

HOUSE OF ASSEMBLY

TUESDAY 08TH SEPTEMBER 2015

STATUTES AMENDMENT AND REPEAL (BUDGET 2015) BILL

Second Reading

Adjourned debate on second reading.

(Continued from 18 June 2015.)

Mr PEDERICK (Hammond) (12:33): I hope my throat can get through a speech on the Statutes Amendment and Repeal (Budget 2015) Bill, as I have been getting a bit too excited at the football. In regard to this bill, the government has put in place some so-called stamp duty relief for South Australians, but what we see is some coming in immediately, but then some that will not have the full impact for another three years.

I certainly note that when the bill was introduced the stamp duty would be abolished in relation to non-real property transfers and non-quoted marketable securities. As I indicated, by 1 July 2018 stamp duty will be abolished on non-residential real property transfers, and so transfers of statutory leases and licences, such as fishing licences, taxi licences, gaming machine licences and entitlements, together with most forms of business assets, including goodwill, trading stock (obviously other than land) and intellectual property will obtain the benefit from the abolition of stamp duty on non-real property transfers. I note that from 18 June this year only property transfers involving land will remain liable for conveyance duty.

What we need is the abolition of this stamp duty fast-tracked so that people can take full advantage. We have a state, as has been described by previous speakers in regard to this bill, that is in dire trouble—dire trouble after almost 14 years of this Rann/Weatherill Labor government. Thousands of people are leaving this state and thousands are losing their jobs.

If we look at the dire state of our mining industry, during the so-called winter break I had the good fortune to visit Moomba and Leigh Creek in the Cooper Basin and Port Augusta, which are all connected to the mining of coal or oil and gas extraction. It was just after we were there that there was an announcement from Santos that some of their jobs had gone: David Knox had left and some jobs were moving in the company. This was apart from hundreds of jobs that have gone—in fact, it may have even just touched on thousands—from Santos in recent times.

A friend of mine was working as part of the program in Roma, Queensland, and dealt with the issues between farmers and the company.

Knowing Andrew, he would have done a magnificent job. Obviously, as some of that work wound down, as production goes into place instead of exploration and drilling, things change. What is hurting us is the price of our raw materials, but we also have a good statutory base; we also need to have a good government in place to make sure we do the best with what we have.

We have seen the gas price collapse and that is cutting investment into the oil field but, in regard to what is happening at Leigh Creek and, as a direct relation to that, Port Augusta and the power station, I note my father-in-law worked for many years at Port Augusta as an employee of ETSA and did a great job in helping to deliver power to this state. We had a full briefing as we toured around Leigh Creek with the member for Stuart, and I acknowledge the people at Alinta who not only discussed things with us about the mine in the town but then out at the mine site gave us a very thorough look at the operations.

It is interesting to note that as part of those operations a new 700-tonne excavator had just turned up and was being put together with the final touches being put to it as we were there. It was a PC7000 Komatsu and, from what I understand, the first one of its type delivered anywhere in the world. I understand the 8000 model is being delivered elsewhere and used, but we were a bit bemused because this machine was being delivered, and I think it is worth at least \$14 million. Five German engineers were helping put it together, yet the coalmine at Leigh Creek may close by the end of the year.

This will have disastrous consequences for Leigh Creek and surrounding communities. We met with people from the mine, and some in the town, but also with surrounding station owners who have appreciated the many years of extra services they have received just through the mining industry operating in their area—the hospital is one instance and having a doctor there on duty. This will have a direct impact on hundreds of jobs at Leigh Creek and, I understand, 150 jobs at Port Augusta.

The debate gets back to renewables versus coal. I note that renewables are not yet core energy, they are not our base load. It is a good idea, but we have to look at what the policy mix is doing in relation to coal in this country, especially when you look at the east coast of Australia. There could be anything from 150 to 200 ships offshore, at Newcastle and other ports, not even booked in for a load of coal but hoping to get a load, just like a truck might on land, so that they can take it to countries that are using it for base-load power.

I suppose the point I am trying to make is the simple fact that we are essentially killing a coal mine 15 years ahead of its reserve, as the people at Alinta have informed me. In return, we will be getting our base load from Loy Yang in Victoria, from another coal mine. I think we find

ourselves in a strange situation. As I said, I think renewables are a great thing—I have solar panels on my farmhouse at home—but it can have this obvious negative impact on power sources and other things that have been operating previously. It is going to be a big changeover and a big renewal for those areas that are affected.

Getting back to stamp duty, I mentioned there would be a removal of stamp duty on the transfers of gaming machine entitlements, and that the stamp duty surcharge on the transfer of a gaming machine business will also be abolished. I note that there will be a phased abolition on conveyance duty on non-residential real property transfers between 1 July 2016 and 1 July 2018. Just as I indicated earlier, I think this could be fast-tracked and introduced immediately to help give this state a kickstart.

In the commentary in relation to this bill, it is estimated there will be up to 6,000 non-residential real property transfers that will benefit from the abolition of stamp duty. I wonder how many more would benefit if this was fast-tracked. It is certainly noted that stamp duty will continue to apply to non-exempt transfers of primary production land. In relation to primary production land, the Stamp Duties Act is being amended in this bill to confirm Revenue SA's longstanding assessing practice in relation to stamp duty exemption for interfamilial farm transfers—in particular, in relation to transfers to and from certain types of trusts.

I think that is certainly a great thing as part of this bill. I certainly believe that for too long the Labor government has not recognised the power of agriculture and what it does for this state. It added up to \$17 billion of finished food value to the South Australian economy in this financial year. It is only when we see what happens when everything slows down around the state, including Santos and Arrium—Leigh Creek is being shut down; Olympic Dam are not having a major expansion, but they are looking at their leaching technology to get that uranium out—that Premier Jay Weatherill suddenly realises what I believe: that the core backbone of this state's economy, as it has been since 1836, is agriculture.

For so long, it does not get its place in the sun when it should. The problem we have these days is that you get kids going to school who do not have a parent, grandparent, uncle or auntie who work on the land. So, you get children in schools who think eggs come in cartons and milk comes in bottles, and things like that. Sure, it does, but where does it come from before it gets to the supermarket? That is the thing.

That is why it is so great to have something like the Royal Adelaide Show on at the moment, which will probably get at least half a million visitors. People can have a good look at a whole range of displays there. They have petting areas for children, and a whole range of animals, and it is a good education. We need to make sure that people throughout our

community fully understand how vital agriculture is for this state. It is always there in the background, and I think it has been taken for granted for too long.

In relation to the stamp duty amendments with interfamilial transfer of farming property, it actually extends the scheme established in the Stamp Duties Act to certain trusts, including discretionary trusts, unit trust schemes and self-managed superannuation funds. I welcome that piece of the legislation and what it will do for transfers, because for various reasons families could have a self-managed superannuation fund or be involved in a trust, as I am, in relation to primary production land. I think the extension of that stamp duty exemption will be well received but, as I said, we need to make sure that we recognise agriculture for what it does for this state and this nation.

As part of this bill we see that the Save the River Murray levy has been abolished from 1 July 2015. Yes, it will save households on average \$40 a year and most businesses over \$182 a year. This money amounted to around \$25 million per annum, but we note that the measures funded by the Save the River Murray levy will continue to be delivered, which means it has to come out of general revenue without the former tax base to support it. That is something that the government needs to take careful account of, especially with the chest thumping in regard to what the government is saying should be their contribution as a state to the management of the Murray-Darling Basin.

The government has a crack at what New South Wales are or are not doing in relation to their commitments, but I remind the government that they need to keep up all their commitments in regard to the River Murray, especially when I am the member at the end of the river. I am very passionate about what goes on in regard to the River Murray because, as we all know, a change in Queensland can change everything down to the bottom end of the river. I note, when the River Murray did recover in 2010, that it was Darling River water that came down first, because the river was so muddy. Generally, we recognise that the Darling side of the basin (the northern basin) is not generally the one where the water comes from but, the way the drought turned up, that was the one that saved us earlier, before the rainfall came on the other side.

The Save the River Murray Fund will be wound up from 1 July 2016 and the moneys in the fund supposedly will be fully spent, but we will have to make sure that all our salt diversification schemes and other environmental works are kept up to make sure that we do get the outcomes on the bottom end of the river which are so vital, and not just for the environment. I recognise that the fund does assist in the management of our water supply not only for Adelaide but also for people who are on just-in-time pipelines like myself with the Tailem Bend to Keith pipeline at my place at Coomandook, and other pipelines that

branch as far as Ceduna now and probably supply about 20 per cent of the water to the Far West Coast of this state. You have to think about that: that is many hundreds of kilometres that we are pumping that water.

The member for Goyder talked about the royalty payable on the minerals recovered by councils in regard to their borrow pits, which has been put in at 55¢ per tonne from 1 July 2015. This is certainly causing some angst, as the member for Goyder indicated, through local governments. It is another cost which will go straight back to ratepayers. The issue we have here is that it is almost a cost shifting exercise where the government decides, 'We want to make more out of the extractive minerals.' I acknowledge that the government represents the Crown and that the Crown owns the minerals, but it is having an effect and the local government sector (as it should) is making quite a noise about this royalty and the impact on councils.

Councils do a great job, and I think that in the future—and I throw this one out there—there may be some discussions, especially in some regional areas, about further amalgamations. That is only my personal opinion. I am not saying it should happen but I am saying that, perhaps, we should have the discussion because I believe there are certainly many areas of common interest, and I will be interested in any letters and emails I receive after making those comments. Anyway, be that as it may, I think that there is potentially some movement there.

One thing I want to talk about in the closing few minutes I have available is the repeal of the Hindmarsh Island Bridge Act 1999. Certainly we would all remember the controversy about the Hindmarsh Island Bridge being proposed and then built. I do not want to go into the full history of that, but I think that, from memory, it was built for only about \$3.2 million, and it is a fair bridge, a fair construction. When you can compare that with the footbridge over the Adelaide Oval at \$40 million it confirms my suspicion that I should probably get into the bridge-building game in the future.

Dr McFetridge: Footbridges.

Mr PEDERICK: Yes, footbridges; the footbridge-building game. So what happened in relation to when the bridge was built and then the Hindmarsh Island Bridge Act was brought in is that it was a tripartite deed between Binalong at the marina, the council and the state government. It related to the fact that whenever people made a subdivision on a property payments had to be made to that tripartite fund.

Certainly the repeal of that will allow for more development applications, and certainly Hindmarsh Island is one place in my electorate, apart from others, where people are putting their hand up and saying, 'I want to be

developed now,' and so it will stop being a disincentive for people wishing to develop and they will be able to put their hands up and say, 'Let's go.'

I believe this is a move into the future. It will assist there and, hopefully, we can see some positive outcomes. As I said, one of the main things I am interested in in this state is that we give agriculture the time, the effort and the money that it deserves.