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Title:
New Revenue Measures Press Statement

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PRESS STATEMENT

FROM: THE PREMIER (MR. DUNSTAN)

SUBJECT: NEW REVENUE MEASURES.

Pr.D. 18/71 23/2/71.

"The aggregate deficit of the States has now moved from the \$36M. originally forecast to \$110M., which is more than three times as much," the Premier (Mr. Dunstan) said today.

He said, "This has serious implications for the future standards of all States' services since the Commonwealth has refused to make available any additional financial assistance even though State expenditures this year are already committed."

"Special assistance would have merely reduced deficits and would not have resulted in an adverse inflationary effect."

Mr. Dunstan said that South Australia's proportion of this total deficit, which occurred as a result of major wage and salary rises, was now some \$11½M.

"This is a drift from \$6½M. to \$11½M., which is much more satisfactory than the drift experienced by the other States."

"For instance, in the two States closest to South Australia in size of budget, Queensland's deficit moved from \$2.5M. to \$16.2M., and Western Australia's moved from \$2.5M. to \$10.7M."

Mr. Dunstan said that the situation South Australia was now placed in meant that it had to decide whether to cut essential services and recruitment of teachers and nurses, as Queensland said it would do, or insist on rigorous economies in such areas as public service staffing and non-essential works, together with introducing new limited revenue measures that will allow the State to continue to provide a full range of essential services.

"The revenue measures that the Government has therefore decided upon are as follows:

There will be a levy equal to 3 per cent of the gross revenues of the Electricity Trust.

Motor vehicle registration fees will be increased by 20 cents in the dollar, but with exemption to pensioners.

The tax on bookmakers turnover will be increased from 1.8 to 2 per cent.

A levy of between seven and eight cents on charges which are over the dollar from persons and authorities licensed to provide public entertainment will be applied.

There will be an increase of 5 cents on the fourth, fifth, eighth and ninth sections of tram and bus fares, with exemption to pensioners.

There will be an increase of railway passenger fares so that they are brought into line with bus and tram fares, with the pension concession remaining at 50% of the fare.

And also railways freight rates will be subject to a review by the Railways Commissioner.

And finally, an increase in valuations for water and sewer rating when they are below the full present day values, together with a 5 cent increase in the water rebate charge operative from the next financial year."

"These measures will give us about \$6,000,000 in a full year. But having regard to the fact that a full year's costs of new awards will add further costs, all States will have to expect continuing deficits."

Mr. Dunstan said that the new revenues would also mean that South Australia's taxes and charges would become reasonably comparable with those of Victoria and New South Wales, and would therefore maximise the help the State could expect from the Grants Commission.

"The Commission has already recommended that a special advance grant of \$5M. be paid and the Federal Government has accepted that recommendation."

"I expect that when the year's actual results are known we will be able to sustain a case before the Commission that a further Grant is justified."

Mr. Dunstan said that the proposed contribution by the Electricity Trust of 3 per cent of its gross revenues is similar to the levy applying in Victoria requiring such a contribution from the two public authorities responsible for the supply of electricity and gas.

"Victoria and Tasmania both levy entertainment taxes also, and the increased bookmakers' turnover tax from 1.8 to 2 per cent was designed to offset to some extent the high level of gambling tax gathered in the two Grants Commission standard States of Victoria and New South Wales."

Mr. Dunstan said that he felt sure that South Australians would agree that the State should not be stamped into a programme of cutting and slashing services which would leave its sick untended and its children untaught.

"Last year's Budget was a cautious one and by controlled expenditure and wise spending the deficit in South Australia is now much easier to handle."

"However, all Australian States will continue to be in trouble until the Federal Government takes the proper responsible action in establishing proper national economic strategic planning and policies that refrain from making the States pay for Federal shortsightedness."
