



HOUSE OF ASSEMBLY

THURSDAY 06TH JULY

BUDGET MEASURES BILL 2017

Second Reading

Adjourned debate on second reading.

(Continued from 22 June 2017.)

Mr PEDERICK (Hammond) (17:34): I rise to speak to the Budget Measures Bill, and sometimes I feel like I live in a parallel universe in this place. We hear about jobs and the need for jobs and certainly we do need jobs. It was only several years ago that the Premier, the member for Cheltenham, indicated that he was going to attract 100,000 jobs into this state. Well, I think he might be scratching to get 8,000 jobs. Now we have all these so-called job attraction initiatives. Do you know what? The only jobs that are coming to South Australia are the ones that are financed by the government. It is either the \$10,000 grants, the \$4,000 grants or now, with new apprentices or trainees, the \$15,000 grants.

Companies like OZ Minerals only brought their head office here because they got a \$10 million grant. How many others are there? It is such a fallacy that this state cannot stand in a competitive environment without public funding going to support these businesses and jobs. Do not get me wrong, I am all for jobs, but it is ridiculous when all these jobs have to be financed to stay in this state when we have a net migration loss of 6,000 people out of the state. We know of so many people who have left this state because they believed there was no opportunity here under this current Labor government.

I want to talk about some of the budget measures outlined in the bill. There has been a bit of debate, and it is certainly our position to knock the bank tax out of this bill—and we will because we believe that we need to do the right thing for South Australians. To reflect on other issues that have been knocked out of budget measures bills, I managed to get rid of the biosecurity levy. Some people say that it did not amount to a lot of money, but it does amount to a lot of money across our primary producers of this state. We knocked out the car park tax, which was something like \$25 million a year, and there was also a piece of legislation around court costs that was knocked out, so this certainly is not the first time that something has been knocked out as a budget measure.

I note that only last night the appropriation grievances finished, so the Appropriation Bill, the actual budget bill, will go through to estimates in the next few weeks. In regard to issues around money, for instance, the Supply Bill was set for \$5.9 billion this year, when it was only \$3.4 billion last year, and that certainly means there is enough money in the bank if an early election is called. We have said to the government, 'Bring it on. Make the bank tax an election issue.'

The DEPUTY SPEAKER: I need to remind you, member for Hammond, that this is the Budget Measures Bill—

Mr PEDERICK: Absolutely.

The DEPUTY SPEAKER: —which refers specifically to three things, so we need you to come back to the three things it refers to.

Mr PEDERICK: Absolutely. I am talking about issues that could happen when we block the bank levy. The \$370 million bank levy is certainly part of the Budget Measures Bill. The government could argue that the defeat is significant when we block this part of the legislation because the budget goes into deficit and we can call on the Governor for an election.

The DEPUTY SPEAKER: The Clerk has reminded me that I should advise you that we really do need to stick to the actual budget measure, not whatever might happen. I do need to draw you back to the substance of the bill.

Mr PEDERICK: Thank you, Madam Deputy Speaker. I did notice some leeway earlier, but I will let that go.

The DEPUTY SPEAKER: I had to advise the member for Unley and the member for Mawson. I have had to advise all of you, so that is as fair as we can be, I think.

Mr PEDERICK: Thank you. The government talks as though we are knocking out the whole Budget Measures Bill. It could not be further from the truth. There are tax concessions outlined in the Budget Measures Bill, there are payroll tax rate concessions, there are off-the-plan stamp duty concessions and there are land tax exemptions. We will support these amendments.

There is also an increase in grants. There are \$15,000 grants for off-the-plan apartments for a contract entered into while the development is still at the preconstruction stage for the period between 22 June 2017 and 30 September 2017. We support those amendments. As part of the legislation, there is the foreign ownership surcharge, a 4 per cent tax on stamp duty for foreign owners for purchases of residential property after 1 January 2018. Provisions similar to this already exist in New South Wales, Victoria and Queensland and are about to be introduced in Western Australia. Some states also have increases in land tax for foreign owners.

It is interesting that when the Treasurer was asked about the possibility of introducing this new tax last year, he strongly rejected the need for such an impost in South Australia and described supporters of the tax as xenophobic. How quickly things turn. Certainly, the Treasurer has provided no evidence to indicate that foreign investors are leaving eastern state markets and driving up prices in the South Australian market.

In regard to both foreign ownership and off-the-plan apartments, I happened to be at a forum the other day and there would have been 50 to 60 either Chinese nationals or new citizens to this country all looking at off-the-plan apartments. They will certainly have to make some relatively quick decisions if they want to get in before the September cut-off date. Obviously, if they get in before then, it will be before the 1 January date when the foreign investment surcharge comes in next year. I am sure the accountants, the lawyers and the conveyancers are all working overtime as we speak looking at those proposals for those people.

I am a little concerned about the foreign surcharge tax. In my electorate of Hammond in the Murraylands, it is just a fact that we would not survive without foreign workers. If we did not have visa holders of various numbers—and there have been 457s, 417s and there are others; a new visa just came out recently with the minor shake-up federally in regard to visa laws—and if we did not have these foreign nationals coming into the Murraylands, into Hammond, to take up so many jobs that need to be filled to promote agricultural add-on businesses that are all pretty well in the food production sector, in primary production or in value-add areas, in meatworks or on lettuce farms, or mushroom farms (Costa mushrooms), we would have been lost over the years and we would be lost right now if we did not have that great cultural input from so many internationals coming into the region.

I noted only the other day at our All Culture Fest in Murray Bridge that 26 people became Australian citizens. I salute the many people who come from many countries across the world to make our area a much more colourful and cultural place. They are the people who are willing to take on those jobs and do the work that is needed. This foreign investment tax could be an impost on people who are doing fine work in Australia, growing our agricultural economy and making our area a better place. The minister said he was concerned about Flinders Ports putting on a levy of \$7 a head for tourists, yet when the government wants to hit people up for levies and taxes, like the foreign investment tax or the bank tax, that is okay because that is their plan and that is what they want to do.

I want to talk about the bank tax. As I said, it is estimated to collect \$370 million of revenue over four years. The levy in 2017-18 is \$97 million, while the estimated surplus is about \$72 million. That shows that, if the levy is not collected, the budget in 2017-18 would be in a small deficit without any compensating actions. I understand that there is something like up to \$600 million in allocated funding in the budget that could be utilised, if it had to be. We only have to reflect on the \$1.1 billion that came out of nowhere the other day to completely turn Transforming Health—which anyone could have told the government was a mess—on its head. When money needs to be found, it seems to be able to be found.

It is true that sometimes banks are not held in high regard. When a Newspoll was conducted, it recorded a 68 per cent approval for the federal bank levy, so the Weatherill Labor government thought there would be strong support for the state major bank levy. However, The Advertiser-Galaxy poll showed 55 per cent opposed the state major bank levy and only 28 per cent supported the levy. Certainly, internal polls by the banks have shown very similar results.

Even though the financial operatives—the banks and businesses—are well aware of our position in regard to this part of the Budget Measures Bill and that we will vote it out, they are still carrying on with their multimillion dollar advertising campaign outlining the impact that this will have on individuals right throughout South Australia.

The minister indicated that he was here for individual South Australians. Well, guess what? This is going to hit everyone who has any amount of superannuation, everyone who has a loan, everyone who has any sort of shareholdings in banks—they will all be hit. I have come off the land and I have not been afraid to borrow a few dollars. When I needed it, my financiers have always been there and it has always been handy. Someone has to pay the bill and that is exactly what happens.

The Labor government wants to impose this \$370 million tax on this state. What are we going to see next? Will there be a poll tax when you drive over the Victorian border, the Western Australian border or the Northern Territory border if you want to return to live in South Australia? Will there be a road toll put in place to fund road building? Will there be something like a state-based GST? It would not surprise me if the member for Cheltenham, the Premier, thought that he could get away with that as well. All this could happen and that is why people are concerned about this tax.

What upsets me is that rivers of gold have entered this government since 2002, from back in the days when the former member for Port Adelaide was the treasurer. I was here when they announced the extra \$500 million of GST money that came out of the blue. It came in and it was squandered. It has happened time and time again. All this money has been squandered as if it just did not exist in the first place. What really upsets me is the complete lack of knowledge on the Labor side of this house about how businesses and banks operate and about the fact that someone has to pay the bills.

The Cooper family was mentioned the other day. They have been fine brewers in South Australia for over 100 years. It is a fine family company. When they were mentioned, there was laughter on the government benches. Do you know what the Premier said? He said, 'They are not just the business class; they are the donor class.' What a disgrace! The government want to play a class war; that is all they want. They want to play a class war in this place, and that is how they operate. Well, God help them if they ever had to run a business in real life because it would not work.

We have a government that want to tax South Australians to death. They just want to tax us into oblivion. Even after selling the forests, after giving them away for something like \$650 million when they were worth over \$1 billion, the new owners, a Canadian superannuation firm, has managed to make four times the profit. That goes to show how badly the government treated ForestrySA. They were generating only \$43 million a year and now there is four times that profit coming through.

We have seen the Motor Accident Commission sold off. That was budgeted at about \$500 million—\$2.8 billion and climbing. There is not much left. After all these assets have been sold, we have a bank tax, a major bank surcharge. It will impact on South Australians. South Australians just want to have the right incentive, the right impetus and the right modelling in place. They just want to run their businesses. They do not want to have to have a handout from the government in order to expand. They do not want to have to have a handout from the government to employ someone,

but that is exactly what is going on in this state. That is exactly what is going on, and it is a disgrace. This affects every business and every individual in the state.

Today, when the Treasurer was asked questions about power and why the climate change target for South Australia was dropping from 55 per cent to 43 per cent, he had no idea. He had obviously completely forgotten about all the diesel generators that will have to come to save all of us over summer. When I say 'all of us', it will not be just big business; it will be every individual in this state who will need that power because the lights are going out. The lights are going out because of green ideology, which is driving businesses out of this state and others are just hanging on.

I talk to shopkeepers who have to put up their prices because the forward contracts of their power prices have gone up by over 140 per cent. It is an absolute disgrace, when we have so many mineral resources in this state, that we have this green ideology that is destroying the place. To top it off, we have this evil bank tax being put in place. It will impact every individual and every business, and it will not matter whether they are a worker, a unionist, a non-unionist or an employer. Every individual will be impacted if this insidious bank levy goes through.

We will support the Budget Measures Bill, but we will be doing all we can, working with colleagues in the other place and this place, if they will come with us, to chuck out this insidious bank levy.

Time expired.

Debate adjourned on motion of Hon. S.W. Key .