

ADDRESS IN REPLY

Adjourned debate on motion for adoption.

(Continued from 11 May 2010.)

Mr GRIFFITHS (Goyder) (11:03): Thank you, Madam Speaker. I believe that I have about 18 minutes to complete my speech. I have talked about the nice stuff that has occurred and said some complimentary words about the leader in the lead-up to the election, but I would now like to talk about some important issues which relate to the future of South Australia and which come from the Governor's speech delivered last week.

I will start on infrastructure. The obvious ones of which we are aware are roads, rail, water and electricity. I thought it was interesting that, as part of the election campaign, on 17 February, before the writs were issued, announcements were made by the opposition and the government about efforts to be made on the Southern Expressway. We were intending to announce that project. It was high on our priority list. The word now is that the government heard a whisper about the project and decided it, too, wanted to announce it.

The government suddenly came up with \$445 million. It is interesting that the public record will reflect the fact that on radio and in the media both the Premier and the Treasurer were quoted as saying that it had been provisioned for, it was in the estimates, it was in an unallocated capital fund. So, it was fair enough for me to assume in the role that I was occupying at that time that provision had been made for it and it was not necessarily an election commitment. That was proven to be very different two days before the election, of course, when the finances were announced and it was suddenly decided that the Treasurer had put that \$445 million in there.

It was somewhat of a tricky one for us. But, importantly for the people of the south, that project is being built. It was a commitment that the Liberal Party supported very strongly. It is pleasing that the Labor Party has been brought into supporting that now whereas, only some months before that, the Minister for Transport was saying that it was not going to happen. The member for Mawson was also saying that it was not going to occur, and it was interesting that the commitment we in opposition made to that project resulted in its coming forward, and it is pleasing that it is going to be delivered.

Mr Pengilly: Mawson-saver, it was!

Mr GRIFFITHS: It was the saver of Mawson, says the member for Finniss. We certainly did it in support of our candidate there but, importantly for the 30,000 people within that electorate and the hundreds of thousands of people who live in the south, it is an important bit of infrastructure for them and it has to occur.

However, it is very symptomatic of infrastructure needs around all of South Australia—not just in the metropolitan areas but also in the regional areas. That is why I am particularly pleased that it is again part of an election commitment that we made (and the Labor government has not supported) to fund completely the road backlog of \$200 million (identified by the RAA and quantified probably four or five years ago as being at that \$200 million figure, and no doubt it has grown to a much larger figure now) over a four year period. In the initial four years we would have put \$52 million into it, funding the remaining \$148 million over the following six years beyond the forward estimates.

It is a great frustration to me, and certainly to any person who drives on the roads around South Australia, that so many of our roads are of such poor quality. From the people of Yorke Peninsula, and the Goyder electorate in particular, I am constantly bombarded—and I mean bombarded—with calls and direct contact. People everywhere I go are saying they are sick of their roads being in such poor condition. It is interesting that all members on this side can reflect upon the fact that they have sections of road within their electorates that are a disgrace.

Ms Chapman: Take the roundabout.

Mr GRIFFITHS: The member for Bragg talks about the Britannia roundabout. Again, that was a commitment that the Liberal government would have fixed. But it is symptomatic of the fact that this government has no plan to fix infrastructure, and that is what South Australia needs. Taxpayers of this state put an enormous amount of revenue into the government coffers to ensure that services and infrastructure are provided, but it is just not transitioning to on-the-ground works, and that is what we need. We need to see a plan that actually addresses this, where people can have some hope and faith in the future that something is going to be done.

It does not eventuate from the other side, and that is what is necessary. If you are going to be in government, you need to ensure that the people of South Australia receive the infrastructure they need, and that is bridges, roads, an extension of our water network and ensuring water quality and supply. It is also ensuring that the airports are upgraded - it is everything. I am very frustrated by the number of contacts I have had in the short time I have been shadow minister for transport; there has been an expression of frustration that people in South Australia feel about the non-delivery of important infrastructure. It has to be fixed, and it has to be a priority. From the Liberal side of things it is, very differently, a priority, and we need to ensure that we get it right.

That is why I felt a kindred spirit with the member for Stuart when he indicated in his maiden speech that he is prepared to acknowledge when the right decision is made and compliment who makes that decision, no matter what political party they come from. I also believe in that, because I think it is important that politics are not completely negative when you are in opposition. You do need to recognise when good things are achieved, but you also need to ensure that you criticise when the work is not being done. In this case, infrastructure is sadly lacking and it is an important area for the state to perform in.

The Governor's speech also made what I think is a quite outrageous suggestion, that is, that South Australia is outperforming other states in a number of important indicators of economic activity. Sadly, in the relatively short time that I was shadow treasurer, the only area I can see that we are winning in is state taxation policies, because we are certainly the highest in the nation. Until we get our tax policies right and create an environment in which business is encouraged in this state (particularly small business, where there is the greatest risk of their falling over due to unfair and uncompetitive tax regimes), we are going to continually struggle to encourage a competitive nature in our businesses that want not only to do work in South Australia but also to see whether the opportunity exists for them to do work in other states in Australia.

We are constantly told that in larger projects such as the Northern Expressway, which is worth \$564 million, there are a number of interstate contractors working, and the contractors' federation has been talking to us and telling us it is because of the frustration of the tax regimes that are in place and the unfairness that exists. We need to ensure that we create an environment in South Australia where our businesses have an opportunity, where hard work will be rewarded and where enterprise will be rewarded; the opportunity for profit is there, the opportunity for increasing their employment opportunities is there and, importantly, they have an opportunity to grow their business and let it live to its fullest potential. We need this to happen very soon. Sadly, it is not.

The global financial crisis has created a challenge, and I acknowledge that as much as anyone. It is interesting that the federal budget delivered last night talked about the additional rivers of gold of GST revenue that will flow through to South Australia—some \$782 million, I think, over the remainder of this financial year and the 2010-11 financial year, but, in essence, \$1.7 billion more in GST revenue from what was predicted as part of the Mid-Year Budget Review on 28 January.

That is an enormous quantum of sums. It will create the capacity for services and infrastructure to be provided, it will create the capacity for tax reform to exist and it will create an environment in which South Australia has a chance to grow. Let us indeed hope that those who control the Treasury benches have the vision and the foresight to use that initial GST revenue to ensure that South Australians get everything they need. It must happen. It is interesting because, when the Henry tax review was first launched, the Liberal Party in opposition had been very proactive on tax reform.

The member for Waite certainly espoused the virtues of the need for South Australia to reform its taxation situation. A tax summit had been held. We had been believers in tax reform in this state, but, when federal tax reform opportunities were announced (inclusive of the words, I believe from the Prime Minister, 'root and branch reform'), the Treasurer of South Australia chose to make only a 3½ page submission which talked about the fact that it was not necessary, and that just shows the complete lack of understanding I think he has for the difficulties facing South Australia. Let us hope that moves forward.

A lot of those 126 recommendations, obviously, will not be supported by any political party, and the member for Bragg pointed out to me that it proposes the introduction of land tax upon every property. That is certainly not something that the Liberal Party in South Australia supports. We want land tax reforms, certainly, but not the introduction of a broad blanket land tax regime across all properties.

I also wish to comment briefly on the 100,000 jobs that the Governor mentioned in his speech as being part of the vision for a Rann/Foley Labor government. I do have a recollection that, when the

Treasurer and I had a Press Club debate a couple of weeks before the election, a lot of interesting things occurred that day.

Mr Venning interjecting:

Mr GRIFFITHS: The member for Schubert was in attendance. The Treasurer made a statement about the fact that the 100,000 training positions were traineeships, and I tweaked at that. I said, 'Well, Treasurer, you are actually wrong there. Traineeships are jobs. They are 12 month jobs that are in place, whereas training places are an opportunity for people to get their training done.' Yes, I commend the fact that 100,000 places will be funded, and it is pleasing that the federal government has identified even more funds to go to training places because it is part of the necessity for ensuring that our future skilled workforce is there.

We do have a great challenge facing South Australia over the next 12 or so years with the baby boomers suddenly going into retirement. Over that period something like 200,000 people in the workforce will be retiring; plus, if economic opportunity becomes reality and the chances for so many industry and job opportunities are developed as part of the growth that South Australia will potentially receive if it gets the support it needs from the government, we will have probably another 130,000 jobs created from that.

The dilemma is to ensure that, certainly, our young people have the opportunity to enter the workforce (if their work ethic is there), but we need to ensure that the training is there for them and to make sure that the skills that are needed in the business opportunities that will be created through retirement and through development in the state are happening. So, training is an absolutely key point. I know that the member for Unley, as our shadow minister, is very dedicated to this, having in his own previous business experience before coming into the parliament trained some 20 young apprentices.

We need to make sure that the state is focusing on that, giving young people a chance for a future and ensuring that the business opportunities in this state have all the skills needed to grow and to be competitive on a national and international basis, and that is where I want to lead into the export frustrations that I think many people on this side of the chamber feel. No doubt other members will mention it also, and the leader spoke yesterday about the fact that only 9 per cent of South Australia's business is export and that the national average is something like 14 per cent. Exports within South Australia are down by significant levels in dollar terms compared with what they were in 2003, without allowing for inflation at all and real growth in dollars.

Yes, we have been hit by a variety of issues on a worldwide basis but, if you look at the underperformance of South Australia's export opportunities, we need to grow that enormously. We need to put an enormous effort into ensuring that our businesses, small and large, are export ready and that they have the chance to capitalise upon opportunities that exist outside South Australia and outside Australia. Let's hope that it becomes a focus of government because I know that, from our side of things, we have recognised for many years the challenges facing business and industry, and we want to ensure that it gets all the support that it can to grow and to reach its potential.

The SPEAKER: Member for Goyder, can I interrupt for a minute? Could members please keep the noise down? I have had some complaints that people cannot hear and I am also trying to listen.

Mr GRIFFITHS: The member for Finniss does have a hearing issue, though. I thank you for your guidance, Madam Speaker. There are a lot of discussions going on. Land tax was a very interesting one, and it is part of the tax reform call that we have had. In October 2009, the Liberal Party released its land tax policy calling for an increase in the threshold. I have a very clear recollection that, at the time, the Treasurer called us irresponsible. It was framed in a difficult economic climate but it was framed with the understanding that investment in property is one of the basic rights of an Australian and, at the moment with the land tax regime that exists in this state, there is no encouragement to undertake that investment in property. We need to ensure that the regime is there, and that is why our proposal was to increase the threshold and to remove some 50,000-odd people from the need to pay land tax.

It was interesting that, as part of the Mid-Year Budget Review on 28 January, the Treasurer was finally dragged into the argument. No doubt pressure was being brought to bear by a lot of electorates in the eastern suburbs of Adelaide where people are under a lot of pressure and sick of paying land tax; they wanted something done about it and the Treasurer finally brought it into recognition. He has increased it to \$300,000. It removes 74,500 people from the land tax need. It shrinks the base for people who will pay it.

I find it interesting that, even though it comes at a cost of \$52 million per year, the forward estimates still show an increase in land tax revenue, and I think that is the fact that people need to be concerned about. There has been some adjustment to the threshold, some minor adjustment to the rate and middle threshold, but it is that top threshold above the million dollars which is the large-scale property investment that we need. I recognise that it is based upon the land value, but we have to have reform across all the areas to ensure that land tax becomes fair and equitable. In the 2008-09 financial year—

Mr Marshall interjecting:

Mr GRIFFITHS: Yes; in the 2008-09 financial year, land tax revenue from private property investors went from \$220 million to \$330 million—a 50 per cent increase in one year. The member for Norwood quite rightly points out that it is a tax on jobs. It clearly is a tax on jobs. So many people expressed their frustration, talked about significant increases in land tax in the range of \$30,000 to \$40,000 for small businesses and talked about the fact that it created the need for them to get rid of people within their workplaces. That is not good enough. In difficult times a tax from a state government forcing people out of work is a disgrace. It needs to be fixed.

Payroll taxation is also an area where we think some reform opportunities need to exist. I recognise that the Governor's speech refers to the removal of payroll tax liability as it relates to apprentices and trainees. I would like some clarification on that because my understanding is that the wages paid to those apprentices and trainees in those businesses will still be included in the preliminary calculation but then the rate of payroll tax that would have been levied on that remuneration to trainees and apprentices is actually rebated back.

The Liberal proposal which we put out as part of the election was to remove that wage component completely from the calculation—therefore, in many cases, not tripping a business over the \$600,000 threshold and not making it responsible for payroll tax. Labor has the other side of the argument which is, as the member for Morphett points out, the tricky version of how you can do it because it still potentially creates a liability where, under our system, it would not have existed.

Communicating that message and making the people of South Australia understand that is the challenge but it is something that we continue to fight for. I also noted that the Governor's speech referred to a proposal for a small and medium-sized business investment development program to be established. I have done a quick search on that and I cannot find any reference to it so I would be very interested indeed to know how much it will be, how long it intends to run, how it will be rolled out and what targets are set for the program. Let us hope that small business opportunities in South Australia get the investment they need.

Small business is an enormous driver of the economy of South Australia and so many of them are family businesses. I recognise the member for Norwood who, I believe, is a previous chair of the Family Business Association of South Australia, and I commend him for that. The experience that he will bring to the chamber will help our debate enormously.

Obviously, mining is going to be a key player in the future and there will be many questions raised about that in the coming weeks as it relates to the super profit tax intended to be launched by the federal government. Members on this side of the chamber are very concerned about this. We are worried that there are 11 mines operating in South Australia at the moment and the premier continually talks about 16 by the end of this year and another 20-odd in the pipeline.

How many of those mining companies are actually going to decide that it is too risky to invest in South Australia now and say, 'We are not interested and we are going to look at other opportunities offshore.' Indeed, media reports coming out of Canada were talking about seeing it as an opportunity for their country to grow through mining investment because large multinationals are going to say, 'No, Australia's tax regime is too much.' Joe Hockey, the shadow federal treasurer, talks about the fact that it is an effective tax rate of 57 per cent on mining now. That is disgraceful. How can we expect investors to come in and take enormous risk in mining which will drive the economy of our state in the future with such a draconian tax rate in place?

Kevin Foley needs to be out there fighting and banging on tables about this. He tells us he has had briefings, he tells us he has had two conversations with the federal Treasurer (Wayne Swan) but it has not resulted in changes yet. Swan and Rudd are out there talking about it being fair and equitable: it is not.