

STAMP DUTIES (TAX REFORM) AMENDMENT BILL – 28 April 2009

Adjourned debate on second reading.

(Continued from 8 April 2009. Page 2330.)

Mr PEDERICK (Hammond) (12:45): I also rise in support of this bill and note the contributions of my fellow members and also the briefing we had from the member for Goyder and his comments in the house. I also note the excellent contributions by the members for Unley, Schubert and Morphett. This bill was introduced into the house on Wednesday 8 April 2009 by the so-called Hon. Tom Koutsantonis when he introduced—

An honourable member: Is he still here? Where is he?

Mr PEDERICK: —he drove in pretty quickly—the Stamp Duties (Tax Reform) Amendment Bill 2009, on behalf of the Treasurer (Hon. Kevin Foley), to amend the Stamp Duties Act 1923. During consultation in relation to this bill, as part of the 2005-06 budget, legislative amendments were introduced, and these were cast to phase out rental and mortgage duties, with 1 July 2009 being the date on which both these duties are to be abolished.

There has also been representation by the finance industry, and these representations have been considered during the process, with the industry position being revised following the receipt of more detailed advice on the application of GST on adjustment notices when stamp duty rates changed. As such, the current bill reflects the changes requested by industry and ensures that no rental duty is payable on rental contracts on or after 1 July 2009. We were told at our briefing that it is important to recognise that the removal of these duty costs was part of the intergovernmental agreement stemming from the introduction of the goods and services tax in July 2000 and not any sign of generosity by the Treasurer of this Labor government.

My own comment to this advice was that we have certainly been a long time waiting for these changes to come through. I was of the belief when the GST came in that most, if not all, stamp duties were to be abolished, so we have a long way to go. When my wife and I purchased a property three years ago, the amount of stamp duty paid was horrendous, and we have had massive GST increases—well above what was budgeted for—yet we still seem to pay stamp duty in many and varied ways.

The 2008-09 budget indicates that savings to business, and thus reduced revenue to government, across the forward estimates as a result of abolishing these stamp duties are estimated to be, in the case of rental duty, \$39.6 million and, in the case of mortgage duty, \$192.2 million.

In addition to abolishing both of these duties, the government has also taken the opportunity to extend the concessional stamp duty treatment provided to exploration licences to include geothermal licences, and that is a very good part of this legislation. As the new shadow minister for mines, it is heartening to see something like that coming through, and geothermal power, which could produce many hundreds, if not thousands, of years of power for this state if we can harness it, will be a great boost for the state and the economy.

We have only just come out of a summer with a hot spell during which 72 people passed away. I have not heard whether all deaths were attributed to the hot spell, but the morgues were full or operating at full capacity during that period. The advent of better assistance to renewable energy and any assistance that can be given to people in the geothermal field is to be commended. I was at the site at Innamincka about three years ago and a lot of work was going up on there, apart from geothermal work at Torrens Island and in the Flinders Ranges. I hope we get fast tracked outcomes, with companies being able to invest more money with pressure on harnessing this energy several kilometres down so that we can get better energy production for this state.

Other minor amendments have been included in the bill to repeal the provisions in relation to cheque duty and lease duty, which have not operated for some time and should be enacted as part of the bill. I looked at some of the taxes gathered by government and land tax revenue collected back in 1997-98 was \$143 million: in this budget, 2008-09, it is predicted to

be \$511 million—a massive increase. It is threefold the amount of 10 years ago, yet the Treasurer cannot get his hands on enough land tax. When he goes on radio and people say, 'How do I pay my land tax bill, which has suddenly tripled?', he says, 'You are wealthy people, you can sell your asset.' Who will own the assets? No-one is wealthy if they own an asset. It is like owning a farm: a farm might be worth a lot of money, but it is only worth what you can make out of the day-to-day operations, like any other business, and it is only worth money with the capital realised when you sell it.

You cannot have all sellers out in the field just because they do not want to pay or have no capacity to pay land tax. People who have emigrated to this country are being crucified. They have come out in the past 50 or 60 years and bought property as an investment to keep their family and now they find that all the work they have done has come to nought because they have to realise it, otherwise they will be crippled with bills. These people believe in bricks and mortar and in industry and do not believe in other assets, like perhaps investing in the share market.

The Hon. K.O. Foley: This is not about land tax. Will you wind up or I will take a point of order?

Mr PEDERICK: It is about tax in general. The imposition of land tax and stamp duties in relation to purchasing property is a massive hit on investment. I note there were around 66,000 land taxpayers in 1999-2000.

The Hon. K.O. FOLEY: Madam Deputy Speaker, this is not a bill about land tax but is specifically aimed at abolishing mortgage rental duties. I ask that the speaker be contained within the ambit of the bill.

The DEPUTY SPEAKER: The member is straying quite considerably.

The Hon. K.O. Foley interjecting:

Mr PEDERICK: No problem: I am happy to stay here all day Treasurer—all day, no problem at all.

The Hon. K.O. Foley interjecting:

The DEPUTY SPEAKER: Order! Discussion across the chamber is out of order. The member for Hammond will focus on the bill please.

The Hon. K.O. Foley interjecting:

The DEPUTY SPEAKER: Order, Treasurer!

Mr PEDERICK: When I need advice from across the floor I will ask for it. As I said earlier, GST receipts have come in and given this state government a massive influx of funds, which have been fought hard against on a state and federal level, yet they still want massive tax grabs, including stamp duty, and much of it has been frittered away in the seven best years of earning capacity that this state has had. With those few words, I support the bill.