt or obligation owing to that person, the person shall, when he receives the consideration, be deemed, for the purposes of this Act, to have received an amount of money equal to the value of that consideration.

I looked at that clause for a very long time. I would like to know how it is to be interpreted; to what does it apply; what does it mean by 'receives a consideration'? Let me give one illustration: a person purchases real estate for $1 million, but the vendor leaves a mortgage of $500 000 on the property. Is the mortgage document a consideration? If a financial institution holds a mortgage and transfers it to a new purchaser, is the mortgage document a consideration? Perhaps a mortgage document is not a good illustration, but I would like an explanation from the Minister as to the meaning of and the reasons for this clause, which I have had some difficulty in understanding.

There has been, particularly since the deregulation of matters related to the financial industry, a remarkable change in how people organise the handling of their financial affairs. This question has already been covered by the Hon. Trevor Griffin and the Hon. Legh Davis; I do not want to spend much time with it. Rather than using the old system of savings bank accounts, people are using a number of accounts: a cheque account, Bankcard, cash management trust. People's salaries and wages are paid directly into accounts with financial institutions. In the process of organising their affairs, there is a considerable movement through internal transfers from account to account. As I understand the Bill, all these internal transfers will be dutiable.

It appears to me to be unfair that internal transfers shall be dutiable, particularly within one financial institution. Of course, it can be avoided by people paying separate payments into their accounts in the first place, but this appears to me to be an unwieldy way to handle one's affairs.

Quite obviously, there will be because of this matter a decrease in the number of accounts. A number of accounts could well be closed, and journal entries used in certain organisations. How far will this process go? No-one knows. It appears to me that internal transfers should not be taxable; they are not new receipts, and under that argument alone it should be altered.

In the concept of f.i.d., the question of a new receipt should be quite clear in considering when that tax is imposed. Honourable members may look for a moment at a very simple process where a person's salary is paid from, say, a Government department to the credit of the person's bank account, and Government departments use financial institutions accounts as virtually a paymaster. From this payment f.i.d. is payable. Each month a person pays from that account some amount to a house mortgage account, a savings account or a holiday account. In each case, f.i.d. is payable again. The multiplier effect, about which I warned quite early in my speech, is clear in this instance.

It appears that internal transfers clearly should be non-taxable. For example, clause 77 deals with depositors with unregistered financial institutions. This matter was dealt with at length by the Hon. Mr Griffin. That clause provides:

> (1) Where—
> *(a)* a person deposits money with a financial institution that is not a registered financial institution under this Act;
> *(b)* that financial institution has—
> (i) during the preceding twelve months had dutiable receipts totalling more than $5 million;
> or
> (ii) during the preceding month had dutiable receipts totalling more than $416 666;
> and
> *(c)* the deposit constitutes a receipt by the financial institution for the purposes of this Act,
> the person shall, within twenty-one days after the end of the month during which the deposit was made with the financial institution, furnish to the Commissioner, in a manner and form approved by him, a return . . .

The Hon. Mr Griffin clearly pointed out the difficulty in relation to how a depositor would know that the financial institution had, during the preceding 12 months, dutiable receipts totalling more than $5 million. That clause is very puzzling until one reads clause 62, subclause (1) of which states:

> A financial institution that is not registered under this Act and is not required to be so registered may give an undertaking to the Commissioner in a manner and form approved by him to make such payments to the Commissioner in respect of such receipts of money and at such times as it would be required to make if it were required to be registered under this Act.

Concerning registration, clause 21 states that, where a financial institution has dutiable receipts of $5 million in 12 months or $416 666 in one month, it shall within 21 days apply to the Commissioner for registration as a financial institution. That is very puzzling. Can the Minister say why this clause is included? Are there any financial institutions in South Australia that do not have to register under this legislation? If so, what are those financial institutions? I would like the Attorney-General to supply that information when he replies.

Clause 5 (7) was dealt with by the Hon. Mr Davis. It appears that when the term deposit period for a financial institution expires duty is payable, even if that money is left with that financial institution. I think that it is reasonable that duty be payable if a term deposit finishes and the money is removed from one institution to another. But, when that money is left with the same institution it appears to me to be a difficult situation that another duty should be payable. The Hon. Mr Davis covered the question quite well, and there is no need for me to repeat it. It appears that this difficult area should be changed.

There are a number of areas about which one can argue on what will happen with the application of this duty. Although I do not have much to do with this area and cannot make predictions, I know that organisations and institutions are affected by this legislation and will be looking at ways to legally avoid the impact of the duty. The Hon. Mr Davis also covered the point that, unless we are careful,

we will change the right of people to make decisions regarding their investments.

This is unfortunate, because most of the recommendations lately, particularly from the Campbell Committee of Inquiry, are to free up the financial system for the greater and easier movement of money. The effect here could be just the opposite. I wonder whether or not deposits will be for 185 days with an increased use of the short-term money market procedures, with interest being paid at a longer term rate. I do not know whether or not that will happen, but I do know that the impact of this duty will make fundamental changes to our financial system and policies followed by individual people with money to invest.

I state again that I believe that, as far as South Australia is concerned, it is absolutely necessary that we reduce the rate of duty from .04 per cent to .03 per cent. Secondly, I believe that in certain areas the exemption deserves to be extended but that we should look carefully at the means by which this is done. Thirdly, concerning term deposits and internal transfers, it is necessary that amendments be made so that the multiplier effect and double dipping is not allowed under this legislation. At this stage I am prepared to support the second reading but will be looking for major amendments during the Committee stage.

The Hon. R.J. RITSON: I support the second reading of the Bill and will explain why I support it and certain amendments to be moved later. There are many precedents for upper houses, including this Council, of interfering with money Bills by amendments. This is nothing new. There are some unusual circumstances surrounding the situation in which we find ourselves this evening. The Government is entitled to have the second reading of this Bill passed. The Labor Party was elected on certain promises of expansion in public expenditure, and additional jobs in education; political promises to the Public Service had to be fulfilled; and the Government has adopted a course, amongst other things, of preferring to give work to certain Public Service departments when private contractors can do the same work at a cheaper rate.

The Hon. J.C. Burdett: It did not promise this tax.

The Hon. R.J. RITSON: No; we will be dealing with that in due course. When the people voted Labor they voted for the Labor policy which makes taxes such as this necessary. The fact that they chose to believe the Premier when he said that there would be no new taxes is unfortunate. It would have been better had the public been able to work out that a Party which traditionally, at both State and Federal levels, adopts policies of expansion of the public sector would need to increase taxes.

For some reason the public did not see that and chose to believe the Premier's election promise that there would be no new taxes. Nevertheless, I think that members of the Opposition in this Chamber must face the facts. Regardless of the deceptions perpetrated on the public in this matter, the public voted for a policy which has necessitated increased taxes. It is not for us to absolutely frustrate the natural consequences of the choice made by the electorate about 12 months ago. For that reason I support the second reading of the Bill.

As to whether an Upper House should oppose money Bills, several interesting principles are involved. As the Hon. Mr DeGaris said, there is no doubt about the constitutional power of the Council in that regard. It was said in the press (attributable to the Hon. Mr Milne I think) that there is an unwritten rule that an Upper House does not interfere with money Bills. That is an over-simplification of the situation. As I see it, there is a guiding principle that should be observed by responsible legislators. The Government elected by the people has a moral, ethical and political right to continue to occupy the Treasury benches and govern as an Executive Government. Except in the most extraordinary circumstances that should not be interfered with by an Upper House.

The question of overturning a Government through the refusal of Supply or the refusal of a series of mandated legislative requirements is not necessarily the same as the question of an Upper House altering, amending or suggesting an amendment to a money Bill. Indeed, when introducing this Bill in another place, the Premier admitted that it was imperfect. He said that he was quite happy to invite the Upper House to perfect it. In political terms it might be said that the Premier was inviting the Labor members of the Council to perfect it according to Labor thinking. There is some difference between an Upper House acting as an Upper House and a political Party acting according to the philosophy of that Party.

The Premier must have known that he did not have the numbers to control the Council absolutely. I believe that the Premier was referring to the institution of the Legislative Council rather than members of his own Party in this Chamber when he said that the Bill could be corrected in this place. Quite clearly, the Premier does not believe that the amendments that are likely to be made in this Chamber threaten his Government. Quite clearly, too, he does not believe that anything will occur in relation to this Bill that will cause him to approach the Governor with the argument that he can no longer govern. The principle of the use of or abuse of the powers of the Upper House to overturn a Government is not at stake on this occasion. The Premier recognises that fact, because he has entrusted the Council (which he does not control) with the task of correcting some of the imperfections that he has admitted to in the legislation.

I believe that members on this side should recognise the Government's need to raise money to fulfil its election policies even though it did not receive a mandate at the election for this tax. Indeed, as the Hon. Mr Davis pointed out, only a matter of months before the last election the Premier specifically stated that this tax would not be introduced. However, I do not think that any member of the Council would consider opposing the second reading of the Bill. For similar reasons it is quite clear that we have received a mandate from the Premier himself. We also have a mandate within the Constitution to suggest certain amendments without threatening the Government. For those reasons I certainly support a number of the amendments.

As other honourable members have said, the most crucial issue is the level of the tax. I will not go into that area in great detail. I was impressed by the remarks of the Hon. Mr Davis when he pointed out the many areas of business activity that might find another State more attractive for the location of their head office. It is quite strange that we could have legislation that might cause a capital flow to other States introduced by a Premier who recently and proudly announced that he was going to make this State the financial centre of Australia.

The Hon. Mr DeGaris quite rightly referred to the level of the tax. He made the point that comparisons with Victorian estimates of revenue gathered seemed to indicate that the tax would raise a good deal more revenue than the Premier seems to believe will be the case.

The more one looks at the measure the more one can find examples where there will be multiple taxing of the same dollar. Even if we had the Bill before us for three months I believe that we would still be finding further examples of double, triple, quadruple and multiple dipping. We do not know where it will end—neither does the Premier. As to whether the tax will fall fairly, we do not know where it will end. I think the average person could find a way of

cashing his pay cheque to avoid paying the tax more than once. One of the notable things about taxation measures is that, as fast as they are debated, lawyers and accountants are discovering loopholes. By the time that the measure has passed Parliament and has been proclaimed it is almost ready to be further amended in the light of loopholes discovered by experts. It often happens that, with the advice of experts, business can find a way of avoiding tax, even if that means moving offices and banking procedures to another State. Businesses are more likely to find a way of minimising the tax than is a pensioner who is used to walking down the street and banking at the corner.

I think that the way in which the thing has been conceived and poorly understood by the Premier, the way in which its passage through the Parliament has been rushed and badly managed by the Government, and the date of operation of the tax are matters of concern. Here we are, a matter of a fortnight away from the commencement of operation of the tax, and the matter is still being debated.

Much has been made about the great length of time over which this Bill has been debated but, when one considers the length and complexity of the Bill, one sees that it requires only a few members in each House to speak to half the clauses for us to have an enormous debate on our hands.

We have expedited consideration of the Bill in this place and have forgone the usual adjournment of a day or two to give us time to study the second reading explanation. There is no question of filibustering at all. Even so, with the co-operation of the Opposition in considering this Bill, it is still getting desperately close to the deadline for its commencement, and I see enormous difficulties arising on 1 December. It would make a lot more sense to have a later commencement date in order to allow time for the various adjustments and administrative practices that will have to be made and set up. Like many other members, I regard those two issues as perhaps the more important ones for this Council to fix at the invitation of the Premier.

With those remarks, I commend the Bill to the Council as a Council rather than as an extension of the Labor Party. The Premier obviously meant to do that knowing that he has control of the other House. I ask all members to support the second reading and to pay particular attention to doing what they can to ensure that the Bill leaves this Council in the best possible form, given the rush with which it has been put through this place and the very short space of time between now and 1 December.

The Hon. H.P.K. DUNN: Like my colleague, the Hon. Dr Ritson, I am perturbed about the speed with which this Bill has been introduced, particularly as it is the first new tax introduced into this Council in nine years. It is, therefore, not an every-day occurrence. As a new member in this Council, I should have thought that someone would telegraph what was going to happen earlier than has been the case. In reply to the question, 'Does the Government need more money?', I suppose one can say that obviously it does. What will this money be used for? I presume for social projects, capital works and an increase in regulatory control. I believe that that is why other States have introduced this duty.

The thing that worries me most about this duty is that it will be so easy to increase it in the future. It might be 4 cents in $100 now, but who is to say that that cannot be increased easily in the not too distant future? Much has been said about this Bill in this Council, so I do not wish to delay the debate for too long. However, it is important to say some of the things that I see from where I stand. It seems to me that the Premier and Treasurer did not think this Bill out particularly well before introducing it. It appears to be badly researched. In fact, I think that the Government has just picked up this Bill from an interstate Bill and adapted it to this State.

The Hon. R.J. Ritson: And added a bit.

The Hon. H.P.K. DUNN: Yes, they have added all the way along. However, that does not detract from the fact that the Government has not thought it through. If one observed the other place as the Bill was going through, it was obvious to one that there were no Ministers on the front bench while it was being debated and that the Premier was taking the whole of the flack about it. I believe that the Government had no mandate to introduce this legislation, particularly as the tax is 25 per cent higher than the one in the Eastern States. As we are trying to compete with those States, we are doing ourselves a great disservice by introducing this tax.

The Hon. R.C. DeGaris: I think you mean the other States are 25 per cent lower.

The Hon. H.P.K. DUNN: The other States are 25 per cent lower. The effect is the same.

The Hon. R.C. DeGaris: We are 33⅓ per cent higher.

The Hon. H.P.K. DUNN: That is correct. If one takes a base rate of 3c in $100 and increases it by 33⅓ per cent, one comes up with 4c, but I was being magnanimous in relation to the Government. So, we now have the problem that we will become uncompetitive. We have seen much of our industry disappear to the Eastern States over the years because they have the advantage of close proximity not only to markets, but also to a lot of the money and the options. They shift there for those and for many other reasons.

If one takes the matter a step further, one recalls that the Government did promise not to increase taxes. I recall the Premier saying quite clearly that he was the best informed Opposition Leader in Australia at that time and that he knew what taxes were. He said that there was no necessity to increase those taxes. It is amazing that things could happen so quickly in 12 months in office that he has had to introduce this tax, and increase 72 others, so rapidly. I assume that he will cut back on them in the next two years so that everything looks rosy for the next election. An amount of $22 million could hardly be said to be no increase in taxes. If the Premier does that now, what will his credibility be in the future?

I turn now to some of the organisations that I believe should not be taxed. I refer to charities, religious bodies, Service clubs and non-profit organisations such as sports clubs. One such group is the private schools. Even though the Government does not look upon private schools with very great liking, they are used by the rural community to great effect because many of the young people attending school in the country can get tertiary education only by attending a private boarding school. Some young people have access to tertiary education in the country but have no competition and, because they need that competition to bring out the best in them, they are sent to private schools. This is done at a great cost.

If private schools are going to have $8 000 a year added on to their bill, that is another cost that will be passed on in what is already an expensive operation for people living in the country who wish to educate their children under this sytem.

The effect of this tax on sporting institutions has been well canvassed, and I will not say any more about that. I turn now to service clubs such as Apex, Rotary, Kiwanis, and a great many other such clubs. These groups do a great service in our community. Apex was established in Australia during the Great Depression. It was set up to try to organise the young men of an area to put to best use their efforts and fund-raising abilities to alleviate hardships in the not so fortunate sections of the community. I am familiar with that organisation, because I was a member for about 15

years. At great expense to themselves and at great effort, the members of those clubs raise a lot of money from the community and put it towards projects for the less fortunate or for those who do not have the ability to raise funds for themselves. Those people work very hard and they give generously from their own pockets to the benefit of disadvantaged people. Taxing by an f.i.d. is unjust.

I now refer to the rural sector. The influence of f.i.d. on this sector will be detrimental because of the multiplier effect. The rural community is the end of the line and its costs cannot be handed on. Almost all other organisations can hand on costs. The rural industry has developed into an industry with low profitability but high turnover of funds, and its low profitability can be demonstrated by the fact that the Minister of Agriculture at the annual general meeting of the United Farmers and Stockowners this year stated that the average farmer received only $2 000 last year. Many of these farmers have invested hundreds of thousands of dollars, and they must service that debt, which involves the handling of a lot of money. If only $2 000 sticks to their fingers after they have paid for the machinery, servicing of capital borrowings, servicing of rents, rates and taxes, fuel, fertiliser, and other consumables, any increase in tax in regard to the handling of that money will be an increased burden.

Because these people handle a lot of money, invariably they negotiate many transfers within banks. Traditionally it has been good management to put money into a bank. Let us be honest about it—generally, farmers are paid only two or three times a year. In the area in which I live, people are paid twice a year—when the wool funds come in and when the harvest funds come in, which is generally at the end of the year. For a short period (a couple of months) the farmer has a fairly large surplus, and he wants to get the best interest rate. Therefore, he manipulates that money internally in the bank to receive the best interest. However, it appears that, every time he transfers money from one account to another, he will incur a duty of 4c in every $100. That duty will mount up quite dramatically, and over the whole rural industry there will be a big burden on farmers, who cannot hand on the costs.

Farmers' income is directly proportional to the season and to overseas markets. If markets and prices are good, the farmers can handle it, but in these times, when there are excesses throughout the world, the prices of products are relatively low, and this tax will only increase the burden. Even when a farmer purchases groceries, he will incur this tax, which will have been multiplied on a number of occasions. Growers will have to borrow money, the manufacturer of goods will also have to borrow money, and the farmer himself may have to borrow to buy goods. Therefore, each time there is a transfer of money from one organisation to another a tax of 4c in each $100 will be incurred. The farmer will pay a disproportionate amount of f.i.d.

As a result, South Australia will lose its advantage as a low-cost and competitive State, and many members from this side have referred to that fact. I would agree. Some institutions should be exempt, or at least the duty should be refunded to them, as the Hon. Ren DeGaris has pointed out. Such exemptions were not covered in the original Bill but amendments in that regard are now proposed. Obviously, the legislation was poorly thought out. The Premier has sent the Bill to this Council to be amended: he did not do very much homework before the Bill was introduced in the other place. The speed with which the Bill was introduced in the other place indicates that something is wrong, that the Premier had not done his homework. Previously, the Premier opposed the idea and gave an unequivocal statement that he would not increase taxes if elected to Government.

The Premier has some egg on his face and he wants to wipe it off as quickly as possible. That is why this Bill was introduced in the other place with indecent rapidity. I dare say that the revenue will go towards helping the Government cover up its blow-out of the Public Service and its general poor management. I believe that this Bill has been very poorly managed to this stage, but I support the second reading.

The Hon. R.I. LUCAS: One of the advantages or disadvantages in speaking after such a long list of speakers is that nearly everything that has to be said has been said. In addition, I have already had one bite at the cherry in my Address in Reply speech in August 1983 when I referred to the f.i.d.

The Hon. L.H. Davis: Have it inserted in *Hansard!*

The Hon. R.I. LUCAS: For the benefit of my colleague, I will restrict my speech to some degree, although I will not insert my Address in Reply speech. On 11 August 1983 I summarised my attitude to the proposed f.i.d. in the following terms:

> I will summarise by saying that, if the financial institutions duty was to be used not as a revenue raising measure but as a measure of equity offset by equal reductions in other stamp duties, I believe that a reasonable case could be made out for some form of financial institutions duty.

That remains my attitude towards such duty. However, that will not be the case in South Australia and it is not the case with respect to this proposal for f.i.d. The Premier has indicated that the net effect of the two proposals before us will be an increase in revenue to the State Government of $14 million. I repeat that in theory a sound case can be made for f.i.d. as long as it is to replace other forms of tax with a view to instituting equity into the tax system.

I would like briefly to quote from two references, the first from the official report of the Campbell Committee Inquiry into the Australian Financial System. On page 263, the Campbell Committee summarises:

> While recognising that the States must be allowed to raise revenue in a flexible and unrestricted manner, the committee has no doubt that stamp duties in general impact unevenly and often inequitably on the flow of funds. As such they interfere with the efficiency of the financial system. While raising revenue they also seem to conflict with some other objectives of policy, such as reducing the cost of borrowing for housing.

On the same page the report reads:

> From the point of view of tax neutrality and hence the efficiency of the financial system, the preferred form of levy is that: for similar kinds of financial transactions there be an Australia-wide uniform duty so structured as not to impact on the choice of financing arrangements.

That is obviously the ideal of the Campbell Committee Report. Other speakers have already pointed out that we have three other financial institutions duties in three other States; this will be the fourth. Each one is different from the other in many respects and there is no uniformity with respect to the financial institutions duties that we are considering.

The second reference to what I see as some argument for a financial institutions duty is a very good article from Terry McCrann, who is the Business Editor for the Melbourne *Age*. In the 20 January 1983 edition of the Melbourne *Age* he writes:

> The concept of a f.i.d. is, in theory, unimpeachable. It seeks to wipe away the mish-mash of stamp duties that have grown up over the years in a disorganised fashion and replace them with a single tax which applies at the same effective rate across the board. At the same time the tax bas is broadened considerably with the inclusion of a great number of presently untaxed financial transactions being brought within the tax net. In theory this should allow the raising of greater revenue more equitably and at a lower overall rate of tax impost than with the previous structure.

I emphasise once again:

In theory this should allow the raising of greater revenue more equitably and at a lower overall rate of tax impost than with the previous structure.

In theory, a reasonable argument could be made out for the financial institutions duty if it were not to be used as a means of increasingly taxing the public, but that is clearly not the approach being adopted by the Premier with respect to this Bill. Some of the problems have been widely canvassed. I will not go into them in any detail other than to summarise seven of them fairly briefly.

The first one that has been raised relates to broken promises. I need not go into the detailed quotes that many other members have already raised, but there is no doubt that the then Leader of the Opposition (and now Treasurer) made specific commitments prior to the last State election not to introduce a new tax, and specifically poured cold water on the idea of financial institutions duty. There is no doubt that specifically after the election and after he was aware of the problems of the State Treasury from his viewpoint—I refer particularly to a businessmen's meeting in May of this year—the Premier once again poured cold water on the idea of financial institutions duty. I quote one very small portion of that. He was asked quite specifically at that meeting a number of questions, one of which was whether any decision had been taken in respect of a public inquiry (that is, a public inquiry in regard to State taxation) under a Labor Government.

That question was put to him by a leading member of a financial institution. The Premier's reply was that no decision had been taken with respect to any financial institutions duty. That was one month after the Under Treasurer had written to all financial institutions, seeking information from them. One month after that request for that information by the Under Treasurer, the Premier was maintaining at a public meeting that no decision had been taken with respect to financial institutions duty. Quite incredibly, the Premier said that he did not initiate the letter from the Under Treasurer to the financial institutions. I am not sure what Mr Ron Barnes would say if we were able to put the question to him, but the Premier nevertheless maintains that he did not initiate the letter but that it was the idea of Mr Ron Barnes, the Under Treasurer, who had initiated this request for information from the financial institutions. So, there is no doubt that promises, made prior to the election and as recently as May of this year, were broken.

The second point relates to the indecent haste with which the Government expects this measure to be passed through the Parliament in bringing in the legislation for the operation of financial institutions duty in South Australia. It was, in effect, introduced in detail only two weeks ago and it is expected to be operating in about two weeks time. Obviously, there will be major administration costs. Members in another place and in this Chamber have referred to that. The Leader of the Opposition has referred to an estimate of up to $150 000 that one leading financial institution would incur in the setting up of the administration of the financial institutions duty. There are major problems with gearing up for computer software programmes which will be needed for these financial institutions. Anyone with a working knowledge of the computer software that is required for these sorts of operations needed for the financial institutions duty will know that such a short time—two weeks, in effect, and four weeks as a maximum—is not sufficient for these institutions to be geared up and prepared.

The third point that has been raised by members is the possible trend towards a cash economy. The Leader of the Opposition in another place has quoted Public Service Association motions already listed on the agenda of its annual conference. I refer to only one of those motions, which reads:

That the P.S.A. support members to be paid in cash, on request when a financial institutions' tax is levied. Further that a campaign be undertaken to remove these charges at a level which affects workers' wages and that the P.S.A. also protests at its introduction at a time of rises in costs and reduced wages and salaries.

Clearly, the Public Service Association is not happy with the suggestion, as a number of other unions are not. A significant number of employers are concerned with the possible ramifications of the financial institutions duty. For example, the Adelaide University is concerned that, whilst it now appears that it will be exempt under the provisions of the new amendments, a significant number of staff members already are making inquiries about being paid in cash to avoid the multiple taxing to which other members have already referred. If a significant number of staff members and employees at the university make that request, clearly the administration—the Bursar—will have to consider it. His view is that he could not, with a pay-roll of about $1 million a week and about $50 million a year in salaries, ask his staff to handle that amount of cash. He will have to employ a pay-roll company to do that, and that would be a significant cost to that institution and would be a significant cost to employers and industry that may well find themselves in similar situations. It is a cost that has not been estimated by the Government.

The fourth point to which I wish to refer is the relative position of South Australian business, which has been considered in some detail by the Hon. Legh Davis. His point, summarised briefly, is that the cost advantage that we might have enjoyed in South Australian business and industry back through the 1960s and 1970s has continually been eroded over past years, and that it has reached a stage where even the small imposts (possibly like financial institutions duty) will be the straw that breaks the camel's back. A higher level will make it difficult for our industries and companies to compete with companies, in particular in Queensland, which are competing in the same markets, whether they be export markets or interstate markets, for products.

The Hon. Mr Cameron gave an example of a company that had threatened to move its operations. Whether or not that was an idle threat, an isolated example or an example of a trend to come we are really are not in a position to judge until this measure comes into effect. In my view I imagine that we will not see too many manufacturing industries move lock, stock and barrel from South Australia to interstate because of the introduction of f.i.d. However, there may well be some companies, particularly those involved in financial markets, who may see the merit of moving to either Melbourne, Sydney or Brisbane.

The fifth point that has been discussed at length concerns charitable organisations. It is clear that the Government got itself into a large amount of trouble and has now foreshadowed amendments in this Chamber seeking a way out of this trouble. A major part of the Government's problems may be resolved by the amendments, although I have not had time to look at them in detail. It is disappointing that the Government did not learn from the situation in Victoria and New South Wales. I referred to this matter in a speech on 11 August. The major problem that the Victorian and New South Wales Labor Governments got themselves into with the introduction of f.i.d. concerned the very political area of charities. I would have thought that Cabinet might well comprise some pragmatic politicians.

The Hon. Frank Blevins: That was the idea of doing it the other way.

The Hon. R.I. LUCAS: I do not know the personal view of the Hon. Mr Blevins, but he should be aware that it was a thorny problem. I know that the Government sought to have a change from the Victorian and New South Wales situation, but the writing is always on the wall. I would have expected the Hon. Mr Blevins and the Hon. Mr Sumner to be aware of that. It was an error that the Government made and it has repented and suffered, and it is now seeking to recover the situation in some part.

The Hon. K.T. Griffin interjecting:

The Hon. R.I. LUCAS: I do not know whether they have read the Cabinet submission or not.

The Hon. K.T. Griffin: But the Bill is presented to Cabinet for formal approval.

The Hon. R.I. LUCAS: If one does not read the submissions from the Department and go over them in detail, there is a tendency for these sorts of slip-ups to occur. For the political ramifications not to have been considered by Cabinet—

The Hon. Frank Blevins interjecting:

The Hon. R.I. LUCAS: That is a very interesting observation. If it was deliberate I am sure there will not be too many more deliberate—

The Hon. Frank Blevins interjecting:

The Hon. R.I. LUCAS: I can tell the Hon. Mr Blevins that the Government did not really get itself out of the situation. It should have learnt from what happened in New South Wales and Victoria.

The Hon. Frank Blevins: We did.

The Hon. R.I. LUCAS: You obviously did not learn. I now refer to what is covered by the definition of 'charitable organisations'. The Premier ws asked how 'charitable organisations' would be interpreted, and replied:

> ... the definition talks about bodies that are for a useful or benevolent purpose; their activities must be for the public benefit. In order to ascertain that, one has to look at their constitutions. For instance, a service club may be either a charitable institution or it may not. Just because it is described as a service club does not in itself make it a charitable institution. One has to look at the actual constitution, its objects and the way in which it operates. ... they are essentially social clubs and raise money in an ancillary role that does not necessarily make them charities. There are well established case laws. In these situations the Commissioner for Taxes applies those rules as contained in the definition and makes the appropriate ruling.

I have some sympathy with the Commissioner of Taxes, who will be required to adjudicate on all these matters and then argue the case if and when the particular institution takes up the appeal provisions under the Act. It appears, on a quick reading of the Bill, that groups like the scientology movement would come under the terms of charitable institutions and would be, if one takes into account the recent High Court ruling, exempt from the payment of f.i.d. All these interesting debates and arguments will be brought before the Commissioner of Taxes under the appeal provisions, as to whether or not the Act means institutions such as the scientology group. Nevertheless, that is something that will be explored in greater detail during the Committee stage.

The sixth matter I wish to refer to concerns the cost to the individual. I believe that the Premier has been a trifle dishonest in this respect. He has estimated that the cost to the individual will be $7 to $10 per year. Clearly, the Premier has not included a number of flow-on effects of f.i.d. He clearly has not included estimates of the multiplier effect or multi-dipping and flow-on of costs with respect to goods and services from businesses paying f.i.d.

It is interesting to note from the Victorian debates that some financial institutions (and I know they have a vested interest in this matter) estimate the cost to individuals in Victoria at between $190 and $210 per year. I accept that their argument would be slightly exaggerated but I think that the magnitude of that estimate indicates that it is unlikely that a conservative estimate would be anywhere near $7 to $10 as the Premier indicated.

The seventh and last point I refer to in brief concerns multi payment, the multiplier effect, multiple-dipping, or whatever one wants to call it. Many examples of this have been given by members and I will not repeat them. Many examples have been given concerning individuals; even members of Parliament have amounts credited to their accounts. If other members are anything like me they have to pay off their home loan, put money into an investment account and a cheque account, and duty will be paid at all levels.

Many examples were given for land and business agents, lawyers, insurance agents, brokers, the construction industry, and travel agencies where the flow-on will be quite severe. In effect, all businesses operating more than one account will obviously be paying multiple f.i.d. Those problems were the most common listed.

Many other questions need to be raised and will be raised during the Committee stage. I refer in detail to two matters. First, the cost to the grocery and retailing industry. I received a submission from Independent Grocers Co-operative Limited, which operates the Foodland, Bi-Lo, Arrow, and Tom the Cheap chains and also wholesales to a number of delicatessens. In effect, I am told that as a co-operative it has some 2 000 South Australian owned small businesses forming part of that co-operative. It is obviously a significant industry and employer in the South Australian context.

Indeed, the Independent Grocers Co-operative has estimated that the total cost of the financial institutions duty would be $212 954 for the year ending 30 September 1983. That is a very specific and significant estimate and is clearly a cost that will have to be passed on to the consumer. The submission by the Co-operative also refers to the problem of the amount of financial institutions duty not as a percentage of turnover as it has been put to us but as a percentage of the net profit for the 2 000 small businesses in South Australia. As a percentage of the turnover, the .04 per cent duty may appear small, but it is much higher when it is a percentage of the net profit. The submission from Independent Grocers states:

> As you are aware it has been claimed that this is a 'small' tax which will have little effect on incomes or profits and considered in the light of the rate, i.e., 4c in $100, this is, on the face of it, a rather persuasive argument. However, given further thought and taking into account the facts that:
>
> *(a)* Business generally, and small business in particular, is no longer in a position to absorb costs and must therefore pass them on to the consumer;
>
> *(b)* A tax rate of .04 per cent on total bank transactions can represent a significant percentage of net profit. In our case, in which we operate as a Co-operative on very small margins, this is particularly relevant. It will be appreciated of course that as a true Co-operative we pass on to our members, by way of rebate, any surplus on our operations. Therefore, an additional expense of this nature will result in a reduction of the rebate distribution to our members.

Those members amount to 2 000 small businesses in South Australia. The submission continues:

> This means, therefore, that our retailers will find it necessary to recover from consumers not only the resultant rebate shortfall but also the amount of duty payable on their own transactions.
>
> One of the more unacceptable features of this tax in our view is the fact that not only are we required to collect taxes on behalf of the Government but it is now proposed that we pay a duty on the very considerable amount involved in these taxes, e.g., income tax, sales tax, tobacco licence fees, liquor excise, liquor licence fees (unlicensed customers), and pay-roll tax.

I make the point that that is a specific example of the specific costs for one business chain. The Co-operative went to considerable trouble to provide those estimates for the debate. The duty to the Co-operative will amount to nearly

$250 000 and will flow on to the 2 000 small businesses in South Australia. I seek leave to incorporate in *Hansard* without my reading it a table prepared by Independent Grocers Co-operative. I assure the Council, Mr Acting President, that it is purely statistical.

Leave granted.

Tax payable (based on 1982-83 financial year) by selected food retailers.

(The stores have been numbered to preserve confidentiality.)

Store No.	Tax Payable $	Percentage of Net Profit
1	579	2.23
2	514	4.82
3	1 317	1.65
4	2 132	1.31
5	2 739	2.80

The average weekly turnover of these stores ranges from $26 972 to $127 300. It will be necessary for most retailers to either:

(a) Pass on this additional cost to consumers by way of increased prices, or

(b) Achieve reductions in overheads. It is inevitable that a reduction in wages will be one of the options considered, and probably implemented, by many for this purpose.

The Hon. R.I. LUCAS: The table lists five selected food retailer members of the Co-operative but does not provide their names in order to protect their confidentiality. The table lists the tax payable in the past financial year and also the f.i.d. as a percentage of the net profit. The table also lists the average weekly turnover of the stores, ranging from $6[illegible]00 per week to $127 000 per week. The percentage of net profit estimated by Independent Grocers for the five member stores does not amount to .04 per cent turnover, but is as high as 4.82 per cent of the net profit. So they will be losing nearly 5 per cent of their net profit to financial institutions duty. The table shows that of the five stores tabled the lowest level is 1.31 per cent. However, even that figure is significantly more than .04 per cent of turnover, to which the Bill refers.

Finally, I refer to clause 5, which seeks to apply f.i.d. to certain receipts of money that occur outside South Australia. There is a similar provision in the New South Wales legislation but not in the Victorian legislation. The New South Wales provision has attracted some comment from commentators about its constitutional validity. I refer to the June edition of the *Australian Tax Review* at page 111 and an article entitled 'Financial Institutions Duty Revisited'. The article, written by Hambly and Hamer, states:

> The position in New South Wales is quite different because there a deliberate attempt has been made to extend the liability to duty to receipts which take place outside New South Wales but which, nevertheless, have some New South Wales connexion.
>
> Section 98 (3) *(c)* of the New South Wales Act provides that a reference to a receipt, a designated receipt or a dutiable receipt ('receipt') includes a receipt received in New South Wales or outside New South Wales where the receipt relates to, and to the extent only that it relates to, goods supplied, services rendered, property situate or any matter or thing done or to be done in New South Wales. The paragraph attempts to give the necessary nexus by limiting the receipts to those in respect of transactions in New South Wales.
>
> It is submitted that the extended definition may go further than is constitutionally permitted. It is possible that a person who does not carry on business in New South Wales nor is resident nor domiciled there may be taxed by reference to a receipt outside New South Wales. Thus neither the persons nor the occurrence upon which the tax is levied (the receipt) may have any connexion with New South Wales.

I hope that the Attorney-General will address the question raised by Hambly and Hamer so that we can identify whether there is any problem with clause 5 of our Bill. I conclude my remarks by saying that I support the second reading of the Bill, and I await the Committee stage with interest.

The Hon. DIANA LAIDLAW: I do not intend to address the issue of whether or not there is a need for the Government to introduce the new tax, nor the Government's deception in proceeding with this measure in view of the Premier's often repeated statements as Leader of the Opposition in October last year that the A.L.P. would not introduce new taxes or increase existing levels of tax. I do not intend to address the injustice of the Bill as it applies to community based charitable groups and sporting bodies; nor will I address many of the other starkly negligent areas of the legislation.

The Opposition's criticism of the Government in all the areas that I have mentioned has been comprehensively canvassed most creditably by my colleagues. Their contributions have highlighted the inadequacies of the Bill, its ill-researched nature and its inept handling by the Government. The Government's proposal that the Bill become operative from 1 December 1983 is rather strange. I believe that the Government should be loudly condemned for the indecent haste with which it is pushing through the Bill and with which it proposes that the measure should become operative. That is especially so when one considers the Treasurer's earlier difficulty in deciding whether or not the Bill had merit. I suppose the Premier's final burst of adrenalin should not be surprising, even though the Bill remains unacceptable in practical terms.

Let me remind members that on 15 April last, seven months ago, the Premier said:

> I am not attracted to f.i.d. In terms of our State economy, the yield of such a tax would probably not justify the problems of instituting it. And in any case, evidence suggests there may be some benefit for us, certainly in the short term, not to have such a duty.

By 'us', the Premier in that quote meant South Australia and not the Government. I supported that statement made by the Premier last April and I continue to support it. However, in the interval between 15 and 21 April (an interval of only six days) the Premier changed his mind.

On 21 April he decided to call for submissions from interested parties on the merits of an f.i.d. The submissions were to be received by Treasury by 14 June. Subsequently, in September, a draft f.i.d. Bill was circulated to interested parties and, again, comments were sought. Then, on 27 October, the Premier introduced an f.i.d. Bill into the other place—a Bill that was quite different in many respects from the draft Bill of a month earlier. Of course, the Bill has changed in a number of significant areas since its introduction into the Parliament and, on the Government's own initiative, it continues to change on almost a daily basis. I suspect that before we have finished debating this Bill the Government will have introduced as many amendments to it as the Federal Government has introduced in respect to its Sex Discrimination Bill.

Be that as it may, my reason for outlining the Government's course of action since calling for submissions on 21 April is to highlight the fact that it has had seven long months to fully research this Bill. Of course, during that time it has had the advantage (albeit a somewhat dubious advantage) of looking at similar legislation in New South Wales and Victoria and in assessing the functioning of those Acts.

In these circumstances, I find it absolutely incomprehensible that the Government has sought to introduce this Bill only now on a date so close to the proposed operative date of 1 December. Further, I find it incomprehensible that the Government, which has enjoyed the luxury of time to consider its position, is not prepared to give those on whom this Bill will have the greatest impact more than a few days to respond to the legislation. The Government has, in effect, thumbed its nose at financial institutions in this State and the problems that they will all encounter in organising themselves to administer the collection of an f.i.d.

In this technological age these institutions operate with sophisticated electronic computers. Reprogramming of such equipment takes time and, of course, the required reprogramming cannot commence until the form of this Bill is finalised. Surely it should not have been too much to ask the Government to get its act together earlier, especially as it must have been appreciated that it would be wise to avoid the traumas and administrative costs that occurred in New South Wales and Victoria, where the respective legislation became operative in each instance only a few days after it had passed through the Parliament. The problem that will be encountered by financial institutions in this State have been blatantly disregarded by the Government, and it is a disregard that the Government has compounded by the fact that December is the busiest month of the year.

The Government's insistence on 1 December as its commencement date will make life sheer hell in many respects for these institutions, and in many respects for the customers. The Premier has, in part, acknowledged the irresponsibility of his action by the provision in this Bill to allow the duty to be paid on an estimated basis for three months. Nevertheless, he and the Government are unrepentant and have flatly refused to be moved by responsible pleas for the operation date to be deferred to 1 February. This would, of course, enable an orderly transition for these financial institutions and involve less costs to those institutions as a consequence.

I suggest that the Government refuses to be moved on this point for the very reason that December is the busiest month of the financial year in terms of volume of money that passes between employers, consumers, retail stores and financial institutions. I suggest, too, that the Government wishes to capitalise on the fact that in December thousands upon thousands of teachers, Federal and State public servants and employees in general in South Australia receive wages and salaries in advance for the forthcoming holidays or for the four weeks that businesses close down for Christmas.

This holiday pay, of course, when deposited in a financial institution, will be subject to an f.i.d. Many people will then draw on those extra savings for Christmas spending and, when retail stores deposit their increased takings with a financial institution, they, too, will be subject to the duty. Traditionally, in December, retail sales skyrocket. Last December, for instance, in the City of Adelaide area alone sales increased to $34.126 million from $24.581 million in November and $19.375 million in October. In January 1983 those figures fell to $18.545 million, just over half the figure for the preceding month of December. The flow of funds through credit unions reflects the same pattern, with approximately 15 per cent to 20 per cent of the outflow from credit unions being recorded in December. Their receipts also increased in December. Last December receipts of credit unions increased to $25 million compared to $20 million for November.

Those examples of retail sales and the experience of credit unions clearly demonstrate the big increase in the volumes of money handled in the community in December. I suggest that they, in turn, clarify why the Government is so adamant that 1 December be the operative date on which the f.i.d. should commence in this State. The Western Australian Government has shown more consideration for the requirements of its financial institutions, businesses and the like in that State by adjusting and reprogramming its operations to take account of an f.i.d.

The Western Australian Government is discussing the introduction of an f.i.d. Bill at present. It is proposed that the Western Australian Bill become operative on 1 January next. Such a co-operative action is not a feature of the South Australian Government. This Government's refusal to move from 1 December is nothing more or less than a cynical drive for more money, regardless of inconvenience and cost to financial institutions and businesses in this State and regardless of trauma, uncertainty and cost to the community at large. It is relevant that, when December is traditionally a time of goodwill for all, this Government is not prepared to dispense any. The haste with which this Government is insisting that an f.i.d. be implemented can only be explained by likening the Premier to Mr Scrooge, the Charles Dickens character in *A Christmas Carol.*

The Government proposes to gain $22 million gross from the introduction of an f.i.d. My colleagues in the other place, and those in this Chamber have during the debate more than adequately highlighted the cost of this tax to the average family budget. It will be much higher than the figure of $7 to $10 suggested by the Premier, because one cannot expect financial institutions and other businesses and organisations in South Australia to absorb the costs that an f.i.d. will impose on them.

The direct costs of the duty, unfortunately, will be augmented by the administrative costs that financial institutions will incur because of the Government's haste in introducing this measure, which I have already highlighted. Due to the short lead time between the finalisation of this Bill and 1 December, the financial institutions will initially have to programme their financial systems to cater for and accept estimated lodgments of credit.

No sooner will they finalise this programme than the provision in this Bill to allow the duty to be paid on an estimated basis for three months will expire and the input data will have to be run again, and at considerable cost to the institution. The costs, both direct and indirect, to be incurred by the institutions will be passed on to the consumer. In turn, this will further fuel the inflationary cycle in this State, and I have been led to believe that there is also a distinct possibility that they will impact on the interest rates charged by building societies for home loans. I instance the example of building societies, because in South Australia their margins on lending and borrowing are much smaller than those in the Eastern States.

The second point I wish to highlight is the competitive position of South Australia *vis-a-vis* the Eastern States. I believe that this is a most important point in the consideration of this Bill. I recall the Hon. Lance Milne's excellent contribution to the Workers Compensation Act Amendment Bill of 1 June last year, when he highlighted the declining competitive position of South Australia over recent years due to declining wage differentials between South Australia and the Eastern States. Of course, this aspect should be of prime concern to any Government in South Australia, but particularly to this Government, which protested so long and so hard before the last election that it wanted South Australia to win. However, like so many of its other promises, this promise also appears to be baseless.

The proposed f.i.d. rate of .04 per cent, one-third higher than the rate in New South Wales and Victoria (our principal trading competitors), will further erode our competitive position and act as a disincentive for positive decision making by financial institutions and business already in South Australia and those that we might have hoped would be attracted to relocate their operations in South Australia. I will therefore support the amendment that is to be moved by the Hon. Trevor Griffin to reduce the rate of duty to .03 per cent.

A no less disturbing aspect of this Bill relates to the extent to which it will encourage widespread payment of wages and salaries in cash. Already, significant concern has been expressed by some employee organisations in South Australia, and my colleagues have referred to that. The agenda item, for instance, for the deferred annual conference of the Public Service Association includes three resolutions calling

for the opportunity to request that salary or wages be paid in cash or negotiable cheque. Because duty will not apply to cash transactions, similar requests by employees will give rise to a cash economy, which will increase the security risks to the employer and the employee and, of course, will increase the administrative costs to employers in operating a dual pay-roll system—one by bank draft and the other by laborious return to the old days of collecting together bank notes and stuffing them into wage packets.

I understand that it is the right of all employees in the State to withdraw their consent to being paid in anything but cash and that consent was given to the Government in relation to an agreement on the 38-hour week some years ago. I suggest that, if the State public servants agree to exercise this right, the Government could well find its new pay-roll costs leaping well above the revenue introduced and generated by f.i.d.

Before concluding my remarks, I wish to highlight two of the major operational problems involved in this legislation. First, the Bill does not address the problem of a depositor who transfers his or her savings from, for example, a savings investment account to an ordinary savings account within the same financial institution. In reality, this is just a transfer or change of conditions on which the institution holds the funds. It is not a receipt.

The Bill, however, does not distinguish this difference, and at present the computer programmes of the financial institutions are not able to do so, either. Hence the Government will receive two times 4c for every $100 transferred across. I do not believe that this double dipping is just, and I will therefore support the appropriate amendment that is to be moved by the Hon. Trevor Griffin. For the same reason, I will support the amendment that is to be moved by the Hon. Legh Davis with respect to renewals of certificates of deposits. As the Bill stands, where certificates of deposits are renewed, they will be deemed to be a receipt, even though no cash withdrawal or redeposit occurs. This will be particiularly unfair and onerous where people lodge funds at call for, say, one month pending organisation, for example, of an appropriate term investment at an attractive rate of interest.

It appears to me that there are a number of unfair multiple applications and double dipping of the duty, which members have highlighted during the debate and two of which I have just referred to. The confusion and concerns among depositors that will stem from these instances arise from the inadequate definition of 'receipts', and this warrants very thorough investigation by members of this Council. This matter is one of a number of areas that I intend to pursue during the Committee stage. In the meantime, I support the second reading.

The Hon. C.M. HILL: I do not intend to go over the points that have been made so adequately by members on this side during the debate. A great deal has been said about the Bill and various clauses, and, of course, there will be an opportunity in the Committee stage for further discussion and debate on that detail. However, I cannot but help comment that last week in our Parliament we saw nothing short of a fiasco. The Government of the day introduced this new tax measure, the first new tax measure for 10 years in South Australia, and it was quite clear from the groundswell of public criticism, from the condemnation that came from people who will be directly involved (such as the financial institutions), and from the press reaction to what happened in the other place last week that the Government made an absolute mess of the procedure of bringing in this Bill.

I am quite sure that the Government has failed in its management of the State. It is incapable of managing this State from a financial point of view. Instead of reducing its expenditures, as it must face up to eventually, the Government continues to increase its spending and therefore, of course, it must continue to increase its taxes and charges.

The Hon. C.J. Sumner: Where has the spending been increased?

The Hon. C.M. HILL: In practically every department. I was told only last week, for example, of a new plan and a new structure within the Public Buildings Department at senior officer level whereby new, relatively young men are being appointed in the administrative staff structure to be the image builders for this expanding department, to be the first point of contact for clients and client departments.

The elderly staff member who has probably been employed in that department all his life was amazed at the expansion and the restructuring that was taking place. The Government simply cannot go on like this in the present climate, because the public is sick and tired of the increasing taxes and the increased number of charges that have been foisted on it by the Government in its first 12 months of office.

What really came out of the other place last week? First, there was the admission that the Bill had faults—a Bill of this kind, I stress; not a Bill just dealing with some relatively minor matter of departmental machinery, but an extremely important tax measure. There was a lack of planning by the Government in regard to its details; there was a lack of detailed work by the Government and by Government members in the other place and, I think it is fair to say, by the whole Parliamentary Labor Party, and there was this admission on the floor of the other place that the Bill had these serious faults.

Another thing that came out of the other place was the recognition by the Premier of the role and the important responsibility of this Chamber in that he said from time to time last week that because the Bill had faults amendments would be moved in this Council and that those faults would be put right here. We have come a long way since that era of about 10 years ago when the Labor Party was talking abolition, about the uselessness of this Chamber and the fact that there was not any need for a bi-cameral system in South Australia. We saw last week this recognition by the Premier that these measures could be put right here and, obviously therefore, that there was a need for this second Chamber.

Out of it all came this very strong groundswell of public opinion and criticism on all sides of the Government because of its policy. Those connected with the churches, charities and sporting clubs stood to lose thousands of dollars. Because this was a Government measure it was apparent that the Government did not care about organisations of this kind. That was a deplorable state of affairs, and the Government deserves to be condemned very strongly indeed for introducing the Bill as it did in the other place in the way in which it was introduced. The whole fiasco highlights a fact which the Government cannot escape: it cannot escape the criticism that the promises made by the Government prior to the last election have been broken—promises that there would be no new taxes and no increases in taxes.

In the past 12 months we have had 72 examples of the increases in charges by this present Government. Then, to cap it all off, we had the unexpected and high 12 per cent increase in electricity charges which the public at large criticised very severely. Last week we had people coming down in their droves from the Riverland region, criticising this Government because of the increase in irrigation rates in that part of the State.

I am proud that I was a member of a Government that actually decreased taxes during its term of office, and that in the last year of office its taxes were the lowest in Australia. All that the Hon. Mr Sumner, who sits there and smiles,

can do whenever this point arises is to raise the criticism that money that should have been allocated for public works was used by the previous Government to balance its combined budget: that is the point that he has made from time to time.

The Hon. C.J. Sumner: You left us with a deficit.

The Hon. C.M. HILL: We left the new Government with a deficit, but we did honour our promises. When we talk of political priorities, honouring promises stands very high in the Liberal Party's principles, but the present Government threw that out of the window. What the Liberal Government was doing—admittedly, it was a slow task—was gradually reducing the number of its daily paid employees. It was reducing staff; it was wrestling with the problem of deregulation and reducing bureaucratic controls and, eventually, the expenditures and outgoings in the public sector would have been reduced to a point where the need to spend that money which is normally allocated for public works would not have existed. It just could not have been done in three years; so, whilst the Hon. Mr Sumner raises this point continually, when one looks at the whole balanced question of honouring our promises, as we did—

The Hon. C.J. Sumner: The Hon. Mr DeGaris raised the point, too.

The Hon. C.M. HILL: I do not mind what the Hon. Mr DeGaris says; the Hon. Mr Sumner is the one on the other side of this House, and he raised this point, and all the time grizzles and complains that the Government was left in a financial mess and that therefore there has been a need for revenue producing measures such as that which we are now debating. He certainly will not be able to escape the challenge that the Government has to reduce expenditures. It has to reduce the overall size of the Public Service, and I include the daily paid workers. The Government must not build up its public sector. It must not, for example, as it did last week, give bridge construction work out on the O-Bahn route to a departmental group such as the Marine and Harbors Department, the tender of which I understand was about ninth on the list when the envelopes were opened.

The Government has to turn back from that system of building its public sector as, of course, all socialists want to do, and it has to give more work to private enterprise and get its pay-roll down. It is quite amazing to see, if the Government does that by attrition and by schemes such as early retirement, the huge amount of annual outgoing money which can be saved. But the Government will not do that because of its general philosophy of building up its public sector and, as a result, it is forced into this position of increasing its charges and taxation. Its masters will have something to say about that eventually. Its record in that area over the first 12 months has been poor, and I suggest respectfully that if it does not change that approach over the next two years the people will make their voices heard and it will not be governing after the next election.

I simply say that the Government stands condemned by seeking to introduce this measure and thereby obtaining this net increase in taxation that it will receive. I say 'net' because I am taking into account the other Bill which is before us in which some duties are to be repealed. I look forward to further detailed debate on the various clauses and amendments which have been placed on file. I intend to support the second reading and to consider the whole issue further when these suggested amendments are debated.

The Hon. K.L. MILNE secured the adjournment of the debate.

STAMP DUTIES ACT AMENDMENT BILL (No. 2)

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

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

That this Bill be now read a second time.

As foreshadowed in the second reading speech on the Financial Institutions Duty Bill, the Government is proposing to amend the Stamp Duties Act to provide relief from certain stamp duties. It has been decided also to follow the precedent set in Victoria by proposing a penalty rate of cheque duty for financial institutions which may contrive in some way to avoid their obligations under the Financial Institutions Duty Act. Stamp duty on credit and instalment purchase transactions is currently levied at the rate of 1.8 per cent on credit provided at an interest rate in excess of 17 per cent per annum. The original intent of the legislation may have been to discourage the charging of excessive interest rates but it has worked in practice to impose an additional burden on low-income earners and small businesses obliged to borrow at high rates. Governments of both persuasions have been trying for some years to find a satisfactory substitute for this duty and have been encouraged in their search by the wide-spread dissatisfaction which it has aroused. With the proposed introduction of financial institutions duty, we are now in a position to introduce a much-needed reform and to abolish this form of duty.

It should be noted that the Government is not removing duty on rental businesses. This possibility was examined but would have involved a further significant loss of revenue and cannot be accommodated within the framework of the 1983-84 Budget. Similar duties remain in force in the other States that have introduced financial institution duties.

When financial institutions duty was introduced in New South Wales and Victoria, stamp duty on the issue and discounting of bills of exchange and promissory notes was removed. As a result, there is now a very strong incentive for borrowers approaching the market to avoid South Australia and to attempt to raise funds in the two major Eastern States. The Government is keen to see an active market in these securities maintained in Adelaide and proposes to abolish the relevant stamp duties so that the Adelaide market may once again become competitive. We are advised that the secondary market in mortgages and mortgage-backed securities is relatively undeveloped in Australia, but that there may be advantages from the point of view of a broader capital market and improved access to housing finance if such a market could be fostered. A major disincentive to the development of the market is the fact that transfers of mortgages would attract stamp duty at the rate of duty applicable to a conveyance. The Government, therefore, proposes to follow the lead of New South Wales and Victoria and abolish this form of stamp duty.

Stamp duty on cheques is payable at the rate of 10 cents. As an additional incentive for financial institutions to fulfil their obligations under the Financial Institutions Duty Act, the Government proposes to raise to 25 cents the rate of duty on cheques drawn on financial institutions which do not register under that Act. I seek leave to have the explanation of the clauses inserted in *Hansard* without my reading it.

Leave granted.

Explanation of Clauses

Clause 1 is the short title. Clause 2 provides that the measure shall come into operation on 1 December 1983. Clause 3 inserts a new section 31c in the principal Act, providing that the provisions of the Act dealing with credit business shall not apply to any credit transactions performed

from 1 December 1983. Clause 4 amends section 31d so that persons carrying on credit business after the commencement of the measure will not have to register. Clause 5 amends section 31e to facilitate the cancellation of the registration of persons who cease to be required to be registered. Clause 6 is a consequential amendment to section 31f.

Clause 7 inserts a new section 31ma in the provisions of the Act dealing with instalment purchase agreements. The proposed new section provides that the Act will not apply to instalment purchase agreements entered into on or after 1 December 1983. Clause 8 amends section 31n to the effect that duty will only be payable in respect of instalment purchase agreements entered into before 1 December 1983. Clause 9 inserts a new section 46a, which provides that duty shall not be chargeable in respect of bills of exchange or promissory notes issued from 1 December 1983, but will remain for cheques. Clause 10 provides for various amendments to the second schedule of the principal Act. The effect of one amendment is that duty for cheques issued by a person other than a registered financial institution, the Reserve Bank or an interstate bank, will be 25 cents. Another amendment exempts the conveyance or transfer of mortgages from 1 December 1983, from duty chargeable in respect of conveyance on sale transactions.

The Hon. K.T. GRIFFIN: The Opposition supports this Bill. Anything that will reduce the Government's impost in the life of the f.i.d. legislation is to be welcomed. Regrettably, we do not believe that this Bill goes far enough. At least it goes one third of the way to counterbalancing the amount of duty which is to be raised under the f.i.d. legislation as introduced to Parliament. As already indicated, the Treasurer's assessment of the duty to be raised from the f.i.d. is about $22 million, and the set-off as a result of the abolition of certain of the duties and the remission of certain duties under this Bill is about $7.5 million to $8 million. We still have $14 million to go before there might be regarded to be equity as a result of the introduction of the f.i.d.

The Opposition believes that the Bill does not go far enough. It does not follow the precedent set in Victoria of abolishing the 10c duty on cheques. In Victoria, the State Labor Government introduced a financial institutions duty and also provided for the removal of stamp duty on cheques by two instalments. My memory is that it was spaced over a period of six months.

Accordingly, because of the disadvantage which South Australians will face as a result of the Government in South Australia not proposing to do the same, I will be seeking to amend the Bill at the appropriate time to remove the 10c stamp duty on cheques in South Australia. Reference has already been made in the Council to a long telex from the South Australian Bankers Association relating to the Stamp Duties Act Amendment Bill and also to the Financial Institutions Duty Bill. For the sake of completeness it should be referred to again in the course of debate on this Bill. In part it states:

'Banks are disappointed with two key features of the financial institutions duty legislation introduced by the South Australian Government and currently before the Legislative Council for debate,' Mr Ron Cameron, Director of the Australian Bankers' Association Research Directorate, said today. 'First, the South Australian Government has established an excessively high rate of duty.

Second, the Government did not remove the stamp duty on cheques in the package of financial taxation reform associated with the introduction of the financial institutions duty. The 4 cents per $100 duty charged on the receipts of financial institutions is higher than the 3 cents per $100 established for a similar duty in both New South Wales and Victoria. This means that a Savings Bank customer in South Australia will be paying 33 per cent more duty than an individual in a similar financial position in Victoria,' Mr Cameron said.

He then refers to certain tables which follow, and further states:

'The banks have presented arguments to the Government of South Australia requesting the abolition of stamp duty on cheques because it is a discriminatory tax on bank customers. It acts to discourage the use of the most efficient, least-cost, means of payment. This, over time, will result in lower deposit balances in cheque accounts, reduce trading banks' capacity to make loans and, at the same time, contribute to increases in the interest rate charged on loans.

It also encourages an increased use of cash which is less efficient and adds to security problems,' Mr Cameron said. As a result of the new legislation in South Australia, the average personal cheque account customer will pay a significant amount in new tax. When stamp duty on cheques is added, the personal customer in South Australia will pay over four times the amount of State duty now paid by a person operating a similar bank account in Victoria.

For a small company customer the total State financial duty will be towards twice that levied on a company with similar financial transactions in Victoria. Mr Cameron said that, while the banks appreciate the Government's action in arranging consultation on the technical aspects of the new legislation, it is nevertheless the strongly held view of the banks that the legislation should be reformed to: reduce the rate of duty to 3 cents per $100 of financial institutions receipts; and, remove the stamp duty on cheques altogether.

So, that is the bankers' attitude to this Bill, and by far the greatest number of persons using financial institutions are the cheque customers of banks. The other amendment which I will be seeking to move, which will bring me into line with the amendments I will be moving on the Financial Institutions Duty Bill, relates to the date upon which the Bill comes into effect. It will be remembered that I will be moving, in the Committee stages of the Financial Institutions Duty Bill, that it come into effect on 1 February 1984 rather than 1 December 1983, because of the lack of consultation between the Government and financial institutions which will have to pick up the tab of running the whole system for the Government.

It is fair and reasonable that, if the financial institutions duty comes into operation not on 1 December but on 1 February, any abolition of duty should equally come into effect on the later date. I now turn to the removal of stamp duties on credit and instalment purchase transactions. Stamp duties in that area are currently levied at the rate of 1.8 per cent of credit provided at an interest rate of 17 per cent per annum. The Australian Finance Conference and its members certainly support the removal of the duties, as does the Opposition. The duties have tended to fall inequitably upon providers of finance, such as members of the Australian Finance Conference.

The Government is not removing stamp duties on rental businesses. I am sure that the Government will appreciate that that will mean that both commercial and private leasing of personal chattels will involve the levying of duty at 1.8 per cent of receipts and, in addition, any receipts will also attract the 4c in $100 financial institutions duty. Therefore, there will be a marked disincentive to lease personal chattels in both the private and commercial areas. It may well mean that in the commercial arena there will be much greater use of hire-purchase where Federal income tax concessions are available, resulting in the reduction of rental business.

At the Federal income tax level there have been some advantages with leasing because all the lease payments have been tax deductible. Providing that the lease has been in existence for four years, the lessee has been entitled to claim an investment allowance. It also means that arrangements do not have to be made for the raising of capital to acquire chattels, plant and equipment. That has some real advantages, particularly in the commercial arena. The other advantage with leasing is that the company that actually owns the plant and equipment retains title to the item that is the subject of the lease. It has much greater control over the use of the asset and there is much greater opportunity

for forfeiture of the lease, either in lease instalments or in the care and custody of the plant and equipment.

With hire purchase, there is perhaps not the same degree of control by the owner of the plant and equipment, but Federal income tax concessions for investment allowance will still be available, and there is still provision to claim for depreciation. Providing that the hire purchase contract is properly structured, there will still be an opportunity to claim a deduction for the interest or credit charges. Because 1.8 per cent duty on rental business will not be charged on hire-purchase agreements but only financial institutions duty, I predict that the amount of Government revenue raised from rental business will fall quite dramatically.

It is most likely that this Bill and the Financial Institutions Duty Bill sound the death knell for commercial and private leasing of items of personal property. The only other area which should be reflected upon is that of State taxes, charges and duties which the Government has not touched. One may have expected some further relief from pay-roll tax, which everyone acknowledges is a tax on employment and a disincentive to employment. If real equity was to be the objective of the Government in proposing this package of two Bills I would suggest that significant contributions could be made to the creation of employment opportunities by the removal of a significant amount of pay-roll tax. But the Government has chosen not to do that and, as I have already said—

The Hon. C.J. Sumner: We have already done it.

The Hon. K.T. GRIFFIN: The Minister has not listened to what I have been saying. The opportunity was available for an equitable—

The Hon. C.J. Sumner: Stop making up stories. We have given major concessions on pay-roll tax.

The Hon. K.T. GRIFFIN: The Government had a greater opportunity to implement real tax equity in this package of Bills. What it has done is to provide a net gain in revenue to the Government of $14 million. I am talking about further concessions which the Government could have made to achieve real tax equity. One of those areas of real concession would have been further concessions and rebates in the area of pay-roll tax. I am not talking about what the Government may have done, even if it did it belatedly and in lesser amounts than it promised at the last election. If the Government was seeking to achieve real tax equity, there were further opportunities for pay-roll tax concessions.

The Hon. L.H. Davis: They couldn't do it because they wouldn't curb their spending.

The Hon. K.T. GRIFFIN: That is right. The Bill is a disappointment to that extent, but there is still a net gain to revenue of $14 million. As I said in respect of the Financial Institutions Duty Bill, the Government will have to face the judgment of the electors in about two years, when there will be more minuses than pluses, if there are any pluses. I support the second reading.

The Hon. L.H. DAVIS: The Stamp Duties Act Amendment Bill is linked in with the financial institutions duty legislation. As my colleague, the Hon. Mr Griffin, has quite rightly and forcefully pointed out, the trade-off between the new financial institutions duty and the Stamp Duties Act falls well short of equity. In fact, the only winner out of this trade-off is the Government, which earns an additional $14 million.

The Hon. K.T. Griffin: South Australia does not win.

The Hon. L.H. DAVIS: Exactly; South Australia does not win. It will not know how to win after this package of taxation hits home. The Government, in the second reading explanation, suggests that some of these measures will have some benefits in South Australia. With respect to abolition of stamp duties on credit and instalment purchase transactions, which is currently levied at the rate of 1.8 per cent on credit where the interest rate is over and above 17 per cent, certainly I would agree. As I observed in the debate on the financial institutions duty, one can see the merit and the equity in relieving from the additional burden of stamp duties what are, for the most part, hard pressed small businesses or consumers who are buying at the top end of the interest rate spectrum in respect of consumer purchases.

There is merit and equity in that proposition. However, my colleague, the Hon. Mr Griffin, has rightly observed that there is no such removal of duty on rental businesses. I will be interested to hear the response from the Government during the Committee stages when examining the likely implications of that proposition.

Similarly, the Government has proposed removal of stamp duties from certain money market transactions. It has proposed the removal of stamp duties on the issue and discounting of bills of exchange and promissory notes, bringing South Australia into line with New South Wales and Victoria, which abolished stamp duties on the issue of bills of exchange and promissory notes at the time that they introduced their financial institutions duty legislation.

It was claimed that the abolition of this stamp duty on bills of exchange and promissory notes would help create a healthy bill market in South Australia. I said earlier tonight that I suspect that the Government's view in this respect is misplaced. Again, I will seek during the Committee stage to further inquire as to what is the basis for that observation because, while the financial institutions duty remains at .04 per cent in South Australia as against .03 per cent in Victoria and New South Wales, which are more sophisticated and larger financial centres, I suspect that there is going to be very little, if any, development of the bill market in South Australia. The proposition put forward by the Government runs directly counter to the initial observations that I have received over at least some months from the Adelaide short-term money market institutions.

However, I am encouraged by one of the amendments advanced, namely, the lifting of stamp duties on mortgages and mortgage-backed securities. This stamp duty was removed in Victoria just over two years ago. I suspect that in removing the stamp duty here and in New South Wales and Victoria we are seeing the gradual emergence of a national secondary market for mortgages which, in terms of significance in the development of a capital market in Australia, will perhaps rank in time with a cash management trusts phenomenon that we have seen develop in the past 18 months or so.

Without stamp duty, mortgages on properties, whether on houses or commercial buildings, will become money market instruments, and financial institutions will be able to trade in mortgage securities just as they trade in other financial securities such as bank bills. That, of course, will be a particular advantage for companies and financial institutions which are active in offering mortgage-backed securities as a form of investment for individual or institutional clients. The removal of stamp duty will, in my view, be of particular benefit to building societies and banks which, through this measure, will be able to trade in their mortgage-backed securities by liquidating part of their mortgage portfolio as they see fit.

So, the establishment of a second national secondary market in mortgages and mortgage backed securities will I think be enhanced by this legislation following as it does the New South Wales and Victorian legislation.

However, like my colleague the Hon. Mr Griffin, I am disappointed that there has been no attempt to lift the stamp duty on cheque transactions. I would like to suggest that there is another area which the Government has ignored or which perhaps it might not even have considered when examining the stamp duty legislation and that is the stamp

duty that attaches to securities traded on the Adelaide Stock Exchange.

In the 1982-83 financial year, the Government received $625 000 in revenue on securities traded on the Adelaide Stock Exchange. We have heard within the past six or eight weeks that the Premier of Queensland is to abolish stamp duty on transactions on the Brisbane Stock Exchange. I should add that stamp duty is already exempt on Commonwealth and semi-government securities so, when I talk about the trading of securities on the Adelaide Stock Exchange, I am confining my remarks to ordinary and preference shares, convertible notes and commercial debentures issued by public companies.

Let us not be under any misapprehension about what the Government's failure to recognise or act on this proposition will mean. It will mean that Adelaide, as a financial centre, will not be rated on the same level as Brisbane. Indeed, if one looks at the turnover on the Adelaide Stock Exchange in the last available financial year, 1982-83, one sees that the value of securities traded (and they are principally mining and oil industry shares) was $91.5 million. That is almost double the figure for 1972-73, when it was $41.9 million.

However, I suggest that if one takes into account inflation and the aggregate value of securities traded around Australia, it will clearly demonstrate that the percentage share by the Adelaide Stock Exchange of the total securities market in Australia is gradually diminishing. In fact, I am told that the Adelaide Stock Exchange now accounts for only 2 per cent of securities traded in Australia, notwithstanding that we have 8.6 per cent of the Australian population.

Let us not under-rate the importance of having a capital market in Adelaide. It is too easy to forget that 100 years ago Adelaide was the centre for natural resource stocks when it came to trading in these shares. The Great Barrier miners, for one, were traded in Adelaide more than they were in any other centre. The Government, in fairly typical fashion, has chosen to ignore the opportunity to make Adelaide a competitive financial centre by failing to remove stamp duty on cheques and, as I have just observed, the stamp duty attaching to securities transactions.

The securities industry in Adelaide is not a big industry. Approximately 250 people are involved in the Adelaide Stock Exchange itself, including the brokers in Adelaide, both locally and interstate. However, the number of companies listing Adelaide as their home exchange has diminished markedly. In 1974-75 there were 134 companies.

There are now 92 companies, and that reduction from 134 eight years ago to 92 is largely the result of takeovers. The proposition I am putting is simple. If this Government wishes to match the rhetoric of its economic blueprint *South Australia's Economic Future,* which really is now a grey print, and the rhetoric of its policy speech, in which it stated that it wants South Australia to win and that it wants to strengthen the private sector and to make Adelaide the financial centre of some importance in Australia—if the Government wants to do all those things as it said it did in the rhetoric of 1982—it should recognise that we are nearly through 1983 and there has not even been a whimper from the Government.

The Hon. M.B. Cameron: There has been a disincentive.

The Hon. L.H. DAVIS: As the Hon. Mr Cameron has rightly observed, the only possible actions that have come from the Government in this important matter are actions that are calculated to act as disincentives. As one who has a great feeling for the importance of a strong and vibrant commercial community in Adelaide, I am dismayed that again when presented with an opportunity, when presented with a choice, the Government has failed to field the options properly. It has failed to grasp the ball and bounce it in the right direction.

The Government has continued to expand the public sector, to spend money, to do all those things that the Tonkin Government in its three years in office tried to turn around. As I observed in relation to the f.i.d., one notes the increase of 1 200 public servants in the past 12 months, which in itself will account for $24 million. That $24 million could have gone towards lifting the duty on cheques, towards lifting the stamp duty on securities transactions on the Adelaide Stock Exchange, or towards reducing or perhaps making even unnecessary the introduction of the f.i.d. For that reason, I will support the amendment to be moved by the Hon. Mr Griffin, and I support the second reading.

The Hon. C.J. SUMNER (Attorney-General): The comments of the honourable member are largely repetitious and relate also to the f.i.d. Members opposite support the second reading of this Bill, and we will deal with detailed matters in Committee.

Bill read a second time.

In Committee.

Clause 1 passed.

Progress reported; Committee to sit again.

CRIMINAL LAW CONSOLIDATION ACT AMENDMENT BILL (No. 3)

Returned from the House of Assembly without amendment.

SOUTH AUSTRALIAN HEALTH COMMISSION ACT AMENDMENT BILL (No. 2)

Returned from the House of Assembly without amendment.

MOTOR VEHICLES ACT AMENDMENT BILL (No. 3)

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

ADJOURNMENT

At 11.5 p.m. the Council adjourned until Wednesday 16 November at 11 a.m.