

## TAXATION

Mr GRIFFITHS (Goyder—Deputy Leader of the Opposition) (11:37): I move:

That this house condemns the Rann government for allowing it to be the highest taxing state government in the nation.

It is a pleasure to stand before the chamber for some time to address this motion and to put forward the exceptionally numerous concerns which have been put to me by the people of South Australia, who I have met with over the last 3½ years, who are very concerned about the level of taxation increase in South Australia in the last eight years.

We know from the review of comparative budget figures provided from '01-02 through to '09-10 budget estimates that state taxation revenue has increased by some 61 per cent. It is interesting when you look at the identification of specific areas. In payroll tax revenue increased from \$601 million to a \$915 million budget, a 52 per cent increase; taxes on properties, \$731 million in '02-02 through to \$1.428 billion in '09-10 estimate, a 95 per cent increase; taxes on gambling, \$312 million in '01-02 through to \$400 million in '09-10 estimate, a 28 per cent increase; taxes on insurance, \$223 million in '01-02 through to \$338 million in '09-10, a 52 per cent increase; and motor vehicle taxation, \$324 million in '01-02 through to \$445 million in '09-10, a 37 per cent increase. Overall, in those five key areas there has been an increase in taxation from \$2.193 billion to an estimate in this financial year of \$3.526 billion—61 per cent.

South Australians that I speak to recognise that taxation needs to be paid. They recognise that state taxation policy contributes significantly to the provision of important services and infrastructure; but in every case they talk to me about the fact that taxation policy in South Australia needs to be fair and has to provide them with the opportunity to pay those levels of taxation and, where that taxation may relate to businesses, to still ensure that there is an opportunity for a profitable bottom line. That is what they are primarily concerned about.

The Commonwealth Grants Commission certainly highlights some very damning statistics. If you look at the state taxation efforts across nine key areas for each state in the nation, South Australia taxes itself some 12 per cent higher than the national average. Sadly, we have held this position since the election in 2002 when the Rann government came to power. The Institute of Public Affairs confirms that South Australia poses the largest state tax burden on businesses of all states.

High taxes are the last thing that businesses need in difficult times. I note that other states have certainly reviewed their taxation policy. Oppositions and governments have come out with impetus opportunities to ensure that businesses have the chance to remain profitable. In our case, we have just continued to send out the bills and tell people that they have to pay this, but it has made it extremely difficult.

There have been numerous cases in the media in recent months where businesses have been screaming about the level of land tax in particular and the fact that that land tax impost is really making it very difficult for them to keep up their current rate of employment. I have some further examples that I will quote soon about this, but these people are screaming out for assistance. That is why there needs to be a change of government, to ensure that there is a government in place that does want to pursue taxation policy review to ensure that, yes, income levels are what need to be provided for services, but, importantly, that we have some taxes that actually help people.

We know that since Labor came to power some 2,300 more businesses in South Australia are liable for payroll tax. I do recognise that the threshold for payroll tax has been increased, and in my time in the chamber it has increased from \$504,000 to \$552,000 to \$600,000; but to have an additional 2,300 businesses paying land tax means that those people suddenly have gone over that threshold, they have grown their business to a certain size, they are encouraging people to come and work for them, they are aggressively going out there and quoting for opportunities for work and jobs, and suddenly the impost burden is upon them.

We need to make sure that we get this right. We need to make sure that we are competitive in this national area, otherwise we run the very serious risk of more and more interstate companies coming into South Australia and taking work away from South Australian companies. That is an observation that the Civil Contractors Federation has made, certainly in relation to some of the large infrastructure projects occurring around the state.

As I drive through the Northern Expressway project, continually going back to my electorate and through to Adelaide, it is amazing to see the number of interstate registered vehicles that are involved in that project. I know that concerns were expressed in the media some months ago about the number of interstate contractors involved in the desal project; so we have to get this right.

Mr Pengilly: The Northern Expressway.

Mr GRIFFITHS: I quoted the Northern Expressway, member for Finnis. We need to make sure that we get it right. If we look at the 12 per cent impost of our taxation effort above the national average, there are some really key figures that stand out, which have to be detailed as part of this argument. Land tax—the bane of every person's existence—126 per cent more severe than the national average.

Mr Kenyon interjecting:

Mr GRIFFITHS: We're going to make sure we make it more efficient. Stamp duty—22 per cent more than the national average; gambling taxes—19 per cent more than the national average; insurance taxes—44 per cent more than the national average; and overall taxation is some 12 per cent. Interestingly, in five of the nine key areas we have the highest taxing effort in the nation, so we need to make sure we get it right.

Payroll tax, as I mentioned before, has gone from \$590 million in '01-02 to some \$915 million this financial year. Again, I recognise that concessions have been made, but we are making it extremely difficult.

The Treasurer and the Premier will continually get up and talk about job opportunities that have been created. I think the last figure I heard the Premier quote was some 104,000 jobs have been created since he came to power; but, interestingly, if you do the comparisons on national job growth over that same period, there would actually be 20,000 more jobs in South Australia if we had experienced the same level of growth. We need to make sure that we start keeping up.

Payroll tax is a heavy burden upon small businesses. For example, a business with a payroll of \$800,000 a year pays more tax in South Australia than any state other than Victoria. We can look at the fact that in Western Australia, Queensland and Tasmania payrolls up to \$1 million do not incur any payroll tax liability at all. We need to make sure that we start working on this to give our businesses the chance for a future.

Stamp duty on conveyances: again, we have the second most punitive stamp duty regime on conveyances in the nation. An example that really hit home related to the terrible decision that was made to close Mitsubishi and the effect that had on the southern suburbs. It was quoted that a medium value home in South Australia of some \$360,000 would attract stamp duty of about \$15,000; however, in Queensland—where the government was, I know, attempting to attract workers from Mitsubishi—a home of the same value would result in a stamp duty liability of \$4,000. It makes it very hard for us to be competitive.

We want to increase our population, we want to make sure that more people move to our state, but we need to ensure that the tax policies that we have in place are an incentive for them to come and not a disincentive. If we do not get it right it will be very hard to ensure that we have the future generation of staff that we need to help us move forward. For example, if you purchase a property for \$500,000 in New South Wales you pay \$17,990; in South Australia, though, you pay \$21,330.

I now wish to talk about land tax, which is actually the most—

Mr Kenyon interjecting:

Mr PENGILLY: I rise on a point of order, Madam Deputy Speaker. I refer to standing order 131: constant interjections from the member for Newland.

The DEPUTY SPEAKER: There is no point of order, member for Finnis. If you were quiet all the time I might have noticed.

Mr GRIFFITHS: The comments made by the member for Newland do not bother me in any way. We have to consider the issue of land tax.

The Hon. R.J. McEwen interjecting:

Mr GRIFFITHS: The member for Mount Gambier also has a minor contribution. I have been in his community recently, and it was interesting to note that many people down there were concerned about land tax as well. Land tax is an issue that is really hitting people. I had a discussion with a regional business owner only a couple of weeks ago, and he provided me with some amazing figures on nine properties that he owns around the state. In the 2006-07 financial year he had a land tax liability of \$1,989; in 2007-08, he had a land tax liability of \$5,093; in 2008-09, he had a land tax liability of \$19,900; and in 2009-10, he had a liability of \$53,748.

This man came to me and asked, 'How can I afford to run my businesses? I am highly geared with debt, I employ a good number of people throughout the state.' He has invested significantly and is creating job opportunities for people, but he is very concerned about the fact that, through no fault of his own but because of property value increases and no adjustment at all being made to land tax, he is suddenly faced with a situation where his land tax liability has gone from \$1,900 up to \$53,748. What sort of an answer can I give this chap? How can I give him an answer when this government has been in power for eight years and shows no inclination to review it? Whenever land taxes are brought up the Treasurer says to people, 'Sell a block, sell a property'—

The Hon. R.J. McEwen interjecting:

Mr GRIFFITHS: Well, for eight years you have been part of the cabinet that has actually contributed towards this, so I want to put my argument forward. The member for Mount Gambier can get up and say whatever he likes about this, but he will not convince South Australians that he is making any difference.

We have to focus on land tax; it has to be reviewed. The Treasurer has shown no inclination at all to do anything about it. I recognise that it is possible that he may bring something out before the election—he does have a contingency sum available to him in the budget which he uses for various purposes—but surely the people of South Australia will see through any such effort and recognise that he has had eight wonderful years where land tax has increased enormously. Let me quote an example: two financial years ago, in 2007-08, \$220 million came from land tax from private property owners and, in 2008-09, \$330 million came from private property land tax.

That is a 50 per cent increase, or \$110 million extra, taken from property owners in South Australia, reducing their capacity to further invest in property, to keep rents at a reasonable level or make a profit. It is making it very hard. In this financial year there is another 10 per cent increase on land tax, so it is \$363 million. In 2001-02 I think there were 69,000 people paying land tax; the land tax bills are being sent out to 118,000 people this financial year. Of course, there are some errors in that because some will be identified as principal places of residence, but with the assumption of a 5 per cent margin 112,000 people will pay land tax in South Australia.

South Australians are a relatively conservative community; many people have deliberately chosen to invest in property as a way of funding not only their lives but their retirement from the workplace. I feel very fearful for these people, because with a \$110,000 threshold for site value land tax kicks in at a low valuation point. These people are being severely disadvantaged. Their land tax is increasing enormously and it is making it very difficult for them to meet the cost of owning these investment properties.

I have no doubt that when rent reviews are undertaken the impost of the cost of owning these properties becomes a significant factor in the rent being charged. It is not just the people who rent these properties, who live in them or operate businesses from them; it is also the people who purchase goods and services from those people. In essence, it actually flows out to all 1.6 million South Australians who are being severely hurt by the impost of land tax, and the Treasurer has shown no inclination to review it.

The opposition might be criticised for the fact that it has put out a policy that talks about an increase in the threshold from \$110,000 to \$250,000 site value. The essence of that is that it removes 57,000 land tax payers from the responsibility of paying land tax. It still leaves an impost upon the remaining people who have properties valued at more than \$250,000, and we understand that that is an issue and certainly want to work on that. Part of our commitment in relation to a land tax policy is to ensure that we review this and try to do absolutely as much as we can to ensure that South Australia returns to a competitive environment when it comes to land tax.

If we do not get it right we will get a lot more letters like the one received by the Leader of the Opposition from Defence Force Housing that suggested to a potential purchaser of property in South Australia that they not buy in this state but go to another state where the land tax regime is much easier to manage. Unless we get a change of attitude about this—and all members have to accept some responsibility for this—we will create a circumstance where our state is not seen as being an ideal location in which to invest.

For the future of our economy it is absolutely imperative that we get this right. Land tax, in its quantum, represents significant dollars—approximately 10 per cent of the state taxation policy revenue. At a function on Monday night I was questioned about what the Liberals would do, and members in this chamber will obviously question me about that as well. One chap said to me, 'Reduce it by half.' I said, 'I cannot give you that commitment because we still have to pay for services and infrastructure.' However, it is the efficiencies of how you actually manage your expenditure that determine indeed what your revenues need to be. That is where the constant criticism from the member for Waite has been in the past, that the state of South Australia in the last eight years has had an expense problem and not a revenue problem.

There will be many members who might jump up and down and have contrary views to mine on this. This is one that I am particularly passionate about because I hear so many examples of people who are severely impacted by this. For example, one of my own constituents has been constantly in contact with me about the fact that in 2007-08 he had a land tax bill of \$880, in 2008-09 it went to \$15,915 or a 1,708 per cent increase based on his figures and in 2009-10, \$24,106—a 51 per cent increase again.

This chap has had one of these properties on the market and an interstate investor came to look at the property and was interested in it but was very concerned about what the land tax responsibility would be if he purchased it and has decided to go away. We need to improve it.

The Hon. R.J. McEWEN (Mount Gambier) (11:46): I think that speech said everything that people are saying generally about the opposition.

Mr Pengilly: Come on, Rory. You're a twit!

The Hon. K.A. MAYWALD: Point of order! I think it is unparliamentary to call a member within the house a twit.

The DEPUTY SPEAKER: I did notice that I thought that interjection came from somebody who, only minutes ago, was complaining about interjections. My ears will be very alert.

The Hon. R.J. McEWEN: All Mr Bean from Backstairs Passage has done is reaffirmed what I wish to say, which is that they say one thing and do another. Today was an opportunity for the deputy leader to show that he had some potential and that he was going to lead the opposition into the next election with some policy alternatives. He has failed abysmally because he has put nothing on the record in terms of what the opposition intends to offer.

In fact, I need to go back to Hansard but I think he actually said that they will go to the next election with a commitment to have a look at taxation. If they try that on, they will be savaged by the people of South Australia, because the Liberals, under their previous leader, gave a commitment that they would hold a tax summit and, as a consequence of that tax summit, they would offer to the people of South Australia before the next election a significant change to not only the way we gather taxes but also the quantum.

However, the problem he has and the problem that the opposition will have next March is that they want it both ways. Over recent times, we have heard them come into this place and criticise the government for things it has failed to do and most of them have been related to not spending enough money. In fact if you go to today's Notices of Motion, you will find the word 'condemned' all the way through. The government is condemned for failing to spend money on this, this and that.

There is a lovely list that I have seen which has every member of the opposition demanding more for his electorate, led by the Opposition Whip. Many of them have all these demands on government to spend more on roads and hospitals, on child protection, on the environment, on sports stadiums, on stormwater, on waste water—it goes on and on.

The one thing they cannot have is their cake and eat it. Do you know what I think they have done today? They have squibbed on both, because I think they will come into this house today and put on the record that they will go to the next election without a policy. Remember the last election? They went to the people and said, 'If you elect us, then we will develop a policy on water.' Do you know what they have said today: 'You elect us next year and then we will develop a policy on taxation.'

Deputy Leader of the Opposition, the people of South Australia will not wear it. What they want from you lot is actually some genuine commitment as to where you intend to cut taxes and therefore where you intend to cut expenditure. The other thing that the deputy leader will remember in the lead-up to the last election, other than promising that they would develop policies of all the sorts of things, is that they also said that they would slash 4,000 public servants, but when they were asked where, do you know, they didn't have anywhere. They could not tell us a single place where it was going to happen. Do you know what will happen in this next election? They will do the same again.

The people of South Australia have a right to see the outcome of the tax summit that the previous leader committed he would hold on behalf of South Australians. They have a right to see where all these tax savings are going to come from. The opposition keeps going back to land tax, and keeps making all these grand announcements, where the deputy leader has just admitted that at best their policy will actually have a 1 per cent impact on revenue—at best.

Suddenly they are saying that the best they can do is to have an impact of 1 per cent or less. In a \$13.5 billion dollar budget, where they want to spend two, three, four or five billion more, the only reduction they are promising is a meagre little bit in land tax. You cannot have a meagre little saving in land tax, no other new taxes and deliver all these things that have been promised and will continue to be promised to South Australians.

The deputy leader mentioned that recently they visited the South-East. Yes, and in that visit, they squibbed it on many fronts. One thing they would not do is tell the people of the South-East where they stood on all the promises and commitments they made at the last election. You would have thought that the first question they would have been prepared for was to let the people of the South-East in my electorate know where they stood today in terms of all those things they told us they would do if they were elected. Mr Gandolfi and Mr Kerin spent much time in my electorate promising all sorts of things.

Wouldn't you think that they would have gone back last week and said, 'We've come back; we need to let you know that we stand by all those promises or we have changed our mind.' No way! That is in microcosm a problem they have next March for the whole of South Australia. Electorate by electorate, they are going to be asked, 'Please tell us what you intend to do to honour the commitments you made last time and the new commitments you put on the record since.' And then the most difficult question: 'Given that you want to spend more and raise less, how the hell do you think you are going to run the state?' Do you know what the real answer is—

Mr Venning interjecting:

The Hon. R.J. McEWEN: Here we go, we are getting some suggestions now. The buffoon from the Barossa, at last, is putting some suggestions on the record. Yes, he is going to cut things. Remember, he is going to cut the cloth. We are waiting to hear—

Mr Venning interjecting:

The Hon. R.J. McEWEN: Here we go, we have a \$13.5 billion budget and he is going to save the state by cutting advertising.

An honourable member interjecting:

The Hon. R.J. McEWEN: It depends how you add it up. Over \$14 billion if you are talking about—

Mr Williams interjecting:

The Hon. R.J. McEWEN: Mitch will have it over 20. Mitch will spend 20 and collect 10—that is the way they look at it. The people of South Australia are not going to take a great interest in what we say in this house today, but they will take a great interest in what they are told by the government and the opposition in February and March next year. They will reflect on all those things which the opposition has criticised the government for and on which they have said they must spend more money. They will add that up first, and then they will reflect on all these taxes the opposition said that they would cut from their tax summit (which they have failed to tell us about), and do you know what will happen at the end of it? None of it will add up, and when none of it adds—

Mr Venning: And we will get rid of two ministers.

The Hon. R.J. McEWEN: There's another saving. None of it will add up, and the problem they will then have—a problem they have had for quite some time and a problem they will continue to have until they totally refresh the people they elect on this side of the house—is that—

Mr Venning: You're one of them.

The Hon. R.J. McEWEN: I am doing it in my own time, Madam Deputy Speaker—what the people of the Barossa are saying behind their member's back that he should have done some time ago. Let him explain that in his electorate. He chooses to interject and, if he chooses to interject, Madam Deputy Speaker, then at least he has to sit there and listen to the facts for a minute. I did not come here to single out the member for Schubert, but he has to know, like the rest of them, that at some stage between now and next March he will be held accountable for the gobbledegook that they have put on the record in this place over the last four years, that is, the things they have promised, day by day, item by item.

Someone is going to add them up, and then they are going to say to them, 'What new taxes are you going to introduce, because, you know something, you can't provide them with the revenue you have,' and that is the minute they will hit the wall. That is the minute when credibility hits zero. They have no credibility, and if they have now said to the people of South Australia that they are not taking forward a significant alternative tax regime and all they are promising is a review, then it is worse than zero.

Mr KENYON (Newland) (11:55): I am pleased to be able to oppose this motion today, because, quite frankly, it is lazy. Like so many of the motions we see from the opposition, it is just another lazy motion. It is not even original; it is just repeating the same rhetoric that we heard Iain Evans, the member for Davenport, say in his 2006 budget reply speech. At the time he said, 'The Rann government is the highest taxing government in the state's history.' On 15 April this year, Martin Hamilton-Smith, the member for Waite, said, 'This is the highest taxing government in South Australian history.' To be honest, those two stole the line from federal Labor in 2001 when they were talking about the Howard government.

The fact is that every government is the highest taxing government in history, because the economy grows and, as the economy grows, in pure dollar terms your tax base grows; it cannot be helped. Unless you are smashing the economy and destroying it, you cannot but be the highest taxing government in history. It is not possible. Even if you wanted to be a little more technical and say that you can go on the Grants Commission assessment of relative tax effort or the tax effort ratios of other states, again, they are technical definitions but they do not take into account the relative size of South Australia's tax base. We are trying to raise a certain amount of money, we have a smaller population to do it, and that is how it works.

The 2008-09 Mid-Year Budget Review shows South Australia at 2,121 per capita, which is lower than all other mainland states for taxation per capita; a little over 2,600 in Western Australia and 2,400 in Victoria per head. On top of that, we have survey after survey showing that Adelaide is a commercially cheap place in which to operate and do business.

The real measure of a government's attitude to tax is not the amount of money that it raises, because that will grow as the economy grows. The real measure is that, when

you have the opportunity to cut taxes, do you do it? The answer clearly is: yes, the South Australian Labor government reduces taxes when it can, and it has been doing so from its very first budget. I will go back as far as 2004-05 when it reduced payroll tax from 5.67 per cent to 5.5 per cent. That was \$22 million ongoing per year. It increased the first home buyer's stamp duty concession from \$130,000 to \$250,000, saving an average of \$2,800 roughly, it abolished mortgage duty for first home buyers, it abolished lease duty and it abolished cheque duty—that was one budget.

In the 2005-06 budget, the land tax free threshold was raised from \$50,000 to \$110,000, remembering that it was the Olsen government or the Liberal government before it that reduced it from \$100,000 to \$50,000, I think it was, so it actually raised taxes. There was the introduction of specific land tax exemptions for home-based businesses, residential parks, broader access to primary production exemptions in rural areas—there's one for you, I bet your blokes like that. The total land tax package (cuts to land tax and concessions to land tax) estimated at \$264 million over five years from 2004-05 to 2008-09, and currently (this year) it is \$63 million a year. It abolished the stamp duty on water licence transfers.

In the 2006-07 budget: rental and remaining mortgage duty rates were cut by a third from 1 July 2007 and a further third from 1 July 2008, and they were fully abolished from 1 July 2009. So they are gone—done. Payroll tax was reduced in the 2007-08 budget from 5.5 to 5.2 per cent, with a further reduction to 5 per cent from 1 July to 2008. Total payroll tax relief is \$337 million estimated over the four years. So, when the Treasurer has had an opportunity to cut taxes, he has done it, and that is the test of a government.

The test of a government is that, when it gets a chance to cut taxes, does it take it or does it go and spend more? By any measure, the Treasurer and the government has taken every opportunity to cut taxes. They have identified them, identified the costs, found the savings and cut tax; whereas all we have got from the opposition is the very first stage—whinge. Identify the problem, elucidate the problem. The opposition has done that. It has done it for the last eight years, but it has never put up a policy on how it might actually do it.

It did not take any sort of tax policy to the last election, other than to say, 'We'll have a look at it when we get into government because we can't do it now,' and it is getting to the same point. It is 3½ months out from election and all the shadow finance minister can do is come in here and say, 'Taxes are bad.' That is the limit. That is his argument: 'You tax a lot.' He identified five taxes of concern, whinged about three of them and never suggested how he would cut one of them—not one. He did not come in with a single—

The DEPUTY SPEAKER: Order!

Mr GRIFFITHS: Point of order, Madam Deputy Speaker. I included the details of the Liberal land tax policy in my contribution.

The DEPUTY SPEAKER: Order! If he claims to have been misrepresented, the honourable member can make a personal explanation. The member for Newland.

Mr KENYON: As far as I am aware, the Liberal policy does not include elucidating how it will cut taxes. It does not elucidate what it will do with land tax. It is a review.

An honourable member interjecting:

Mr KENYON: You have a review; that is it. You come in with nothing, not a single bit—nothing, just a whinge. Time after time all we see from the Liberal opposition is whingeing, whining, carping, negativity, no positive policy, no outline and no detail about what they are going to do—just the usual standard rubbish.

Mr WILLIAMS (MacKillop) (12:01): I was not going to speak on this matter but I have heard some rubbish. The member for Mount Gambier on his last day in the parliament made an absolute doozy. The member for Mount Gambier and I entered the parliament at the same time. At the time neither us belonged to one of the major parties. I am rather proud of the fact that I rejoined the party with which I had been affiliated before and which matched my philosophical beliefs. The member for Mount Gambier did the opposite. He, in fact, decided to take the 30 pieces of silver. My price was much higher than his—much higher.

The DEPUTY SPEAKER: Order! Member for MacKillop, the minister has a point of order.

The Hon. A. KOUTSANTONIS: Take a seat, mate. The honourable member just said that the member for Mount Gambier took 30 pieces of silver—indicating bribery—to join the cabinet. I ask him to withdraw immediately.

The DEPUTY SPEAKER: The member for MacKillop, I think, knows that that is a reflection on the member for Mount Gambier, and I invite him to withdraw.

Mr WILLIAMS: Madam Deputy Speaker, if the member for Mount Gambier is offended by my referring to his taking 30 pieces of silver, I will withdraw. Notwithstanding that, Madam Deputy Speaker, the member for Mount Gambier suffered a 20 per cent swing against him at the last election. I think the people of Mount Gambier in a significant way showed their displeasure.

I recall the member for Mount Gambier coming in here and arguing a point about his wanting to live in a society, not an economy, because the previous government was motivated to move one public servant out of Mount Gambier. I remember a press release he put out at the time said that he would fight the removal of any public servant out of Mount Gambier because it was important for the local economy and that he wanted to live in a society, not an economy. More recently, he has been an ardent supporter of shared services, an ardent supporter—

The DEPUTY SPEAKER: Order! There is a point of order. The member for MacKillop will resume his seat.

The Hon. A. KOUTSANTONIS: My point of order is relevance. The motion talks to taxation levels. This is a personal attack on an individual member.

The DEPUTY SPEAKER: I do note that the motion does not refer to the member for Mount Gambier, and I ask the member for MacKillop to return to the topic of the motion.

Mr WILLIAMS: I certainly will, Madam Deputy Speaker. I just want to make sure that the speech of the member for Mount Gambier is referred to in its context. It was nothing more than a broad spray. I say to the house that the member for Newland tried to defend his government's position. I am delighted that the member for Newland wants to go to his people in Newland saying, 'I am proud to be part of a government that has taken this state to be the highest taxing state in the nation.' I think that is a great thing for him to say. That is a brave thing to say. 'We in the Labor Party are proud to be part of a government that has taken this to be the highest taxing state in the nation.'

The people in my electorate do not like the fact that they are taxed more highly than people in other states, and they particularly do not like it because the level of services they get out of the government is less than they would expect if they were living in another state, and therein lies the dilemma for this government. It has taken South Australia from a relatively competitive position to an uncompetitive position, and we have got nothing for it. If the member for Newland wants to know what our taxation policy is, what our monetary policy is and what our fiscal policy is, the reality is, member for Newland, that every time one of your ministers gets questioned about the level of services being provided by their agency they say, 'We're spending more money on this function than has ever been spent before.'

That is probably right, but it points to the problem—inefficiency. 'We spend more money but we still cannot get the services delivered.' That is the reason the people of South Australia will take the opportunity in a few months to elect a new government—a government that does have a vision, a government that is committed to running efficient service delivery and a government that will build infrastructure in the state and look towards the future. We will make sure that the state's economy is well-founded to move ahead into the future rather than run a government where, in every budget, the expenditure has blown out considerably and only been saved by unexpected increases in revenues. That is the reality of the last eight years of budgeting in South Australia. Every budget has blown out on the expenditure side, only to be saved by unexpected revenue gains. That is a fact that has been noted time and again by the Auditor-General. It is an irrefutable fact.

One of the things I would have expected over the last period if the state was being well managed, with the great increases in revenue that we have seen—a budget going from about \$8.23 billion, I think, to \$14.23 or \$14.24 billion, which is a significant increase in eight years—is that South Australia would have been able to build its total economy and position itself to take advantage of opportunities in other areas.

In the eight years that the Liberal Party managed this state, we took the state's exports from \$3 billion to \$9 billion. The state's exports today are still at around \$9 billion. The state has, indeed, been stagnant. That is why the government—relative to the other states of this nation—has increased the taxation rate. That is what we are talking about; increasing the taxation rate. The economy has been stagnant because the government has failed to take opportunities to build the underlying economy to drive up our exports like we did by increasing them dramatically during the 1990s to \$9 billion. They have stagnated ever since.

South Australia will only grow through export growth by getting dollars coming in from outside of the state to help us build, and that is an area where this government has really taken its eye off the ball. Unfortunately, we have seen export industries stagnate, if not die, across the state. For example, yesterday morning I attended a function at which I was told that labourers are being flown in to work on the desalination plant that is being built at Port Stanvac because the vast majority of the contracts have been given to interstate companies, and those companies are flying in labour from interstate to work here during the week and then flying them home, whilst companies here in South Australia are laying off staff.

That is the sort of thing where you are building in inefficiencies. If you are getting the tax dollars, you have to use them wisely. One of the ways to use them wisely would be to make sure that South Australian contractors are used in these major projects. If the member for Newland went out and spoke to any of the associations that represent contractors in any of the engineering or industry fields, he would very quickly be told that one of the flaws in the current South Australian economy is that there is very limited use by government of local contractors, particularly on major contracts. The major contracts are being taken up by interstate contractors. When these contractors are flying in unskilled labour, I think it is a disaster for the state.

I commend the deputy leader for bringing this motion to the house. I think this will be one of the key debates as we go forward. South Australians, unlike members of the government, are not proud to be the highest taxed taxpayers in the nation at the state level, because they certainly do not get results from that level of taxation. They are not getting efficient or good service delivery. They are not proud of it. We will represent them well and we will ensure that both taxation and service delivery is done efficiently and effectively in South Australia when we are elected by the people in March next year. I commend the motion to the house.

Motion negatived.