

Legislative Council

Wednesday, 13 December, 1978

Cognate Government Insurance Bills (first reading)—Precedence of **Business**—Electricity Development (Amendment) Bill (third reading)—Metric Conversion (Amendment) Bill (third reading)—Nurses Registration (Amendment) Bill (third reading)—Cognate Sporting Injuries Bills (third reading)—Cognate Trotting Authority Bills (third reading)—Questions without Notice—Cognate Stamp Duties Bills (second reading)—Cognate Superannuation Bills (first reading)—Constitutional Powers (New South Wales) Bill (second reading)—Gaming and Betting (Greyhound Racing Control Board) Further Amendment Bill (second reading)—Police Regulation (Priority Lists and Appeals) Amendment Bill (first reading)—Police Regulation (Superannuation) Amendment Bill (first reading)—Cognate Superannuation Bills (second reading)—Meat Industry (Further Amendment) Bill (first reading)—Wheat Industry Stabilization (Amendment) Bill (first reading)—Totalizator (Amendment) Bill (first reading)—Police Regulation (Superannuation) Amendment Bill (second reading)—Police Regulation (Priority Lists and Appeals) Amendment Bill (second reading)—Cognate Government Insurance Bills (second reading)—Public Hospitals (United Dental Hospital of Sydney) Amendment Bill (No. 2) (first reading)—Mines Inspection (Amendment) Bill (first reading)—Totalizator (Amendment) Bill (second reading)—Education (Amendment) Bill (second reading)—National Parks and Wildlife (Adjustment of Areas) Bill (first reading)—Public Hospitals (United Dental Hospital of Sydney) Amendment Bill (No. 2) (second reading)—Special Adjournment.

The President took the chair at 2.30 p.m.

The Prayer was read.

GOVERNMENT INSURANCE (AMENDMENT) BILL

STATUTORY AND OTHER OFFICES REMUNERATION (GOVERNMENT INSURANCE) AMENDMENT BILL

Bills received from the Legislative Assembly.

Suspension of Standing Orders

Suspension of so much of the standing orders as would preclude these bills being considered simultaneously, except in Committee, agreed to on motion (by consent) by the Hon. J. R. Hallam on behalf of the Hon. D. P. Landa.

First Reading

Bills read a **first** time, and ordered to be printed, on motions by the Hon. J. R. **Hallam**.

Suspension of Standing Orders

Suspension of certain standing orders agreed to on motion by the Hon. J. R. **Hallam** on behalf of the Hon. D. P. Landa.

PRECEDENCE OF BUSINESS

Motion (by the Hon. D. P. Landa) agreed to:

That on Thursday, 14 December, 1978, Government business **shall** take precedence of general business.

ELECTRICITY DEVELOPMENT (AMENDMENT) BILL

Third Reading

Bill read a third time, and returned to the Legislative Assembly without amendment, on motions by the Hon. D. P. Landa.

METRIC CONVERSION (AMENDMENT) BILL

Third Reading

Bill read a third time, and returned to the Legislative Assembly without amendment, on motions by the Hon. D. P. Landa.

NURSES REGISTRATION (AMENDMENT) BILL

Third Reading

Bill read a third time, and returned to the Legislative Assembly without amendment, on motions by the Hon. J. R. **Hallam**.

SPORTING INJURIES INSURANCE BILL

WORKERS' COMPENSATION (SPORTING INJURIES) AMENDMENT BILL

Third Reading

Bills read a third time, on motion by the Hon. D. P. Landa.

Sporting Injuries Insurance Bill returned to the Legislative Assembly with amendments, and Workers' Compensation (Sporting Injuries) Amendment Bill returned to the Legislative Assembly without amendment, on motion by the Hon. D. P. Landa.

TROTting AUTHORITY (AMENDMENT) BILL
DEFAMATION (TROTting AUTHORITY) AMENDMENT BILL

Third Reading

Bills read a third time, and returned to the Legislative Assembly without amendment, on motions by the Hon. J. R. **Hallam**.

QUESTIONS WITHOUT NOTICE

SOCIAL WELFARE LEGISLATION

The Hon. VIOLET LLOYD: I ask the Minister for Planning and Environment and Vice-President of the Executive Council whether reference was made in the Governor's Speech on 15th August, 1978, to the introduction during this Parliament of an Adoption of Children Bill and a Community Welfare Bill. Did the Premier say that a **green** paper on the legislation would be tabled before Christmas, that honourable members would have an opportunity during the Christmas recess to consider the matter, and that the bills would be debated in February next, two months after the presentation of the green paper? Has the green paper yet been tabled? If not, and in view of the widespread interest among community organizations and women's organizations in the measures, will the Minister assure the House that when the bills are introduced a period longer than two months will be allowed for public consideration of them?

The Hon. D. P. LANDA: I shall refer the question asked by the Hon. Violet Lloyd to the responsible Minister in another place. When I have been advised by him I shall give the honourable member a further reply.

ELECTRICITY SUPPLY SYSTEM

The Hon. N. M. ORR: My question without notice is directed to the Minister for Planning and Environment and Vice-President of the Executive Council. Is the Minister aware that as a result of operations of the newly created State Electricity Commission of Queensland the number of supply authorities in that State has been reduced to seven and that a substantial degree of rationalization and tariff standardization has already been achieved? Is the Minister aware that the number of individual retail **tariffs** operating in Queensland has been greatly reduced and that the retail cost of power to consumers in the western areas of the State has already been reduced by 25 per cent? Is it a fact that in New South Wales there are thirty-nine separate supply authorities and that consumer tariffs differ widely among them, with some as much as 40 per cent more than the Sydney metropolitan tariff? Does the Minister agree that rationalization of the electricity supply system is overdue in this State? If so, will he urge upon his colleague in another place the desirability of moving rapidly towards a similar type of distribution system to the one that now applies in Queensland?

The Hon. D. P. LANDA: I know that the matters raised by the Hon. N. M. Orr are being studied by my colleague the Minister for Industrial Relations, Minister for Technology and Minister for Energy. I know also that discussion of the rationalization of the electricity supply system is continuing. The Government will certainly be looking at the Queensland model to see whether any cost savings could be made by following it. The Government would be eager to implement any scheme in respect of which such cost savings could be demonstrated. It does not follow automatically that anything claimed to have been done in Queensland would work in New South Wales. At the moment Queensland is having enough difficulty with democracy, let alone anything else.

STAMP DUTIES (AMENDMENT) BILL
COMPANIES (DEATH DUTIES) AMENDMENT BILL

Second Reading

The Hon. D. P. LANDA (Minister for Planning and Environment and Vice-President of the Executive Council) [2.50]: I move:

That these bills be now read a second time.

The main objective of the bills is to reduce death duty by one-third. This is the first stage of the Government's programme to abolish death duty progressively over the next three years. Other measures proposed in the bills are to increase the general death duty exemption to \$10,000, to close two loopholes in the stamp duty legislation and to extend the time allowed for lodgement of appeals. In its first Budget, this Government took a major step in easing the burden of death duty by completely exempting all property passing to the surviving spouse. The exemption took effect in December, 1976, and implemented our 1976 election undertaking. In the 1978 Budget Speech, the Government announced that it would totally abolish death duty over a three year period, with the duty to be entirely removed as from 1st January, 1981. It was necessary to consider how best this might be done, having regard to the many representations received to provide relief to the various classes of beneficiaries. Regard also had to be had to the overall budgetary situation.

After carefully considering all the alternatives, it was concluded that the most appropriate course of action, taking into account all factors, would be to provide a progressive reduction on a proportionate basis in respect of all estates. This will ensure an immediate benefit to all beneficiaries and cushion the impact over the next three budgets. The bills provide for a reduction of one-third in the death duty assessed on estates of persons who die on or after 1st January, 1979. Legislation providing for the second and third stages of the Government's three year programme for the abolition of death duties will be introduced in the 1979 and 1980 Budget sessions. This is consistent with the practice followed in respect of other State taxes. The concession will apply to all estates, irrespective of domicile or the relationship of the beneficiary to the deceased. It will also apply to duties levied under the Companies (Death Duties) Act. That Act was introduced in 1899 to ensure that death duty was paid on shares owned by persons domiciled outside New South Wales who held shares in mining, timber and pastoral companies which were operating in New South Wales but were not registered in this State. If the shareholding was included in the assets of an estate on which death duty had been levied under the Stamp Duties Act, no duty was charged under the Companies (Death Duties) Act.

The cost to revenue of the first year's reduction is estimated to be roundly \$30 million. However, because of the normal time lag between the death of a person and the issue of a death duty assessment and ultimate receipt of the duty, there will be very little cost in 1978-79. The Government has been aware that the general exemption level for deceased estates of persons domiciled in this State has not been raised in many years. It has been decided to raise from \$2,000 to \$10,000 the amount on which death duty first becomes payable. Provision has been made to give effect to this decision in regard to estates of deceased persons dying on or after 1st January, 1979. It is estimated that some 3,500 estates will benefit from this measure at an annual cost to revenue of approximately \$1¼ million.

The measures relating to death duty are covered in schedule 1 and schedule 2 item (4). Schedule 1 inserts a new section 123A to provide that notwithstanding any other provision of this part of the Act, the amount of death duty payable in respect of

the final balance of the estate of a person who dies on or after 1st January, 1979, shall be two-thirds of the amount of death duty that would, but for this section, be payable under the Act. Schedule 2 item (4) provides for the increase in the general exemption from \$2,000 to \$10,000 in respect of persons who die on or after 1st January, 1979, and were domiciled in New South Wales.

Apart from the reduction of death duties the Stamp Duties (Amendment) Bill deals with two tax avoidance schemes in the stamp duty area and a machinery matter relating to appeals. First, it is proposed to amend the Stamp Duties Act to eliminate the practice known as contract splitting. The stamp duty on conveyances is levied on a sliding scale with the highest rate of duty \$2.50 per \$100 applicable to contracts in excess of \$250,000. The practice has developed whereby a purchaser of a property, with the co-operation of the vendor, enters into several contracts for portions of the property and has each contract separately stamped. With the sliding scale of ad **valorem** duty rates which applies to sale transactions, the effect is to reduce considerably the duty that would have been paid if one agreement evidenced the transaction. It is estimated that duty amounting to at least \$1 million per annum is being lost as a result of the use of this device, which is becoming increasingly widespread. As an example of how this device is being used, I understand that in one recent case 72 contracts were entered into for the one transaction, resulting in a saving in duty of \$17,000 for the purchaser; in other words, a revenue loss of \$17,000.

To overcome this situation section 41 of the principal Act is to be amended by adding new subsections (3A) to (3D). These provide that where two or more agreements relating to the one transaction are entered into between the same parties and are executed within twelve months of each other they are to be regarded as the one transaction for stamp duty purposes. The amendment confers on the commissioner the discretion to exclude certain agreements from the new provisions where he considers that circumstances so warrant, as well as requiring disclosure to him of the total consideration involved by any person engaged in the preparation of such agreements. Items (1) and (2) of schedule 2 of the bill contain the new provisions which will operate from the date of assent to the legislation. The situation could arise where, in a series of contracts, some may be drawn up before the date of commencement of the amendment and some subsequent to that date. To cover this situation schedule 3 sets out special provisions to aggregate only those contracts executed after the **date of commencement**. Though tax avoidance is considered by some people to be fair game **I** cannot deplore too strongly the abuse of a provision in the Act intended to cushion the impact of stamp duty on smaller property transactions. I am sure **honourable** members will support the amendment.

The second revenue avoidance problem arises as a result of the recent High Court decision in *Finemore's* case. In that case, the court ruled that, in view of the terms of section 92 of the Constitution which provides for free trade between the States, stamp duty could not be charged on certificates of registration of vehicles used solely for interstate trade. Stamp duty is payable at the rate of \$2 per \$100 of **purchase price** on new and transferred certificates of registration and in respect of the road **haulage** industry the duty will now be applicable only to vehicles used in intrastate trade. Section 84G (1) of the Act excludes from duty a new registration certificate in the name of **the person** who is already the registered owner of the vehicle. The subsection was **included** to avoid a second charge being incurred when for some reason a second certificate of **registration** had to be issued. The result is that a road **haulier** can register his vehicle for interstate use without incurring a duty charge and subsequently transfer it for use within the State, again without becoming liable for any duty. As well as depriving the

State of revenue, this scheme is also unfair to those hauliers who originally registered their vehicles for intrastate use and consequently have paid stamp duty on the registration certificate.

Item (3) of schedule 2 contains provisions designed to overcome the problem. I should stress that Victoria has also taken steps to close the loophole. The effect of the amendment is that only those certificates of registration on which duty has been paid in the present owner's name, either in New South Wales or in any other State or territory of the Commonwealth, will be exempt from duty. As a result of this, duty will be incurred by truckowners who have initially registered a vehicle for interstate use upon the transfer of the vehicle to intrastate use. The amendment will also remove an anomaly whereby vehicles can be registered in the Australian Capital Territory, where this form of duty does not exist, and then be transferred to New South Wales without incurring a duty charge.

The final amendment, which is of a machinery nature only, is contained in item (5) of schedule 2. There is a provision in the Act which allows a person dissatisfied with the commissioner's assessment to lodge an objection against the assessment. One of the requirements is that the appellant must commence court proceedings within seven days after receiving a stated case from the commissioner. Representations have been received from the legal fraternity to the effect that the time limit imposed is too restrictive. After considering these representations it has been decided to extend the period to twenty-eight days. I commend these bills to the House.

The Hon. M. F. **WILLIS** (Leader of the Opposition) [2.57]: The Opposition's view of these bills is that they provide too little too late. In this regard I propose to address my remarks to those aspects of the bills that deal with death duties. In that regard the bills are conceived in hypocrisy and hatched in the incubator of political expediency. This tentative approach by the Government to the abolition of death duties in this State is doing no more than perpetuating a pre-election gimmick. The entire approach of this Government to the question of probate relief is one of consummate hypocritical pretence. Let me demonstrate. The statements made by the Leader of the Government in this House during the debate on the Stamp Duties Bill two years ago underscored in no uncertain manner the depth of the hypocrisy surrounding this piece of legislation in regard to death duties. What the Government is tentatively attempting now is what the Opposition attempted to do for it two years ago in a much more timely and worthwhile manner. At that time the Government rejected out of hand any approach for the complete abolition of death duties. In fact it tried to cast its **taxgathering** net into almost unbelievable waters in its zealous pursuit of wealth redistribution.

In its infamous Schedule **II** of the 1976 bill the Government sought to inflict upon the citizens of this State one of the most authoritarian, reckless, oppressive and complex pieces of legislation ever devised. It was aimed primarily at plundering and harassing citizens who had prudently organized their affairs in complete conformity with the law. What is more, they sought to do it retrospectively and punitively. Fortunately, the actions of the Opposition at that time prevented the passage of that **iniquitous** piece of legislation. Through the dragnet provisions of Schedule **II** of that bill, the Government attempted to squeeze what it thought would be millions of extra dollars from the citizens of this State at the very time when our next door neighbours in Queensland were legislating to abolish probate duty. It saw the light, and pursuant to its pre-election gimmick, the Government is hypocritically toying with abolition while people, assets and employment-creating investments continue to flow from this State to Queensland.

This is exactly what the Opposition foresaw two years ago when it tried to urge on the Government complete abolition of death duties—a proposition which the Government unwisely rejected. The result has been an increasing outflow of population, investment and commercial enterprise from this State to the duty-free haven of Queensland. The Government refused to concede two years ago that the main beneficiary of its persistence with death duties, particularly the heartless provisions it included in schedule II of the 1976 bill, would be the State of Queensland. It refused to acknowledge that the decision of the Queensland Government to abolish death duties had created an entirely new ball game, and that no State, particularly the neighbouring State of New South Wales, could afford to stand back and refuse to follow suit. It refused to see at that time that the longer this State delayed in this regard, the more the State of Queensland would benefit from our tardiness.

When the Opposition put forward its proposal that all death duties cease as from 1st July, 1977, the Government ridiculed and condemned the proposition out of hand. Members opposite, and particularly the leader of the Government in this House, accused the Opposition of trying to gain some political mileage by proposing such a course. In moving the amendment to the Government's 1976 bill, the then Leader of the Opposition, Sir John Fuller, said it was being put forward as a practical solution to the great problem facing New South Wales as a result of actions being taken by other States.

In another place the Deputy Leader of the Opposition warned that there was no alternative left to any government in New South Wales, of whatever political persuasion, but to abolish death duties if it wished to retain the State's economic stability, its investment capacity and its commercial and industrial capacity, with all its implications for maintaining and increasing job opportunities. The attitude of the Minister for Planning and Environment in this House was exemplified in his statement that the Government would not be dictated to by what occurred in Queensland. He said:

We shall not be dictated to by a short-sighted grab for some financial advantage, to the detriment of the other States, by a sectional State interest resting in the mind of Joh Bjelke-Petersen. We shall not be dictated to by the Opposition parties in this House or in the other Chamber.

If there was any short-sighted action afoot on that occasion, it was surely the short-sighted attitude of the Minister. This short-sightedness has already cost this State dearly while our northern neighbours have been basking in an era of prosperity. One only has to look at the comparative movement of real estate values applying here and in southern Queensland during the last two years to appreciate how short-sighted the Minister and the Government he represents have been. I have personal knowledge of six people who sold out in this State and took between them about \$2 million, bought houses on the Gold Coast of Queensland and put the rest of their money into building societies in that State. Previously it was in investments and building societies in New South Wales. Any lawyer or accountant would know of six or sixty similar cases, depending on the ramifications of his interests.

I have given concrete examples of how capital has moved from New South Wales to Queensland because of the Queensland Government's abolition of death duties while this Government persisted, despite the cries of the Opposition, in following suit. As an eleventh hour act of atonement, almost, this Government submits a bill to reduce death duties by one-third. Miraculously it discovered just before the last State elections that the abolition of death duties, even though contrary to Labor Party philosophy, was a good idea after all. Therefore, it came up with a nice public relations exercise, for election purposes, to abolish those charges one-third at a time over three years. But the damage has been done and will continue. The Government

of this State apparently is prepared to surrender the economic interests of all sections of the community to the sacredness of their party philosophy and long-prevailing passion that all people must be reduced to a common denominator. They believe that growth in New South Wales must be subordinated and placed in jeopardy in the interests of preserving party philosophical passions about inheritance.

Other Governments are following hot on the heels of Queensland. The Commonwealth Government is abolishing death and gift duties. The Victorian and Western Australian Governments have indicated action in this direction. However, the Government of New South Wales, as usual, is dragging the chain, and is tinkering at the problem and is splitting straws while they can investigate and concoct a form of wealth tax to supplant death duties. To abolish death duties at the rate of one-third at a time is nothing more than a political public relations exercise. Every year at about this time the Government will be able to make great play of the fact that it is abolishing this impost. It will be an annual performance for the next few years.

I suggest that the only reason why this bill is before Parliament now is that the Labor Party in this State has realized that death duties represent an inefficient way of achieving its ultimate objective of equalizing wealth throughout the community. Fortunately for them, that happened to coincide with the public relations exercise that I described. In the Labor Party's formative years probate or death duties—call it what you will—was seen as the ideal instrument to destroy the influence of inherited wealth and hasten the party's objective of social equalization.

In this State probate duty dates back to 1880. It was consolidated under the Stamp Duties Act of 1920. In the neighbouring State of Queensland it dates back to 1892, when it had the ardent support of the Labor Party. In 1914 the Fisher federal Labor Government extended the ever-probing tentacles of the probate tax-gatherer to the federal sphere when it passed the Estate Duty Assessment Act. When introducing the bill into the federal Parliament the Prime Minister of the day, Andrew Fisher, made it clear it was not just a temporary wartime tax. He is recorded in *Hansard* as saying:

We admit that the proposal means the super-imposition of a heavy tax on top of State taxation, but it is a class of taxation to which no one can object. One has to question whether the accumulation of wealth or large assets is beneficial to the country.

Then he piously went on to say: "Or even to the people who inherit them." It is obvious that this obsession about inherited wealth has persisted throughout the ranks of the Labor Party right up to the present time despite the fact that many wealthy people in the past have belonged to the Labor Party, unashamedly espousing its philosophy in this regard while accumulating vast wealth themselves. As I said a moment ago, the Labor Party has long viewed death duties as the great equalizer. It is only in recent years that the realization has dawned that the system has not been as efficient as the Labor Party—particularly the left wing of that party—would have liked. Also it is a tax which the community fears and abhors. I challenge any honourable member to go out into the streets and find a woman who, since she was a girl, has not been inculcated with the fear of death duties when her husband dies. Any lawyer and accountant will tell you that the great concern of their female clients is about what they will have to pay when their husbands die.

The Hon. D. P. Landa: The great bulk of people do not have to pay anything.

The Hon. M. F. WILLIS: I appreciate that. One half of the community—the female half—have a longstanding and inbuilt abhorrence of the whole concept of death duties. Before I was interrupted I was saying that it is only in recent years that the

realization has dawned on the Labor Party that the system of probate duties has not been as effective or efficient as it would have liked as a method to equalize wealth. So we now have this hypocritical pretence of relieving the financial burden of death duties while a much more diabolical tax dragnet can be fashioned to supplant what is now regarded as an inefficient equalizer of wealth. It is interesting to note that in its 1973 report the Labor-dominated Senate standing committee on finance and government operations indicated that current probate laws were not as effective as they might be in achieving the beloved aim of the Labor Party—the common denominator. The Leader of the Government in this Chamber echoed similar statements during the debate on the 1976 Stamp Duties (Amendment) Bill when he said:

Death duties are an inefficient way of dealing with the problem of the great injustice of inherited wealth. Inherited wealth enables a person at birth to be differentiated from his fellow men and women, particularly if it be great or even significant inherited wealth, by giving them a considerable advantage over their fellows.

The Minister went on to say that increasing advantage was being taken of tax avoidance schemes, and that a far better method of achieving the Labor Party objective would be what was variously called an asset tax or a wealth tax, whereby people paid tax during their lifetime on the accumulation of assets.

The Hon. D. P. Landa: Are you quoting me?

The Hon. M. F. WILLIS: You said that in this debate. To press home his philosophical beliefs in this regard—beliefs which he claimed were those of all Labor Party adherents—he continued in this strain:

The Hon. D. D. Freeman must be one of the school that believes that the right to pass on inherited wealth takes primacy over the right of man to commence life on an equal footing, not inheriting wealth to advantage him over his fellow members of society.

I am talking now about the philosophical arguments about death duties. The Hon. Delcia Kite is one, and I am another, who opposes the view that it is to society's benefit that wealth be passed from father to son.

I still have not seen copies of their wills. A little later the Minister claimed that death duties were an inefficient method of dealing with inherited wealth. In the debate of 25th November, 1976, he went on to say:

Obviously the Deputy Leader of the Opposition cannot grasp the understanding of those who see death duties as they now operate—as **not** achieving the philosophical importance envisaged by those who have opposition to inherited wealth.

More recently the Labor Party's federal shadow treasurer, Mr Willis, advocated the formulation of a new and radical plan for the redistribution of power and wealth. Heaven help us if he ever becomes federal Treasurer. Delivering the keynote address to the international conference of Labor economists in Brisbane on 30th June—what a receptive audience he had—the party's shadow treasurer said that if the Australian Labor Party wished to see Australia become a democratic socialist State, it must start immediately to develop "primary redistributive policies".

Even more recently the Labor Attorney-General of South Australia, Mr Peter Duncan, told an Australian Labor Party function in Brisbane that the Labor Party would support the introduction of a wealth tax and an increase in public ownership of business enterprises. He advocated a national plan whereby progressive taxation would be used as a lever to redistribute wealth.

I think I have quoted sufficient sources to demonstrate that the bill before the House is but the first instalment of a gigantic deception and fraud on the people of this State. If the Government were sincere in its desire to relieve the community of the burden of death duties, and if it were sincere in protecting this State against the outflow of capital and business expertise to Queensland, it would grasp the nettle and eliminate probate taxes in one fell swoop, as was proposed by the Opposition two years ago. The argument that the State's budgetary position would be undermined or even greatly affected by immediate complete abolition does not hold water when one considers that expected revenue from that source is about only 3 per cent of the State's total revenue. In fact, it is virtually peanuts when compared with the hundreds of millions of dollars the Government has been salting away in interest-earning bank deposits.

The truth of the matter is that the abolition of death duties was elevated in the Labor Party's platform priorities purely as election bait. Now the party needs time to devise, refine and perfect the alternative tax to supersede death duties. While this is being done, the Government plans over a period of three years to get rid of death duties on the instalment plan. By then I forecast that legislation will be ready to impose in this State an assets tax or a wealth tax that will be far more effective as a socialist equaliser than death duties as they have applied over the years.

People who currently see death duties as a regressive form of taxation and a form of taxation calculated to destroy personal initiative and family endeavour, will be appalled when they finally have a chance to comprehend the confiscatory ramifications of Labor's alternative tax. They will then fully appreciate what I am putting on record now; that is, that this bill is the first instalment of the greatest hoax ever attempted on a credulous electorate. They will realize that it is nothing more than a necessary prelude to the most deadly assault ever mounted in this country against personal and family enterprise. It will be an assault that will have only one major objective—the complete destruction of family inheritance and the reduction of all members of the community to the common denominator.

In my speech to this House on the Appropriation Bill I challenged the Minister to come clean in his reply and to admit that the promise to abolish death duties was nothing more than an election gimmick, and that as death duties were abolished they would be supplanted by a wealth tax that would be far more embracing and far more pernicious in its application than death duties. It was highly significant that the Minister chose to maintain a complete silence on that matter when he replied. He made no attempt to answer my challenge or to refer to the matter in any way. It is unlike the Minister to be reticent when a challenge on a matter of such great philosophical importance is made.

The Hon. D. P. Landa: Enlighten me about it.

The Hon. M. F. WILLIS: I should like to hear what the Minister has to say. In case his failure to reply was due to some great oversight on his part, I again challenge him to come clean in his reply today and tell the House and the public generally that what I have claimed to be the Government's ultimate objective is wrong and that the Government does not intend to supplant probate duty with a wealth tax that will be far more onerous and devastating in its application than probate duty has ever been. If the Minister fails to answer my challenge, it will be because what I suggest is true, and I should be more than happy to spread that news as far and wide as I can to the public generally so that they may judge the Minister's ultimate credibility.

The ball is now in the Government's court. It must either reassure the people of this State that they are not being taken for a ride on the issue of death duties, or it must come clean and tell the truth. It must say just what it is contemplating for fulfilment of the Labor Party's philosophical dream of all people being born equal. If the Government claims to be genuine about relieving the community of the debilitating burden of death duties, members of the Opposition suggest that it withdraw the bill and replace it with a measure providing for the complete abolition of death duties, as has been done in Queensland, or at the very least fulfil its election promise now and provide in the one measure not only for stage 1 of the abolition of probate duty but also for stages 2 and 3. That would save the Government the embarrassment of a debate similar to this next year. It would certainly save the Government's public relations machine the expense of projecting on two further occasions the Government's approach to this matter and how wonderful the Government has been in dealing with death duties.

The Hon. W. L. LANGE [3.22]: The bill is in line with the policy of the Opposition parties except that at this stage it does not go as far as we should like. Essentially the bill will reduce death duties on all estates by one-third, and not only on the estates of persons who are domiciled in New South Wales. In this respect it differs from the legislation in Queensland and Victoria under which concessions are given only on the estates of persons who are domiciled in those States. The Government of New South Wales has gone further than that, even though it is limiting the concessions at the moment to one-third. It is pleasing to see that at long last there is to be some relief from death duty generally. Death duty has been the most unpopular form of tax, regardless of one's philosophical attitude to it. Those who have had to pay it have regarded it as a most unfortunate tax, particularly as it comes at the worst time in a family's life, usually on the death of the breadwinner. New South Wales has been the only State over the years to levy death duties on life interests. Where the income from the State has been left to a person as a life interest, only in New South Wales has death duty been levied on that life interest following the death of the person who held it. Despite efforts over the years to have that anomaly corrected, the provision was not waived.

Members of the Opposition are consistent in their attitude to death duties. They have said consistently that death duties ought to be abolished as soon as possible. The Government has done a complete about-face; this is obvious from a consideration of schedule 2 of the 1976 bill. It is appropriate to remind ourselves of some of the iniquitous provisions of that schedule. Proposed section 137, which was set out in the 1976 measure, was symptomatic of the Labor Party's attitude to death duties at that time, and perhaps of its future attitude. The bill provided that every contract, agreement or arrangement made or entered into orally or in writing, whether before or after the date of assent to the Stamp Duties (Amendment) Bill, 1976, so far as it had or purported to have the effect in any way directly or indirectly of relieving any person from liability to pay any death duty or file any statement, was to be absolutely void for the purposes of that legislation or in regard to any proceeding taken under it.

That was the worst feature of the bill, because even if persons had paid gift duty on gifts properly made, proposed section 137 would have caught those gifts. That provision, after all, was the one that concerned many people in New South Wales. Even though they might have planned their estates properly and paid gift duty as required, they would have been caught by that most unfortunate provision. I

remind the Minister that on that occasion he demonstrated the clear difference between those who sit on the Opposition benches and those who support the Government. The Minister said:

This debate has been long and at times bitter, but certainly it has demonstrated clearly, the difference, the tremendous difference, that exists between the commitment of the Government and the commitment of the Opposition.

There is no doubt that the Government's attitude in those days was exemplified by proposed section 137, and the Minister's attitude, which he spelt out clearly when speaking on behalf of the Government, exemplified the tremendous gulf that exists between the commitment of the Government and the commitment of the Opposition.

It is pleasing that at long last the Government has become aware of the folly of its ways in that regard. We hope that in future there will be no attempt to swing back to death duties or to impose an assets tax or a wealth tax. If there is to be any form of capital tax, a capital gains tax is much to be preferred. A wealth tax, an assets tax or death duties, unlike a capital gains tax, are not paid when the gain is realized. A wealth tax or an assets tax must be paid regardless of whether there has been an increase in assets or whether there has been any income.

[Interruption]

The Hon. W. L. LANGE: If it is a wealth tax, it is paid on a person's net worth regardless of whether that worth increases or decreases. If there is to be any form of capital tax, I believe that the only fair one would be a capital gains tax. Largely, that possibility has been taken care of by section 26AAA of the federal Government's new income tax legislation, which provides that any assets sold within a period of twelve months are subject to income tax. So, gains that would otherwise be capital gains are subject to income tax anyway.

Other States and the Commonwealth are falling into line with Queensland in devising methods of abolishing death duties. In the federal sphere, in respect of a person who dies on or after 21st November, 1977, estate duty is not payable on property passing to a surviving spouse, child or parent, nor is any federal gift duty payable on a gift made on or after that date to a spouse, child or parent.

Since then the federal Treasurer, the Hon. J. W. Howard, has recently announced that the Government will abolish all gift and death duty on estates of people dying on or after 1st July, 1979. So New South Wales is now well behind the federal situation. In Victoria, for people dying on or after 1st October, 1976, no duty is payable on any part of the estate passing to the surviving spouse. The exemption has been extended to include any part of the estate passing to children of a person who dies on or after 1st January, 1978. Gift duty is still levied on amounts over \$10,000. In Queensland from 1st January, 1977, both State death duty and gift duty were abolished in all cases where the person deceased was domiciled in Queensland. In South Australia since 1st July, 1976, no duty has been payable on property passing to the surviving spouse. In Western Australia, for deaths on or after 1st July, 1977, no duty is payable on property passing to the surviving spouse. In Tasmania, since 30th November, 1977, no duty is payable on property passing to the surviving spouse. In New South Wales one-third of the death duty payable is to be removed from 1st January, 1979.

The Leader of the Opposition, in speaking to these bills, referred to the diminution in the importance of death duty as a percentage of total State revenue. Ten years ago it was 8 per cent of the total revenue and raised \$48 million out of a total of \$615 million. Now the State has a revenue of \$3,296 million and death duties are \$96 million,

or 2.8 per cent. So it is now a much smaller percentage of the total revenue. That has enabled the Government to make moves in this regard. With the lag in collection of revenue there will of course be significant collections of revenue in the next two or three years. It is unfortunate that the figures recorded in the Stamp Duties Office do not show the amount of duty assessed but uncollected at any particular time. I am sure it would have helped planning if at any stage we had been able to ascertain the amount of death duties owing.

Death duties have always been a particular bugbear for rural people. They have always fallen hardest on the rural section of the community. Rural industry is capital intensive and requires large values in terms of assets to be owned in order to earn income. Some years ago a study was done in South Australia by the University of Adelaide which showed that rural families in that State paid 50 per cent of the total death duties but represented only 6 per cent of the taxpaying population. That showed how inequitably the tax fell on a small section of the community. Similar figures exist in most States of Australia, where death duties have fallen hardest on the rural sector.

Despite considerable inflation over the years and increases in property values, virtually no adjustment has been made to the rate of duty for many years. As a result of the big increase in property values, the proportion of the property paid out in death duty has increased. I shall give a couple of actual examples. A property that had a valuation of \$36,750 in 1951 paid 8 per cent of that value in death duties. By 1968 the valuation of that property had increased to \$132,000—almost four times as much. Income of course is not relative to that. But from 8 per cent of the value of the estate in 1951, death duties in 1968 ended up at 20 per cent. That big anomaly has arisen from the fact that there has been no adjustment to the rates of duty, despite the fact that there were supposed to be primary production concessions, which in fact benefited very few people. The rates should have been adjusted long before this. One of the unfortunate anomalies in death duties concerns people who live in border areas and have assets in two States. The anomaly arises because duty is payable in both States. Although there are now anomalies in this regard, no attempt has been made to overcome them. It is a pity that the States could not get together to overcome this problem.

The Hon. D. P. Landa: We have overcome it partially by not making the estate exclusively domiciled.

The Hon. W. L. LANGE: That is right. That is certainly a proper move. I should have preferred this Government to have come to an agreement with the other States that all the assets would be assessed in one State or the other. But let us look on the bright side. At least death duties are now being abolished altogether and we hope that the Government will honour its promise in this regard.

Death duty has always been regarded—especially in the early stages—as a wealth tax and a means of redistributing wealth in the community. An interesting article on this topic in the *National Times* of 30th September, 1978, showed the distribution of wealth in Australia and how it has been changed over the years since 1915. In 1915, 1 per cent of the population had 39 per cent of the country's total assets. Now the top 1 per cent has only 9 per cent of the country's assets. Breaking down the figures a little more one finds that in 1915 the top 20 per cent of the population had 90 per cent of the wealth in this country. Today the top 20 per cent has 53 per cent of the wealth. So there has been a significant change in the distribution of wealth in this country. For that reason I believe that death duties as a social tax are no longer valid for there has been a considerable change in the distribution of assets throughout Australia. In 1977 the top 60 per cent of the population had 90 per cent

of the assets. That is spread between what is called in the article the third quintile—that is 20 per cent—who have 15 per cent, the fourth quintile who have 22 per cent, and the fifth quintile who have 53 per cent. There has been a significant change since the early days of this century and I do not believe there is any longer any validity in death duties as a social tax to achieve the redistribution of wealth.

Certainly the Queensland move precipitated the action of the New South Wales Government. I consider the Minister for Planning and Environment was disparaging when he said that that move had no effect on the decision of the New South Wales Government. I believe it certainly had an effect on the decision to move to abolish death duties. Sir Bruce Small was reported in the *Daily Telegraph* in January 1977 as saying that the abolition of death duties would cost Queensland \$25 million a year but would set back New South Wales \$390 million. In commenting on the movement of investment to Queensland he said that though that State would lose a small amount of revenue it would certainly gain significantly in terms of increased investment, and that has certainly taken place. I believe the fact that New South Wales has moved toward abolition will arrest that trend to some extent, but certainly this State has lost many residents and a good deal of capital to Queensland that need not have been lost if the Government had moved sooner on this issue.

The Hon. H. B. French: What sort of investment is moving out?

The Hon. W. L. LANGE: It is simply cash that is moving out. People are selling up in New South Wales and moving to other States.

The Hon. H. B. French: Investment in what?

The Hon. W. L. LANGE: Housing would be the principal loss to New South Wales, but people have been selling rural properties here. Manufacturers who might otherwise have come here have also set up in Queensland. They are particularly small manufacturers, not substantial ones. But there is no doubt that New South Wales has lost by being tardy in this regard. An article in the *Sunday Telegraph* in March 1977 said that thousands of people in New South Wales are packing their bags and moving to other States. It said also that Sydney alone is losing people at the rate of 40 000 a year. They are people whom we cannot afford to lose. For the most part they are people who possess a great deal of initiative. We are not only losing the assets that they are taking with them; we are also losing people of initiative from this State.

Generally the Opposition supports the Government's move. It is unfortunate that it did not agree to the Opposition's original amendments and act much sooner. It could well have done this in terms of budgetary costs, but at least at long last it is a move to abolish death duties which will be welcomed by the vast majority of the community of New South Wales.

The Hon. L. A. SOLOMONS [3.40]: After the careful analysis of the death duty provisions by my colleague the Hon. W. L. Lange, I have little to add. I remind the Minister that this is the second part of the Government's undertaking, the first being to abolish death duty on estates passing between spouses, and then a later promise to abolish death duty progressively in three parts. I point out to the Minister that in considering the problem that the Hon. W. L. Lange touched on superficially, the abolition of death duty on estates passing between spouses is still only a partial abolition for it relates only to estates of spouses who die domiciled in New South Wales. The effect is felt particularly in border areas where property is held on both sides of the border. This is causing not only substantial anomalies but great hardship and I ask the Minister to request the Premier to consider that at the next conference of Attorneys-General reciprocity of duty be discussed. There ought to be a simple solution to the problem.

I make one other suggestion with reference to death duty for the Minister's consideration. Although the Government has promised to abolish death duty in two further steps, on the next occasion it might well grasp the nettle and totally abolish duty on estates passing between parent and child. The social effect of that may bring about all the consequences that the Government has promised. Perhaps it would satisfy the great majority of electors of this State.

I turn now to the other parts of the bill. Two tax evasion matters are covered. The first is a particularly pernicious practice that has emerged recently known as contract splitting. Many blocks of land are sold in a number of measured portions. When a particular block of land attracted a consideration at a particular rate per area and contained a number of measured or ascertained portions or a number of different titles, it became a simple but artificial method of avoiding stamp duty to have a number of contracts to do what one contract was originally intended to do. It was put to me recently by a legal practitioner that if I entered into such an arrangement, not only would I be in a position to save my client a substantial amount of duty but also I could substantially increase the legal costs that I could charge. I told him in a few short and well chosen words what I thought of his approach. I was glad that the authorities soon became aware of this trick and that contract splitting will no longer be allowed. The closing of the gap left by *Finemore's* case, although I trust the action taken will be successful, will probably in the long run be the subject of further litigation. But at least an attempt is being made to remedy the situation. For those reasons I join in the general support of the measure.

The Hon. D. P. LANDA (Minister for Planning and Environment and Vice-President of the Executive Council) [3.45], in reply: The Government is pleased to present to the people of New South Wales an amendment that reduces by one-third the liability of death duties upon people who formerly would have had to meet it. This is completely in accordance with the policy undertaking of the Premier and also the budget undertaking. I am always tempted to respond somewhat vigorously to the comments of the Leader of the Opposition when they come out of the recesses of the vast, almost limitless domain of his paranoia about the Labor Party. However, I have been tempered by the constrained remarks of the Hon. W. L. Lange and the Hon. L. A. Solomons. We have all had a taste of the John Birch school of economics that the Leader of the Opposition must be the archdeacon of in this place.

The Hon. F. J. Darling: Not the vice-president?

The Hon. D. P. LANDA: The honourable member would be the vice-president if he could spell economics, but that is still a conundrum to him.

The Hon. F. J. Darling: At least I understand it. That is better than being able to spell it.

The Hon. D. P. LANDA: If you could understand it you would be in business, not just representing the people who are in business.

The Hon. F. J. Darling: You are talking about finance; I am talking about economics. I am worried about the state of the economy, which goes with economics. The Minister is talking about money.

The Hon. D. P. LANDA: What about worrying about the standing orders for a moment and restraining yourself? The Leader of the Opposition belongs to that school of politicians that believes in no tax on anything, particularly when they are in opposition. Indeed, that is the time at which one can be a most vociferous no-taxer because one can demonstrate what has been clearly demonstrated here—no responsibility for

one's statements, no accountability. When in government one can pursue a policy that is the complete opposite. Honourable members need to search their memories for only a few years to recall that it was the Askin-Cutler-Willis-Lewis Government—call it what you will—that must have been one of the highest taxing governments in this State's history. Certainly the most odious taxes ever placed on the citizenry of this State were imposed by that Government. They are still fresh in the memories of the people and the voters of this State. Although the Hon. M. F. Willis might remind them of the more esoteric comments in my contributions to debates on previous occasions, I assure him that the Premier and the Government will not be reticent about reminding the electorate of the kind of taxation measures that were a feature of those governments.

It is refreshing that the Hon. W. L. Lange restrained himself from joining in the selective vituperation of the Hon. M. F. Willis as he made a careful analysis of the comparative measures of death duty relief throughout Australia. I said that the Hon. M. F. Willis was selective in his vituperation because one would have thought that Liberal-Country party governments in this country had rushed with unashamed haste to copy the Queensland example. That has not been the case. Indeed, if memory serves me correctly—and the Hon. W. L. Lange will correct me if I am wrong—there is no mention in the 1978-79 budget of the Hamer Liberal Government of any further relief in respect of death duty, and no extension beyond that which has already been made.

The Hon. W. L. Lange: It has to wait for the election to do that.

The Hon. D. P. LANDA: If Ballarat was any indication, it might have waited a little too long.

The Hon. L. P. Connellan: The Minister should not put his money on it.

The Hon. D. P. LANDA: I know that people are not allowed to bet on election results in this State. However, I must admit that the fiscal wisdom of the Hon. W. L. Lange could not extend to making a certain lottery ticket more than a piece of paper. I do not want to get into a philosophical argument; I always find that somewhat tedious in the last days of a session. Suffice it to say, in summation of the Labor Party view in relation to wealth and assets, that despite the paranoia and the labels that the Hon. M. F. Willis attempts to fix to us, we are not so much concerned with equalizing wealth as with equalizing opportunity. Honourable members should have gleaned that from my remarks on previous occasions. If they can examine the position in those recesses of their minds where they have the opportunity to be slightly fair and egalitarian in their approach to their fellow citizens they will agree that though the argument about inherited wealth may be true of the first generation, it certainly does appear, as one moves down the generations of inherited wealth, that it is not unusual for such inheritance to be diminished in the hands of non-productive, non-prudent and not so tested second and third generations.

Let us not have any nonsense about reward for prudence and thrift. If one looks deeply at this English disease, which is used as a term of disparagement in relation to the trade union movement, one can certainly look closely at the origins of inherited wealth and observe how the promotion of English management of industry has helped to lead the major industrial complexes of that country, not by skill but by the quality of their genes. I hate not to respond to a challenge, even one with the almost insignificant dimension of that put to me by the Hon. M. F. Willis in relation to a statement I made about the Government's taxation policies in the future. I am delighted to inform the honourable member about the processes of government.

I know full well that he will never have the opportunity to experience these processes; he will be in a process of learning in this Chamber at all times. Our policy in relation to all measures is a matter for Cabinet and the Government as a whole. I do not propose to make, as I did on a previous occasion, any prognosis about the Government's policy in relation to any revenue matter in the future. Indeed, I think this example has been followed in the federal sphere and by all State governments except for engineered leaks in financial matters in respect of which the Prime Minister is, without doubt, the unchallengeable leader in politics.

The Hon. M. F. Willis: Rubbish.

The Hon. D. P. LANDA: People might not think it is rubbish when they hear the news about the Prime Minister stepping out of his Statesman into one of the Boeing 707s he ordered this morning. That is the sort of fiscal policy the federal Government likes to engage in. The Prime Minister tries to soften up the electorate by telling people about his prudent self-management. He gets into his Holden and tries to pull the wool over the eyes of credulous people. I think that was the term the honourable member used. We have seen the spectacle of the Prime Minister getting into a Statesman car one day, knowing that lurking in the wings is his tactic of putting himself into one of a couple of Boeing 707s the next day so that he and his entourage can travel in the style to which they think they are accustomed.

The Hon. L. P. Connellan: Is that the same aircraft as Mr Whitlam used?

The Hon. D. P. LANDA: We will certainly have a debate on these issues at any time the Opposition wishes. I am sure that in the future we will have infinite opportunity to examine the financial affairs of the Commonwealth. I am certainly looking forward to such a debate. I am always amused to see people putting forward Queensland as the paragon of economic security and growth. I thought the Hon. M. F. Willis indicated clearly how values are differentiated between in this Chamber. The honourable member told us that, as a symptom of the wonderful growth and stability of Queensland, we had no better figure to rely on than the rising price of land and real estate. He said that the growth in the price of real estate is one of the great indicators of the economic growth of Queensland. It is interesting to note that the latest figures issued by the Commonwealth Employment Service show that 6.49 per cent of Queensland's labour force is unemployed. That figure is above the average for the whole of Australia, which is 6.3 per cent. It is certainly well above the New South Wales figure, which includes the Australian Capital Territory statistics, of 6.14 per cent. We know that in respect of the Australian Capital Territory the Prime Minister is engaging in a bit of unemployment making of his own. I do not want to take up the time of the House outlining the criticism made of the selective figures that were used. The Hon. W. L. Lange read from an article in the *National Times*. However, I notice that the honourable member was selective in that he read only half the document. The other half reveals another set of figures and shows another contrast.

The Hon. W. L. Lange: I shall not give any material like that to the Minister again.

The Hon. D. P. LANDA: If the honourable member will not give me documents, I shall get them for myself. By giving me that material the honourable member saved the time of officers of the House. If I saw any resistance in respect of the honourable member giving me such material, it would not take me long to get it from my own sources. In any case, I did not need the article in the *National Times*; I also have a report in the *Newcastle Morning Herald and Miners' Advocate*. That report gives a study different from the one used by the Hon. W. L. Lange. The honourable

member provided the House with selective information that painted an entirely different picture from that given by the *Newcastle Morning Herald and Miners' Advocate*. I shall refer to the article in that newspaper because it is brief and easier to read than the report by Paddy McGuinness in the *National Times*. The report is in these terms:

The wealthiest 1 per cent of the population owns 22 per cent of the total wealth.

The wealthiest 5 per cent of the population owns 46 per cent of the total wealth.

The wealthiest 10 per cent owns 60 per cent of the total wealth.

Fifty per cent of Australians own less than 8 per cent of the total wealth.

The wealthiest 5 per cent own more than the bottom 90 per cent.

2 000 people in Australia own as much wealth as the bottom 2½ million.

Let us have no more talk about this great reliance that the Hon. W. L. Lange sought to place on the notion of equality.

The Hon. W. J. Holt: What does it feel like to be part of the top 1 per cent?

The Hon. D. P. LANDA: Some people in this House seem to think that those members of the community who would aspire to social change through the recognized democratic fabric of this country should do so by divesting themselves of all their possessions. I should be surprised if the Hon. W. J. Holt held such a simplistic view and would wish to see reform in this area. My views in relation to death duties and inherited wealth are, as I said previously, my own personal views. Like many of my personal views, they must be subject to an ethic that I subscribed to when I took my oath of office. From time to time I may hold views different from the Government's. Unashamedly I present to the people of New South Wales government policy so that they can judge the Government in the electoral process.

The subject of inherited wealth has been debated *ad nauseam*. No further comments by me can in any way alter the views of honourable members opposite who hold that it is a divine right to accumulate unlimited assets, that there should be no change in that position, and that governments should not impose taxes and should not provide services even though they are necessary for persons who are unable to manage in these difficult times. Members of the Liberal Party and Country Party talk about the need for the Government to give tax relief but they do not point to a single government initiative or to a single part of government policy where they say cuts could be made. Let us have no misunderstanding about the effect of the abolition of death duties. It will represent a cut in revenue of about \$93 million. Let us have no nonsense to the effect that programmes can be maintained at their present level while revenue decreases.

One hopes that what has been done about death duties in Queensland is for the betterment of Australia. It will be for future generations to judge, with this generation, perhaps, taking the benefits and leaving later generations to deal with the problems that bedevilled Europe for so long when death duties were proffered as a solution to fiscal problems. One hopes always to look for equitable taxing systems. One can only trust that in the years to come the present move, which is being made virtually Australia-wide, will result in more equitable taxing while enabling various government initiatives to be maintained or implemented.

Motion agreed to.

Bills read a second time.

In Committee

The CHAIRMAN: The Committee will now deal with the Stamp Duties (Amendment) Bill.

Schedule 1

Page 3

(2) Section 123A—

After section 123, insert :—

- 10** 123A. Notwithstanding any other provision of this Part of this Act, ~~the~~ amount of death duty payable under this ~~Act~~ in respect of the final balance of the estate of ~~a~~ person who dies on or after 1st January, 1979, shall be ~~two-thirds~~ of the amount of death duty that would, but for this section, be payable under this Act.

The Hon. W. L. LANGE [4.3]: I move:

That at page 3, all words on lines 12 to 14 be omitted and there be inserted in lieu thereof the words

- (a) who dies on or after 1st January, 1979, but before 1st January, 1980, shall be two-thirds of the amount of death duty that would, but for this section, be payable under this Act; and
- (b) who dies on or after 1st January, 1980, but before 1st January, 1981, shall be one-third of the amount of death duty but that would, but for this section, be payable under this Act; and
- (c) who dies on or after 1st January, 1981, shall be nil.

In moving this amendment the Opposition seeks to provide that the Government will honour the commitment made by the Premier. The Minister for Planning and Environment and Vice-President of the Executive Council said in his second reading speech that the remaining two-third of death duties would be abolished in the 1979 and 1980 budgets. The matter will not be dealt with in those budgets; it will require separate legislation. We are seeking here to require the Government to fulfil its obligation.

The Hon. D. P. Landa: On a point of order. I submit that the Hon. W. L. Lange is clearly out of order in moving this amendment, for it is not within the power of the Legislative Council to impose any new rate, tax or impost. Bills for that purpose must originate in the Legislative Assembly. Section 5 of the Constitution Act makes that clear, and I seek a ruling from you, Mr Chairman, on the point. The proposal in the amendment is to impose a lower rate of tax. That, I submit, is a proposal for a new rate of tax.

The Hon. M. F. Willis: On the point of order. I ask the Minister why the Government is not providing in the bill for two subsequent stages in the abolition of death duties. That, it seems to me, was perfectly within the competence of the Government to initiate in another place.

The Hon. W. L. Lange: On the point of order. I should have thought that my amendment has precisely the same effect as an amendment moved in 1976, which sought to abolish death duties entirely. It did not propose the imposition of a new tax, but the reduction of an existing tax. This is a section 5B bill, not a section 5A money bill. If it was competent in 1976 to move an amendment that had the effect of abolishing death duties from 1st July, 1977, then my amendment must be in order. That amendment was not ruled out of order, and no point of order was taken.

The Hon. D. P. Landa: That is correct. No point of order was taken, and the proposal was not ruled out of order. Since then we have learnt a little more, and we now submit that section 5 of the Constitution Act is clear. It is in the following terms, in part:

Provided that all bills for appropriating any part of the public revenue, or for imposing any new rate, tax or impost, shall originate in the Legislative Assembly.

I emphasize my submission that the amendment moved by the Hon. W. L. Lange seeks to impose a new rate of tax, namely a lesser rate of tax, and that is out of order because such a proposal must originate in the Legislative Assembly.

The Hon. W. L. Lange: On the point of order. I again submit that my amendment does not involve imposing a new rate of tax. The intention of section 5 of the Constitution Act obviously is to prevent the Legislative Council imposing an additional rate of tax.

The Hon. D. P. Landa: No, section 5 refers specifically to the imposition of a new rate of tax.

The CHAIRMAN: Section 5 of the Constitution Act provides that, subject to the provisions of the Commonwealth of Australia Constitution Act, the Legislature shall have power to make laws for the peace, welfare and good government of New South Wales, but adds a proviso that all bills for appropriating any part of the public revenue, or for imposing any new rate, tax or impost, shall originate in the Legislative Assembly. Clearly the amendment moved by the Hon. W. L. Lange would have the effect of imposing a new rate of tax. Therefore, I uphold the point of order and rule the amendment out of order.

Schedule agreed to.

Adoption of Report

Bills reported from Committee without amendment, and report adopted, on motions by the Hon. D. P. Landa.

Third Reading

Bills read a third time, and returned to the Legislative Assembly without amendment, on motions by the Hon. D. P. Landa.

SUPERANNUATION (AMENDMENT) BILL STATUTORY AND OTHER OFFICES RENUMERATION (SUPERANNUATION) AMENDMENT BILL

Bills received from the Legislative Assembly.

Suspension of Standing Orders

Suspension of so much of the standing orders as would preclude these bills being considered simultaneously, except in Committee, agreed to on motion (by consent) by the Hon. D. P. Landa.

First Reading

Bills read a first time, and ordered to be printed, on motions by the Hon. D. P. Landa.

Suspension of Standing Orders

Suspension of certain standing orders agreed to on motion by the Hon. D. P. Landa.

CONSTITUTIONAL POWERS (NEW SOUTH WALES) BILL

Second Reading

The Hon. J. R. HALLAM (Minister for Decentralisation and Minister Assisting the Premier), on behalf of the Hon. D. P. Landa [4.16]: I move:

That this bill be now read a second time.

When introducing this bill into another place in this Parliament the Attorney-General and Minister of Justice delivered an abbreviated history lesson, presumably for the benefit of the non-lawyers, about this State's constitutional development. I do not intend to reiterate that lesson here today. I assume all honourable members to have had the benefit of the Minister's dissertation, at least at the introductory stage, and to be so much the wiser for it. Suffice for me to say that the constitutional relationship of the States and the Commonwealth with the United Kingdom has long been sorely in need of the regularization that this bill will help achieve.

When the Imperial Parliament at Westminster enacted the Commonwealth of Australia Constitution Act in 1900 the intention was to put the new Commonwealth Parliament over the Parliaments of the States and to unite the Australian colonies in the Commonwealth of Australia. Being the intention it naturally succeeded for the simple reason that it was within the power of the Imperial Parliament to make it succeed. However, the newly conferred nationhood of Australia was not unqualified. The United Kingdom did not overcome the problem that existed for both the Commonwealth and the States in the body of the Colonial Laws Validity Act of 1865. That Act, passed by the Imperial Parliament in an attempt to resolve difficulties facing the South Australian colony at the time, was made to apply to most of the Crown's dominions.

The Colonial Laws Validity Act was a success without doubt in clarifying the relationship between the dominions and the United Kingdom Parliament. Briefly, it provided that dominion Parliaments could not validly enact any law which might be repugnant to the statute law of the United Kingdom but that no colonial law could be held repugnant to the general law of England unless repugnant to some specific statute. The power to legislate with extraterritorial effect had also been denied to the new Commonwealth Parliament, and in order to remedy these two defects which stood between the Commonwealth and true independent sovereignty, the Imperial Parliament enacted the Statute of Westminster of 1931. The statute enshrined resolutions passed at Imperial Conferences that had been held in 1926 and 1930 and which had themselves adopted resolutions of the Balfour committee. The statute put it quite succinctly, in this way:

And whereas it is in accord with the established constitutional position that no law hereafter made by the Parliament of the United Kingdom shall extend to any of the . . . Dominions as part of the law of (those) Dominions otherwise than at the request and with the consent of that Dominion . . . the Colonial Laws Validity Act, 1865, shall not apply to any law made after the commencement of this Act by the Parliament of a Dominion.

The Statute also gave the Commonwealth Parliament full power to make laws having extraterritorial operation and so completed the process of conferral of full independent sovereignty upon the Australian nation. The States, however, are another story altogether. The lack of foresight by the States, both before and after the deliberations

of the Balfour committee, meant they left it too late to obtain for themselves the obvious benefits offered through the Statute of Westminster. Had they shown the interest and perseverance of the Canadian provinces we would not now be debating this bill some forty years later.

Since then the desultory efforts of the Australian States to wriggle out of their subservient position have foundered on the fact that it has always been thought essential to have the United Kingdom Parliament involved. Reluctance to go cap in hand to England has inhibited the chances of obtaining unanimity among the States. In 1973 the Standing Committee of Attorneys General commissioned a committee of the Solicitors-General of the several States—a committee upon which the Crown Solicitor has been this State's representative—to investigate the possibility of an Australian solution to the problem.

The Solicitors-General have closely examined section 51 (xxxviii) of the Commonwealth Constitution and have concluded that there is a likelihood the section can successfully be used to effect a transfer from the Commonwealth to the States of powers exercisable by the Imperial Parliament at the time of establishment of the Constitution. The section provides, omitting irrelevant parts, that—

The Parliament shall, subject to this Constitution, have power to make laws for the peace, order and good government of the Commonwealth with respect to . . . the exercise within the Commonwealth, at the request or with the concurrence of the Parliaments of all the States directly concerned, of any power which can at the establishment of this Constitution be exercised only by the Parliament of the United Kingdom . . .

It is the opinion of the Committee of the Solicitors-General that the section offers a method by which the States can request, and the Commonwealth can enact, legislation conferring on the individual States the powers to pass legislation repugnant to that of the United Kingdom applying to the State. It must be said immediately that this opinion of the Solicitors-General is only that—an opinion. The section has never been used before and nobody really knows how the scheme of complementary legislation will stand up to judicial review. Nevertheless the members of the standing committee have found this opinion persuasive and this Government has resolved that the scheme is feasible.

I turn now to the bill. The first clause of substance is clause 3—the interpretation provision. Honourable members might note that the definition of the Parliament of the United Kingdom is drawn rather widely. This has been done so as to obviate any need to have English parliamentary history examined every time one considers the application to the State of some old Imperial enactment. Clause 4 of the Commonwealth Act is the principal provision we need to examine. Clause 4 (1) provides that notwithstanding the repugnancy provisions of the Colonial Laws Validity Act or any principle or rule of the common law, firstly, no State law or part thereof made after the date of commencement of the Commonwealth Act shall be void or inoperative because of repugnancy to any legislation of the United Kingdom Parliament, and secondly, the powers of this Parliament shall include the power to repeal or amend any such Imperial legislation applying to the State. Clause 4 (2) qualifies subclause (1) of the Commonwealth Act and provides that the principal thrust of section 3 of the Colonial Laws Validity Act is to be preserved while the proviso to the section to the effect that a law of the State is void and inoperative if repugnant to the statute law of England is, however, to be overborne.

Subclause (3) of clause 4 adds two further slight qualifications to the operation of the clause. They are in nature of savings provisions. First, clause 4 (1) does not operate so as to give the State Parliament power to abrogate section 5 of the Colonial

The Hon. J. R. Hallam]

Laws Validity Act insofar as that section requires an Act of the State Parliament respecting the constitution, powers or procedure of the Parliament to be passed in such manner and form as may from time to time be required by any State law for the time being in force in the State. Nor does it operate to give effect to any State Act that might purport to repeal or amend, or be repugnant to, the Imperial Commonwealth of Australia Constitution Act, the Commonwealth Constitution itself or the Statute of Westminster.

One can clearly see the reason for these provisions. First, the manner and form provisions of the Colonial Laws Validity Act are designed to ensure that the balance of Parliament should not be easily or hastily disturbed. The temptation of some governments to use a strong Parliamentary majority to change the constitution powers or procedures of Parliament would, I am sure, prove too much to resist. The retention of manner and form provisions will lead occasionally to the expense of a referendum on a question to which the answer was always a foregone conclusion—like reform of this House—but that is a relatively minor inconvenience and the price has proved well worth paying.

Second, it is quite obvious that no State Parliament should have a power to amend the Commonwealth Constitution, or the Imperial Act which conferred the constitution on us or the Statute of Westminster, from which the Commonwealth derived the final characteristics of sovereignty. I might add that the drafting of this legislation has been the responsibility of both State and federal Parliamentary Counsel and naturally they have been careful to be as precise and thorough as possible because of the constitutional implications of the scheme. This is an historic piece of legislation and I commend the bill to the House.

The Hon. L. A. SOLOMONS [4.25]: Should the bill before the House succeed in its aims and objects, this is truly an historic piece of legislation which warrants far more attention than has been given to it as reflected by the attendance of members in the House or the notation by the press. If it achieves its aims it marks for the first time in the history of this State the full and final legal autonomy of the State of New South Wales. That is a legal landmark which, although it may pass with no great notice either in this Chamber or by the press, will no doubt be the subject of study by law students well into the future.

It is worth while to consider the need for this legislation, and I promise not to weary honourable members with a lengthy dissertation. The stimulus came from the Government's desire to abolish appeals to the Privy Council. I do not seek at this juncture to indicate my view as to the worthiness or otherwise of that object, except to say that if the Government has the numbers and the desire, it should have the power. Whether I agree with what the Government is doing is another matter. That ought to be part of the province and function of government, and that is the stimulus that has brought about a search for a solution to a difficult legal problem.

There are in New South Wales, one might say, four landmarks in our legal development. There are other minor milestones but there are four major landmarks. The first was the passing of the so-called Charter of Justice, IX George IV, Chapter 83, or the Australian Courts Act which first set up a supreme wurt in New South Wales, which was at that time the only substantial governing body operating on this continent. From that wurt there was a residual appeal, at some time during the course of the operation of that court, to the Queen in her Privy Council.

The origin of the Colonial Laws Validity Act, which is the second of the great landmarks, is of some interest. Honourable members who are students of history will know that the true stimulus came from South Australia, where a judge named Sir John

Boothby consistently found that all of the legislation that was passed by the South Australian legislature was repugnant to British law. Indeed, he sought to set aside the appointment of his own Chief Justice. Not only the correspondence that passed between Sir John Boothby and the Secretary of State and the great State departments of the day, but also the correspondence between the Governors reporting on Sir John Boothby's attitude, provide a fascinating historical study. The result of Sir John Boothby's activities was the passing of the Colonial Laws Validity Act, which was a statute to enable properly constituted colonial legislators to pass valid legislation. The nub of it was that such legislation would be valid as long as it was not repugnant to the law of **England**—whatever that phrase might mean.

No great problems arose until federation—the next major step in our constitutional development. The Minister, in his second reading speech, said that substantially the problem of the entity of New South Wales and the Commonwealth of Australia in the federation was cured by that particular Act. To the extent that it was not cured, it was cured in 1931 in most of the British Empire but not until 1942 in Australia. That was achieved by an historical piece of legislation called the Statute of Westminster. It is strange that, when the Statute of Westminster was first considered, following the Balfour report, it caused little interest in Australia and virtually no interest in the States. It is equally strange that the Canadian States were prompt in making certain at the earliest possible date that the statute should apply to them.

The Commonwealth of Australia did not bother to do anything about ratifying the Statute of Westminster until 1942 when it seemed that some part of the wartime legislation might be found to be invalid. The Commonwealth adopted the Statute of Westminster Adoption Act, although the States have never done so. Accordingly we have a strange set of circumstances. Though the Commonwealth is in a virtual state of autonomy, the so-called autonomous States still have ancient, historical, legal ties with the Imperial Parliament. These ties are still of such force that in some circumstances it is not possible, without a further step yet to be taken, to totally break the tie. Because of that circumstance this measure is historical legislation. The method adopted by the combined committee of Attorneys-General has been to ask the federal Government to assume the powers of the British Government under placitum (xxxviii) of section 51 of the Constitution of Australia. They have agreed that is the method by which it might be done. My comment goes back to what I said previously: if the Act does what it says it will do, it will be of deep significant historical importance. I draw to the attention of honourable members the wording of placitum (xxxviii.), which is in these terms:

The exercise within the Commonwealth, at the request or with the concurrence of the Parliaments of all the States directly concerned, of any power which can at the establishment of this Constitution be exercised only by the Parliament of the United Kingdom or by the Federal Council of Australasia:

The Federal Council of Australasia no longer exists. As the Minister has said, this provision has never been commented upon judicially. However, from time to time it has certainly been the subject of editorial comment. Indeed, the spectrum of opinion among editorial commentators ranges from the view that the placitum is a dragnet provision which, for practical purposes, confers no power at all on the Commonwealth. That quotation is taken from Quick and **Garran** in their work, *Annotated Constitution of the Australian Commonwealth* at pages 650 and 651. The view expressed by Professor Colin Howard in volume 45 of the *Australian Law Quarterly Review* at page 35, is to the effect that the placitum would authorize repeal of the Constitution.

The Hon. L. A. Solomons]

The Minister has said, quite properly, in his second reading speech, that **all** the Government is going on in introducing this bill is an opinion. Nobody can guarantee which way the opinion will go, particularly if there is a challenge from one of the States. From what I have heard, I assure the Minister that a challenge **will** come from one of the States. Indeed, I believe that challenges will come not only **from** the non-Labor voting States. I understand that at least three States are against **the** operation of legislation of this kind. I wonder therefore why the Government did not do what was open to it, that is, take the head-on course of applying to the Imperial Parliament for the necessary Act which would, in my view, place the matter beyond question. In my view there is no doubt about the power of the Imperial Parliament to break the nexus.

I believe there would be no question that the Imperial Parliament, if so requested, would take that action. If the argument is to succeed so that this bill does what it is intended to do, a particular interpretation will have to be put on the placitum. Honourable members will recall that placitum (xxxviii) is in these terms:

The exercise within the Commonwealth, at the request or with the concurrence of the Parliaments of all the States directly concerned . . .

If this matter is to succeed, and if all the States do not join in and agree with the request, the placitum will have to be read literally. If only one State requires it, that State comprises all the States directly concerned. This aspect has been the **subject** of a great deal of argument. I have my views as to the way the High Court will deal with this matter. Obviously, that view is different from the view expressed by the Solicitors General. I have had the benefit of reading the opinion of one of the most eminent Queen's counsel practising in the constitutional field, whose view corresponds with my own.

The Opposition believes that this should be a totally free and autonomous State. For that reason it does not oppose the bill; indeed, it wishes the Government well. The Opposition hopes that the legal opinion given to the Government is correct. It hopes also that no challenge will be forthcoming. The Opposition hopes that if a challenge is made, this State will be successful so that there need be no further shackles upon the legislative power of what should otherwise be an independent, sovereign State. However, the Opposition has doubts about the situation. I believe that in the passage of this bill through this House and its final passing into law, we shall see the commencement of a series of cases which will become highlights—indeed milestones—in the law of Australia.

The Hon. J. R. HALLAM (Minister for Decentralisation and Minister Assisting the Premier) [4.40], in reply: I thank honourable members for their support for this historic piece of legislation. It is a significant measure, but its passage through **both** Houses of Parliament has been without fanfare. It has not been given the public recognition that legislation of this nature warrants. Being amateur historians, the Hon. L. A. Solomons and other honourable members know that recognition of the significance of the bill will be left to historians, political students and others concerned with it.

The Hon. L. A. Solomons says there is a doubt about the legality of the changes proposed in the bill. We might share his concern to some degree, but for the moment we rest in the knowledge that the bill was drafted by the best legal minds in **Australia**, in both State and Commonwealth spheres. It is a result of many meetings of the **Crown** Solicitors of the Commonwealth and the States. I have no doubt that irrespective of who is the first to test the legality of the measure, the major beneficiaries will be **the** lawyers, not the members of the public.

Motion agreed to.

Bill read a second time.

In Committee

Clause 2

[Request for enactment of Commonwealth Act]

The Hon. L. A. SOLOMONS [4.42]: I do not wish to ask the Minister to disclose anything that he is unable to disclose, but it seems to me that one option in **dealing** with this problem would be to approach the British Parliament. Was that done? If not, why not? That would seem to be the obvious method of curing any legal doubts about the matter. Of course, there may well have been a wish by the British Parliament not to be involved in any way in the affairs of a legislature that it now regards as being autonomous.

The Hon. J. R. HALLAM (Minister for Decentralisation and Minister Assisting the Premier) [4.43]: The New South Wales Government would not wish to do anything that would be repugnant to the British Parliament. I am advised that an insufficient number of States agreed to approach the British Parliament, and so an approach was not made.

Clause agreed to.

Adoption of Report

Bill reported from Committee without amendment, and report adopted, on motions by the Hon. J. R. **Hallam**.

Third Reading

Bill read a third time, and returned to the **Legislative** Assembly without amendment, on motions by the Hon. J. R. **Hallam**.

GAMING AND BETTING (GREYHOUND RACING CONTROL BOARD)
FURTHER AMENDMENT BILL

Second Reading

The Hon. J. R. HALLAM (Minister for Decentralisation and Minister Assisting the Premier) [4.47]: I move:

That this bill be now read a second time.

The bill will enable the Greyhound Racing Control Board to control and regulate the keeping of greyhounds. The Government believes that the board's powers should be extended to permit it to take action against persons registered with it who are not exercising proper care over their greyhounds. However, I wish to emphasize that the board is only to be concerned with those people who are registered with it and not with persons who keep greyhounds as pets. Any reports received by the board of ill-treatment of greyhounds by persons who are not registered with it are, where considered necessary, to be referred to the R.S.P.C.A., the police, or other appropriate bodies.

To enable the board to carry out these additional functions, the Government proposes to allow board rules to be altered to enable it **to** take such action as it deems appropriate against any person registered with it who is found not to be taking proper care of greyhounds in his custody. The board will therefore have virtually the same powers in relation to the keeping of greyhounds as it has in relation to the control and **regulation** of greyhound racing. These powers include the ability to impose a fine not exceeding \$500, and the power to disqualify, and suspend.

The bill provides also for reports to be furnished to the Minister for Sport and Recreation, if he so directs, where it is suspected that there has been lack of proper care in the keeping of greyhounds. Also, under such terms and conditions as the board may determine, it may grant, or advance on loan, money from the Greyhound Racing Control Board Fund set up under section 56J of the Gaming and Betting Act, 1912, to any person or body principally concerned in the welfare of animals including greyhounds, or to any person or body engaged in carrying out research in relation to greyhounds.

The proposed bill will also enable the board to award prizes other than money on a greyhound trial or training race. At present the provisions of the Gaming and Betting Act, 1912, specifically prohibit the award in respect of any greyhound trial or training race of any money, valuable thing or privilege. Many representations have been made seeking legislation to allow the offer of a privilege or reward at greyhound trial events at gymkhana-type functions at greyhound trial tracks, similar to the situation with trotting gymkhanas. The matter was referred to the Greyhound Racing Control Board which subsequently advised that it did not favour gymkhana-type events but was in agreement with the proposal that a privilege be permitted on a trial track. The board further suggested that licensed racecourses should be placed on the same footing as registered trial tracks with regard to the giving of awards at trial meetings. It recommended also that it have control of such meetings and indicated that it would submit rules for approval to enable effective control to be vested in it, in the event of the legislation being amended. To this end this bill provides for the Gaming and Betting Act to be amended to enable the offer of a valuable thing or privilege in trial or training races. The prohibition in respect of the giving of money to participants in such events still stands.

The bill provides also for the extension of powers of stewards appointed by the board. At present there are matters which are outside the jurisdiction of the board's stewards, and must therefore be dealt with at board level. The Act as it now stands limits the powers of the board's stewards to meetings at which they act, and in relation to greyhound trial tracks. Consequently, matters arising at other times and locations are to be adjudicated upon only at board level. This is a disadvantage in that a person charged directly by the board has no right of appeal against the board's decision, although he would have a right of appeal had the board's stewards imposed the penalty. In addition, a person charged by the board, together with witnesses, would have been required to travel to Sydney to appear. This bill will enable a steward to conduct an inquiry at that location or at a venue convenient to all parties and will allow a right of appeal, a right heretofore denied. In these circumstances, the bill will not diminish the power of the board itself to lay a charge, in the first instance, where it is convenient. I commend the bill.

The Hon. F. M. MacDIARMID [4.52]: The Opposition supports the legislation. The amendments introduced by the Minister seem to make sense. They extend the powers of the Greyhound Racing Control Board to supervise and make regulations for the keeping of greyhounds. Greyhounds kept as pets are not covered by the measure. Now that greyhound racing has become a flourishing business and a sport that is followed by many people, the conditions governing the keeping of greyhounds should be upgraded and the surroundings in which they are kept should be under some jurisdiction. Recently when I went to a farm in the country I saw a group of greyhound kennels at the entrance to the farm which in my view were not up to standard, not only from the point of view of surroundings for the dogs but also they were certainly unsightly and untidy in their environment. That sort of situation will be improved as a result of this measure. One innovation that the bill contains will enable the awarding of prizes at a greyhound trial or training race, but not in money, which is illegal now.

That is a desirable innovation. The Minister mentioned the widening of the powers of stewards. That also is a desirable innovation. At the moment a person charged by the board has no right of appeal but he has a right of appeal if he is charged by the stewards. The provision of the bill dealing with that matter is proper. Generally speaking, greyhound racing is regarded as a well-conducted sport. The amendments in the bill will make it even more so.

The Hon. D. R. BURTON [4.54]: I support the bill for a number of reasons. First, the Government is to be congratulated on handing power to the Greyhound Racing Control Board to regulate the keeping of greyhounds by registered persons. People who have been associated with the sport of greyhound racing know that many thousands of greyhounds are in spelling and rearing establishments throughout the State. By the time the dogs have reached the stage of being ready for those establishments they are valuable animals and their owners are entitled to be confident that their dogs are being well looked after. They are pedigree animals in which the owners have invested a fair sum of money. Not only are the owners entitled to be protected in this way, but also from the humane point of view the animals are entitled to protection. People who have seen some of the rather slapdash methods that have been used in some greyhound kennels in the past will readily understand why people like myself and others interested in the sport welcome this legislation. We welcome the measure, not only from that point of view but also because power will be conferred on the board to penalize registered owners who do not do the right thing with animals that they have in their care.

I am not able to estimate the number of greyhound dogs that are being trained, reared and broken in in this State. It runs into many thousands. The amount of money invested in the sport runs into millions of dollars. The sport of greyhound racing is improving all the time. It attracts many people who enjoy watching the dogs racing as well as others who attend the meetings to bet on the races. I am pleased that the bill enables the board to approve the awarding of prizes at greyhound trial or training races.

In the area where I live there is a greyhound social club that has facilities almost the equal of any registered greyhound racing track. The club has its headquarters at Potts Park along the Rookwood Road. At nighttime people go there in hundreds to watch the dogs being trialled and to enjoy the facilities of the club. The bill will give added interest to those people who have money invested in racing greyhounds by giving them an incentive to trial their dogs and add to the spectacle of the dog trials, particularly at tracks that cater for the viewing public, such as the one I have referred to at Potts Park. In addition to the facilities that are provided for the viewing public, the track at that club has excellent equipment, including electronic timing. A third reason why I commend the legislation is that funds will now be able to be made available for research into greyhound welfare. That is an aspect of the sport in which a great deal could be done. I have read recently of research that is going on in America into the sport of greyhound racing, particularly in such areas as the breeding of dogs and their welfare, advanced training methods for the improvement of the sport and also for the improvement of the breed.

The final matter I refer to is the provision for a right of appeal from decisions of the board and the extended powers of stewards to act in certain circumstances. That provision will be welcomed for it gives a right of appeal in relation to certain charges that at present do not come within the purview of the stewards. I commend the legislation. It will do a great deal for the sport and I am pleased to be associated with it.

The Hon. VIOLET LLOYD [5.0]: I take this opportunity to place on record some information that has come my way in relation to the greyhound industry. I refer first to a statement made by the then secretary of the Greyhound Racing Control Board, Mr Jack Fell, at a seminar on the control of dogs, held in July of last year. He said this about greyhound racing:

Greyhound racing is something of a paradox. It's an industry insofar as the amount of revenue it generates for the State and the employment it creates. It is responsible for providing something like **\$43 million** per annum to Government revenue. The Department of Overseas Trade has recognised the worthwhile contribution that our industry has made to Australia's export income and overseas projects initiated in this State have resulted in a significant foreign exchange being received. However, it should be realised that to more than 96 per cent of the persons who own and train greyhounds it is not a commercial activity and the profit motive is low down on the list of reasons for participating in greyhound racing.

In this regard the Greyhound Board has commenced its own education programme and has decided that as a first step that persons residing in the metropolitan area of Sydney who seek to become registered for the first time, prove their fitness to own and train greyhounds and to provide them with proper care and housing.

Subsequently, in a discussion with the current secretary of the board, Mr Keith Trench, he told me that at the board's premises at Lidcombe they conduct weekly seminars for people who are seeking registration as greyhound trainers. These people are addressed and provided with literature not only on the feeding and care but also on the most suitable kennels to accommodate their greyhounds. The liaison between the board and the councils is obvious, and, from what I was told today, the board's speedy and thorough inspections following public complaints go a long way towards overcoming at least some of the problems relating to the keeping of greyhounds.

I wish to place on record another statement made at this seminar. It was made by Mr Ken Norquay, the secretary of the New South Wales National Coursing Association Limited. I am sure honourable members will find it as interesting as I did. Mr Norquay said:

An economic analysis on the three forms of racing was conducted by P.A. Management Consultants and I shall quote a paragraph from that.

The final fact worth noting from all attitudinal responses is that of all the reasons quoted for participating in greyhound racing by far the most widely held was one that it provided a hobby for the participants. In fact, for the owner and owner-trainer, it is a very healthy hobby providing plenty of outdoor exercise and enjoyment. This supports the relative lack of sensitivity of the participant to prize money. These are ordinary everyday people participating in a popular pursuit for the sheer enjoyment of it, not for monetary gain. In fact, as the economic analysis showed, it cost each participant **\$434** per greyhound per year to participate. Other reasons cited for involvement in the sport included the love of greyhounds, the opportunity provided for exercise and a focal point for family participation. Thus not only is greyhound racing a rapidly growing industry contributing to the economic well-being of New South Wales, it is a significant influence in the leisure life of the State.

I have read those particular statements so that they can be incorporated in this debate and also because I believe that, when the controllers of a sport are tackling their problems in this way, they deserve every encouragement. Also, I believe that the bill will be of assistance to the greyhound racing industry.

The Hon. J. R. HALLAM (Minister for Decentralisation and Minister Assisting the Premier) [5.5], in reply: I thank honourable members for their support. It is always interesting to note the reaction of human beings when they deal with matters affecting dumb animals. This legislation stems from a meeting held in the Premier's office some months ago, attended by the Premier, the Minister for Sport and Recreation, and Minister for Tourism the chairman of the Greyhound Racing Control Board and representatives of the RSPCA. At the time adverse media coverage was being given to certain acts of cruelty involving greyhounds in particular. As a result of those discussions, the Government has taken these initiatives, which have been expanded generally to upgrade and tidy up the controls of greyhound racing. I am delighted that the Hon. F. M. MacDiarmid, the Hon. D. R. Burton and the Hon. Violet Lloyd have demonstrated a great deal of concern, knowledge and compassion on these matters. I thank them for their support.

Motion agreed to.

Bill read a second time.

Committee and Adoption of Report

Bill reported from Committee without amendment, and report adopted, on motions by the Hon. J. R. Hallam.

POLICE REGULATION (PRIORITY LISTS AND APPEALS) AMENDMENT BILL

First Reading

Bill received from the Legislative Assembly and, on motions by the Hon. D. P. Landa, read a first time and ordered to be printed.

Suspension of Standing Orders

Suspension of certain standing orders agreed to on motion by the Hon. D. P. Landa.

POLICE REGULATION (SUPERANNUATION) AMENDMENT BILL

First Reading

Bill received from the Legislative Assembly and, on motions by the Hon. D. P. Landa, read a first time and ordered to be printed.

Suspension of Standing Orders

Suspension of certain standing orders agreed to on motion by the Hon. D. P. Landa.

SUPERANNUATION (AMENDMENT) BILL
STATUTORY AND OTHER OFFICES REMUNERATION (SUPERANNUATION)
AMENDMENT BILL

Second Reading

The Hon. D. P. LANDA (Minister for Planning and Environment and Vice-President of the Executive Council) [5.12]: I move:

That these bills be now read a second time.

The major bill is the Superannuation (Amendment) Bill, 1978, which incorporates a number of important and some minor changes to the Superannuation Act, 1916. The Statutory and Other Offices Remuneration (Superannuation) Amendment Bill, makes certain amendments to its principal Act that are consequent upon the amendment contained in the superannuation bill. The two bills are cognate. I shall mention the provisions of the remuneration bill in due course.

The Superannuation (Amendment) Bill contains eight schedules. Before dealing with the major provisions contained in that bill, I might mention briefly the minor amendments, that will be found in schedule 7. Schedule 7 includes several amendments to the Superannuation Act, 1916, of a minor nature which require no comment. It also covers four minor amendments to the Act which correct slight errors and omissions in earlier legislation. The rights and obligations of fund members under the Act have not been affected by the minor deficiencies corrected by these amendments. Only three amendments in schedule 7 require specific mention. Two of these are concerned with those provisions of the principal Act which deal with the medical examination of persons who become eligible to enter the State Superannuation Fund.

Two schedules of the bill, numbers 1 and 2, provide for additional benefits to be paid to certain groups of fund members. Schedule 1 increases pensions which have been in payment for many years and schedule 2 introduces an interim system of benefits for the children and financially dependent widowers of women fund members.

Schedule 1 provides for increases in pensions payable from the fund, where the fund member concerned ceased to be employed as a result of retirement or death on or before 30th June, 1971. The reason for the payment of these increases is that the pensions concerned have not been fully compensated, by earlier increases, for inflationary erosion which affected these pensions before 1971. The combined effect of special pension increases in 1973 and the system of automatic annual adjustment of pensions for movement in the cost of living, introduced in 1974, has been to compensate fully pensions for inflation which has occurred since July, 1971. The full cost of the 1973 increases and the automatic annual increases is met by employers.

There has, however, been discussion as to whether pensions payable to former contributors and widows, where the contributor concerned ceased to be employed before 1st July, 1971, should receive some additional increase to compensate for movements in the cost of living which occurred, while pension was in payment, before the September quarter of 1971. Such inflationary erosion was not fully offset by the pension increases which had been paid from time to time in earlier years. The **Government** has decided that such increases should be paid and they are now incorporated in the bill. The increases to be paid range from 33.6 per cent, where the fund member concerned ceased to be employed prior to 1st July, 1948, to an increase of 3 per cent where employment ceased in the period 1st April, 1971, to 30th June, 1971.

The costs of providing these increases, which I will outline in a moment, are to be met by employers. These costs are considerable and the Government has decided that it is appropriate that the increases be phased in over a period of three years. The higher increases, which apply to pensions that have been longer in payment, are already being paid by the fund in full. The smaller increases for the more recent pensions will be introduced in two or three stages, depending on the particular case, up to July, 1980. Where the increases are already in payment, this is being done under ministerial authority, and in those instances the legislation validates payments already made. Most of the pensioners involved have already received their full increase, or the first instalment of their full increase, either from March, 1978, or from the first pension payday in October this year. Details of the increases payable in respect of pensions commencing during the various periods are set out in the table which will be found in schedule 1 of the bill.

I have already mentioned that the full cost of the increases is to be met by employers, as is the case with other recent increases designed to offset inflation. The most recent actuarial valuation of the State Superannuation Fund, which was made as at 30th June, 1975, clearly indicates that there is no capacity in the fund to assist in meeting the cost of any additional benefit.

The increases in pensions that are provided under this schedule of the bill give effect to the Government's concern to ensure that retired members of the State Superannuation Fund are protected from inflationary erosion of their income. Pensions payable under the Police Superannuation Scheme are being similarly increased in a separate bill. As I have already mentioned, schedule 2 of the bill provides benefits for the eligible children of deceased women fund members and, in cases where financial need is established, for the widowers of such women. In line with its concern to remove discrimination in superannuation and other areas, the Government has undertaken to provide family benefits for women members of the State Superannuation Fund on the same basis as they are available for male members. However, the cost involved in providing family benefits for women on that basis has necessitated the Government approaching the implementation of its undertaking in stages. I shall outline the costs involved in a moment.

The interim system of benefits for widowers and children is to be financed wholly by the Government through the various employers involved in the scheme. The benefits to be paid under the system in respect of children are as follows. Eligible children will be entitled to pension at one of two levels following the death of a female contributor, or of a female pensioner who was formerly a contributor. Eligible children include all of the women's own children and, in addition, certain children of a husband. Eligibility of children is determined in the same way as the legislation already provides, following the death of a male fund member.

The higher rate of children's pension, currently \$35.97 a fortnight, is payable if the children's father is deceased or if he was divorced from the deceased mother. The lower rate of children's pension, at present \$14.38 per fortnight, is payable in respect of all other children. These rates of pension are adjusted each October in line with movements in the consumer price index. Children's pensions are payable automatically to the child's 18th birthday and may continue to the child's 25th birthday while he or she is a full-time student. Lump-sum payments can also be made in the following circumstances.

It is in the area of widower pensions, to which I now turn, that the benefits on the death of women fund members vary, under the interim arrangements, from those applying on the death of a male fund member. Pensions will be payable to widowers of deceased women contributors, and of deceased women pensioners who

The Hon. D. P. Landa]

were former contributors, if the widower can satisfy two conditions, which I shall describe. The first of these conditions is that the widower be unable to earn an adequate income in his own right in the long term. The bill allows this requirement to be given effect through regulations. The regulations will provide that a widower is regarded as having satisfied this requirement: if he is of an age where he would be eligible for social security age pension; or if his health is such that he would be eligible for social security invalid pension; or if he is left to support children and would be eligible to claim social security supporting parents benefit; or if the State Superannuation Board is satisfied that his circumstances are the same in all appropriate respects as those of a widower who falls into one of the three specific categories that I have mentioned.

The second of the two requirements, which the bill also allows the regulations to prescribe, is that the widower must be able to demonstrate that his total income from all sources, other than benefits in respect of children he supports, is less than a prescribed level. The level prescribed will be the adult minimum wage for New South Wales, which is currently \$116.30 a week, and is adjusted regularly by the courts.

The widower who meets both the inability to work and the income criteria will be eligible for pension from the fund. That pension could be as high as two-thirds of his wife's entitlement, which is the same as the proportion of a deceased husband's entitlement which a widow receives. However, if payment of that two-thirds pension would cause the widower's total income from the fund and from other sources to rise above the adult minimum wage, his fund pension will be reduced so that total income is equal to the adult minimum wage. Benefits payable to the widower in respect of children will be excluded from the calculation of his total income.

Fund widower pensions will be adjusted regularly in line with the movement in the adult minimum wage; changes in the widower's other income, particularly social security income, and increases in the fund pension under the system of automatic annual adjustments of pensions. However, such adjustments will always be subject to the condition that the widower's total income does not exceed the adult minimum wage as prescribed from time to time. It must be remembered that benefits in respect of women and children payable under the interim system are being financed wholly by the Government and statutory employers, without contributions by women fund members. If a full system of family benefits for women had been introduced, it is estimated that the **current** contributions payable by employers would have been in excess of \$4 million in the first year. Pension subsidies payable on benefit **emergence** would have been additional to that amount, and both types of payment would have risen significantly in the early years of operation of the full system.

The interim system on the other hand involves estimated costs to employers of \$50,000 for the **period** 1st January, 1979, to 30th June, 1979, and less than \$150,000 for the year 1st July, 1979, to 30th June, 1980. These costs would rise for some years if the interim system continued in operation, but would ultimately stabilize. The Government has been obliged to recognize that the costs of achieving uniform treatment of men and women fund members at the present time are considerable. In the present situation, the Government is satisfied that the method of allocating available resources which is proposed in the bill is equitable. Though the major variation between family benefits for men and women lies in the area of eligibility for the widower pension, there are several other variations of lesser significance which do not require mention.

The provisions of the bill in regard to family benefits for women will commence to operate from 1st January, 1979. The widowers and children of women who die on or after that date will receive the benefits which I have outlined. It has also been **considered** appropriate to provide benefits under this interim system with effect from

1st January, 1979, for the children of women who died before that date and for the widowers of such women who have always been in financial need. Eligibility for these benefits would be determined as though the interim system of family benefits for women had always been in operation, but I emphasize that no payment will be made in respect of a period earlier than 1st January, 1979. The interim system of family benefits for women represents a significant improvement in the scheme and will assist the families of deceased women fund members in those cases where financial need might otherwise be pressing.

Schedule 3 is also concerned with fund benefits but, in this case, provides for the discontinuation of a particular type of benefit which the Government considers is no longer appropriate within the fund. This benefit is the increased rate of pension payable from the fund where a contributor retires or dies at age 62 years or later. The benefit is at present paid under section 28B of the Act. Normal retirement in the State Superannuation Fund occurs at or after the age of 60 years, except in the case of women who elect, at fund entry, to contribute for retirement on full pension at age 55 years. Section 28B was introduced with effect from 1st July, 1972. It provides for an increase in the basic rate of fund pension where a contributor retires at or after age 62 years and has continuous fund membership of eleven years or more.

Present experience is that some 20 per cent of fund members who reach age 60 years continue in employment to age 62 years or later and receive the section 28B increase. In the year ended 30th June, 1977, 166 new pensioners during the year received the section 28B pension compared with a total of 873 retirements during that year of persons aged between 60 and 65 years. The fund and employers finance the section 28B increases in the same ratio as they finance the basic pension. The fund's share of this cost is fully guaranteed by employers under section 9C of the Superannuation Act, 1916, should the fund at any future time be unable to meet its liabilities in regard to this type of pension.

The Government has decided to phase out the operation of section 28B for several reasons which I shall outline. The reasons advanced in 1972 for the introduction of section 28B are no longer convincing, having regard for the current environment in which the fund operates. I understand that these original reasons included the wish to offset a trend towards earlier retirement which it was thought would develop following introduction of the fund's lump-sum option in 1970; the wish to compensate fund members for pension which they would forgo as they continued to work after age 60 years; and the need to offset staff shortages in certain areas of government employment at that time.

Today, of course, the over-riding consideration in the employment area is the high level of unemployment. Provisions of a superannuation scheme which recognize later retirement, and perhaps even tend to encourage it, are out of phase with action being taken in other areas by this Government aimed at mitigating the disastrous effect of unemployment. The removal of the section 28B provisions cannot be guaranteed to produce any significant movement toward earlier retirement, but any small gain in that area would be of some value.

The provisions of section 28B have always been opposed by employee associations. Members of the present Government, including the Premier, spoke against the benefit in 1972 and there has been no reversal of the Government's attitude since that time. The State Superannuation Board and the Public Service Board have recently considered the matter and have agreed that the continued operation of the benefit is not warranted in present circumstances. I must emphasize, however, that the Government recognizes the reasonable expectations which fund members may currently hold in regard to the existing arrangements and has made appropriate provision for them.

The Hon. D. P. Landa]

The Government has decided that fund members who would reach age 62 before 1st July, 1979, and who would have access to the additional pension if they were to retire or die after that date, require particular consideration. It would not be reasonable for that particular group of contributors to continue to accumulate an additional percentage increase under the existing legislation as they continued to work after 1st July, 1979, while contributors reaching age 62 years after that date no longer had access to any additional benefit at all. The bill, therefore, provides that contributors who are eligible to receive the additional pension on or after 1st July, 1979, will receive a percentage increase which has been frozen as at 1st July, 1979. This percentage will be applied to all the units of pension which are actually held at retirement or death.

The Government has already announced its intention to phase out section 28B and it is considered that adequate notice, of nearly twelve months, was given that this would commence on 1st July, 1979. Section 28B pensions already in payment are, of course, unaffected by the amendment. The bill makes provision for employers to be required, through regulation, to pay additional moneys to the fund should the discontinuation of the section 28B provisions result in an increased fund liability which, in the opinion of the actuaries valuing the fund under section 10 (3) of the principal Act, warrants the making of such a payment. The provision could be invoked only with the support of the Minister responsible for superannuation matters, the Treasurer, and the valuing actuaries.

It is appropriate at this point to describe the provisions of schedule 6 of the bill, since they relate to the guarantees which are given to the fund by employers, to cover the possibility that, at some future time, the fund may not be able to meet its liability for payment of benefits. These amendments arise from the report of the twelfth valuation of the fund, undertaken as at 30th June, 1975, which was tabled in February of this year. The fund is valued each three years by at least two actuaries, under section 10 of the Superannuation Act. The report of the twelfth valuation disclosed a deficiency in the fund of \$59 million. The purpose of these amendments is to remove that deficiency.

The deficiency is somewhat technical in nature and is certainly not a reflection of any inability on the part of the fund to meet its current obligations. I draw attention to the comments of the valuing actuaries in section 7 of their report, where they explain the origin of the deficiency and emphasize that it should not be regarded in any sense as a loss incurred by the fund during the inter-valuation period, but rather as a capital item equal to the assessed excess of present and future liabilities over assets. The disclosure of the deficiency of \$59 million, following the surplus found at the 1972 valuation, indicated a net deterioration of some \$84 million in the financial condition of the fund during the period 1972 to 1975.

The action proposed to be taken now, in response to the valuation, is to extend the guarantee given under section 9C of the Act by the Government and the statutory authorities involved in the scheme in regard to certain fund liabilities. This extension of the guarantee is in a form which affects the fund's actuarial balance sheet and has the effect of removing the deficiency on and from 1st July, 1975. This course of action was recommended by the valuing actuaries in their report and has been endorsed by the State Superannuation Board.

Section 9C of the Act provides that if, in any year, the fund is unable to meet the cost of certain liabilities from its earnings in excess of 53 per cent per annum, the employers will meet the shortfall. However, the guarantee is qualified to the effect that it may not be invoked in any year until the earnings above 53 per cent per annum, which are surplus to the liability costs of previous years since 1971, have all been used. The extension of this guarantee as provided by the bill goes slightly further than the

extension recommended by the actuaries, which would have merely removed the deficiency. The additional extension covers an amount of less than three cents a unit a week which the fund is required to pay in respect of widows' benefits. The additional cover is provided largely in order to achieve some simplicity in the financial structure of the guarantee. I emphasize that no additional government expenditure is involved at this time in the extension of the guarantee. The actuaries have stated in their valuation report, that "there will be no call upon the employers' guarantee while the average rate of interest earned by the fund maintains its present level (and the immediate prospect is for some further limited increase in that rate)". The actuaries made that statement on the assumption that the deficiency would be removed by the guarantee extension they suggested.

The second significant amendment contained in schedule 6 relieves the Government and statutory authorities involved in the scheme of an immediate payment. The payment would be required under section 38A of the Act as a consequence of the fund deficit that I have been discussing. The amount that the Government and statutory authorities would have to pay, if it were not waived, is in the region of \$2 million. It relates to withdrawal benefits paid during the three-year period that is the subject of the valuation. As the deficiency is being removed from July 1975 through the guarantee extension, it is thought reasonable to waive the employers' payment on this occasion. The general liability under section 38A in respect of any future fund deficit is not being waived.

The remaining amendment in the schedule will correct an error that occurred when section 9C was amended in 1972. As the legislation now stands, employers must deduct from any guarantee payment due by them, payments they have made under other provisions of section 9C that are not associated with the operation of the guarantee. As the valuing actuaries point out, this largely negates the intended guarantee. The error is to be corrected by this amendment retrospectively. All the amendments made under this schedule operate so that the valuation of the fund as at 30th June, 1978, can take account of them. In concluding my remarks on this schedule of the bill, I must emphasize that the guarantee under section 9C has not in the past been invoked and is not expected to be invoked in the foreseeable future, even as extended by these amendments.

The remaining amendments in the bill do not relate to contributions and benefits. They concern the investment of the fund and the composition of the State Superannuation Board. The amendments to the investment powers of the State Superannuation Fund are contained in schedule 5 of the bill. A number of amendments to the Act, particularly over the past decade or so, have brought the investment powers of the State Superannuation Board to their present form. Changes in economic and investment conditions necessitate adaptation of the board's investment strategy and past amendments have enabled this to occur to some extent. However, there are continuing unnecessary restraints on the way in which the fund can be invested. These make it difficult for the board to discharge effectively its investment responsibilities at optimum levels of return.

I make the following comments on each of the investment amendments as set out in the schedule. The provisions of the bill will enable the board to acquire personal or real assets either alone or jointly with other parties, with the objective of providing investment income from the sale, lease, hire, or other utilization of those assets by the Government of New South Wales or its agencies; and to make loans on the security of any form of promissory note, bill of exchange, letter of credit, guarantees or other security of or by the Government of New South Wales or its agencies. These amendments will extend and clarify the present authority of the board to invest in areas of

The Hon. D. P. Landa]

government interest, other than by way of direct loans to semi-government authorities. The board has already made leveraged lease investments with government authorities—for example, in connection with the supply of buses to the Public Transport Commission. The legislation, however, requires clarification in certain respects, and it is also considered that the relevant power should be extended to facilitate similar investments. Substantial and desirable investment opportunities for the fund are seen to exist in leasing and associated areas where the Government or its agencies are involved. Such investments will play an important role in the development of the State while providing an acceptable financial return to the fund commensurate with the retention of maximum security.

Another amendment will permit the board to enter into consortium arrangements. These arrangements may be by way of company incorporation, partnership, or other form of association with companies or government organizations but they must involve the development of natural resources or other capital works affecting or being promoted by the Government of New South Wales or its agencies, as approved by the Minister. This amendment gives the board the opportunity to make investment decisions covering participation in projects, particularly those involving natural resources development and other large-scale capital-intensive developments, which require investments beyond the scope of a single financial institution. It is plainly desirable that the board should be able to invest in those areas, to the advantage of both the State and the fund itself.

Two amendments that concern the board's investments in real estate are contained in the bill. These amendments have as their object the generation of an improved return. The bill contains a specific provision covering sale and buy-back arrangements affecting investments in semi and local government securities. The board, on the basis of advice from the Crown Solicitor, has been engaged in transactions of a type covered by this amendment. The amendment is sought only because it is considered that the authority should be explicit in the statute, rather than left to be inferred. The bill provides also that the board may invest in building societies registered or incorporated under the law of New South Wales whether by way of loans to such societies or by the acquisition of shares therein. There are also provisions that will enable the board to make loans to, or lodge deposits with, or invest in any other form of security of the major trading banks.

Finally, I come to schedules 4 and 5 of the bill, which cover the reconstitution of the State Superannuation Board. The board will, in future, consist of five members, two of whom are now to be elected by fund members. The board consists of a president and three members, of whom one must be a contributor and one an actuary. The president and one other member are full-time executives of the board. The actuary and the contributor are part-time members. Since the inception of the fund, board members have—so far as can be established—been members of the fund. The Governor appoints all of the present members. The appointment of the contributor member, is made after consultation between the Minister and employee organizations. The term of office of the board members is seven years, with the exception of the contributor member who is appointed for three years. The bill will abolish the office of contributor member and replace it with an office of full-time elected member and an office of part-time elected member. Other existing offices are unchanged.

For some time members of the State Superannuation Fund, through representations by unions involved in the fund, have sought an increase in their direct representation on the board. Although all present members of the board are contributors and the board is not seen as representing sectional interests within the fund, the Government believes it is nevertheless appropriate that contributors and pensioners should directly elect certain members of the board. The Government has concluded that amendments.

contained in the bill are the most democratic method of achieving additional fund member participation on the board. Elections for both elected offices will be held at the same time every three years.

Only a fund contributor is eligible to be nominated for the position of full-time elected member. A fund contributor or fund pensioner is eligible for nomination for the position of part-time elected member. Any contributor nominating for the full-time or part-time position must be a member of a union. The requirement of union membership does not apply to a pensioner nominating for the part-time position. Nominations for either position must be endorsed by thirty fund members who need not be members of unions. Initially it was proposed that nominations for the new position on the board could only be made by a registered union which included among its members contributors to the fund. The Government did not accept that proposal and has decided that, subject to the qualifications which I have just stated, any fund member should be able to nominate. As with other costs of running the fund, the specific costs of the elections will be borne by the fund as a component of the general costs of administration.

The salary of the full-time elected member and the allowance payable to the part-time elected member will also be included within the general administrative costs of the fund, as is the remuneration of the present members and **staff** of the board. It is intended that the first elections will take place in sufficient time for the first elected members to take office on 1st July, 1979. The board will be re-constituted on the same date as the first elected members take office, and the existing office of part-time contributor member will be abolished from that date. A general provision is also made in the bill for appointment of deputies to an office of board member which is vacant while the occupant is deputising in another office. This provision is made retrospective to 27th December, 1967, in order that previous deputy appointments of this type shall be covered. That they have not been so covered in the past is merely a deficiency of the existing legislation.

The Statutory and Other Offices Remuneration (Superannuation) Amendment Bill, 1978, which I mentioned in my opening remarks, also relates to the reconstitution of the board. This bill merely provides for the determination of the rate of salary applying to the new office of full-time elected member of the State Superannuation Board. The provisions of the remuneration bill are in accordance with the usual practice regarding determination of statutory appointees' salaries and needs no further explanation.

Finally, in connection with reconstitution of the board, I mention that schedule 8 of the Superannuation (Amendment) Bill provides relevant savings and transitional provisions. The amendments contained in the bill have been discussed with unions representing fund members. I mentioned earlier that a proposal had been made for nomination of candidates for election to the State Superannuation Board by unions only. That suggestion was made by the Combined Public Service Unions but has not been accepted by the Government. Apart from that question the amendments in the bills are fully supported by the unions. The State Superannuation Fund will be considerably improved as a result of these amendments. I am pleased to commend the two bills.

The Hon. F. J. DARLING [5.40]: The Opposition finds cause for considerable concern in some aspects of this bill. We believe considerable cost will be involved in implementing the changes that are envisaged in this amending legislation. We perceive **that** the additional deficit referred to by the Minister will entail many millions of

dollars. The actuarial costs are estimated to run into an additional \$46 million or thereabouts. In those circumstances, if at any time there is a shortfall in the total commitments of the fund to pay to the contributors who have become pensioners, the employer, in the form of all government instrumentalities and departments, must meet that shortfall. In simple parlance that means the taxpayers of New South Wales. That is unlike the situation in other schemes in operation where, when there is a shortfall, the beneficiaries under the plan suffer. Under this scheme these people will receive considerable benefits compared with those available to their counterparts in private **industry**. In many ways they are becoming more of a pace-setter in this area than they have been in the past.

Another aspect of concern to the Opposition is the extension of benefits to widowers of female contributors to the fund and dependent children where dependency has been proved. Bearing in **mind** previous legislation introduced by this Government dealing with anti-discrimination and similar matters, one cannot really quarrel with the expressed intention of the Government to do something constructive about superannuation schemes in this area. No doubt considerable actuarial exercises have been undertaken to assess the cost that will be involved and the burden that will have to be borne if the retiring ages are to remain the same while the benefits available under the **Act** are to change and additional benefits are now to be made available. Members of the Opposition are concerned that there could well be a spin-off from this legislation in the setting of a pattern to be followed by other superannuation schemes that have not yet had the benefit of actuarial advice. When similar legislation was first introduced into the Commonwealth Parliament an arrangement was made whereby details relating to estimated costs, set out in simple tabular form, were tabled with the amending legislation and were submitted to **all** members of the Parliament. The information lay on the table of the House for some weeks and in that time it was possible for everyone to make a close examination of the actuarial assessments involved in arriving at the new scheme. **I** suggest to the Government that when legislation of this sort is introduced consideration should be given to the desirability of preparing similar documentary evidence for the benefit of members of this Parliament. **I** put that suggestion forward by way of constructive rather than destructive criticism in an attempt to enable parliamentarians to follow legislation more carefully and with a better understanding of the problems involved.

Perhaps those remarks will highlight the shortness of time that was available for approval of the bill in the other place before it was presented to this House. Though the Opposition understands it is the end of this part of the session and appreciates **all** the problems with which the Government is confronted at this point, nevertheless, in the interests of good government it is desirable that there be a greater time lag between the approval of a measure in the other place and its presentation to this Chamber.

The intention of the Government to extend the benefits to widowers of female contributors to the fund could well amount to a double-banking of pensions and benefits. **I** was pleased to hear the Minister say that a limitation of average weekly earnings will be set in that area. That allays my fears in that regard. One matter of real concern to members of the Opposition is to be found in proposed new section 70A dealing with the eligibility of persons to be elected as members of the board. If **I** understood the Minister correctly, the original bill was amended in the other place. **I** hope **I** shall be corrected if this is not right. **I** understand that the bill now distributed includes paragraph (5) (b) of proposed new section 70A.

The Hon. D. P. **Landa**: There is no change. **I** differentiated between the request by the Combined Public Service Unions, which was rejected by the **Government**—

The Hon. F. J. **DARLING**: It was the unions—I **am** sorry. So the bill as amended is right?

The Hon. D. P. Landa: Yes.

The Hon. F. J. DARLING: I thank the Minister. We understand the Government's intention to be that those who are contributors or pensioners, and therefore members of the fund, should in some way be **afforded** the opportunity of participating **through** an elected representative in the conduct and investment policies of the fund. Subsection (5) of proposed new section 70A provides:

A person's nomination as an elected member is invalid if—

- (a) the nomination is not made jointly by at least **30** other persons who are contributors or pensioners; or
- (b) he, being a contributor—
 - (i) is not a member of a union at the time of his nomination; and
 - (ii) does not, in the prescribed form and manner, specify one (and one only) union, of which he is a member at the time of his nomination, as his nominated union for the purposes of the election.

We regard that as a quite unnecessary, discriminatory provision. We can see no justification for an eligibility rule applying with greater force and effect to a member of **a** fund who happens to be a member of the union. These people are all contributors and all potential beneficiaries of the fund.

The Hon. B. J. Unsworth: They should all be in the union.

The Hon. F. J. DARLING: That is another issue.

The Hon. D. P. Landa: In the same way as all employers should be members of **the** Employers Federation.

The Hon. F. J. DARLING: The Hon. B. J. Unsworth says they should all be members of the union. Those who are not members of a union have decided that they should not be members of a union and so, with due respect to the Hon. B. J. Unsworth, the election being made by an individual member of the fund is a personal election. We are dealing with a matter of human rights. Surely the Hon. B. J. Unsworth would not deny the right of an individual to make his own election.

The Hon. D. P. Landa: We are only saying that if he wants to stand for election, **under** this legislation he has to be a member of a union.

The Hon. F. J. DARLING: I should have thought the first requirement would **be** that he be a contributor to or a beneficiary of the fund.

The Hon. D. P. Landa: It is the chicken and the egg situation.

The Hon. F. J. DARLING: We are talking about the eligibility of a member to be elected to the board.

The Hon. B. J. Unsworth: It is the Irish system.

The Hon. F. J. DARLING: It looks to me like a double-header coming up. We **are** used to the double standards of the Government. One should look at the matter objectively but that is something members on the other side cannot do. When it comes **to** union membership they have a paranoia. The fact is that a member of the fund or a beneficiary of the fund is being afforded ostensibly the right to vote. He is being afforded the right to nominate only if he happens to remain a member of the appropriate union. In the case of a beneficiary who has retired from employment who is receiving the benefits of the fund, one can scarcely see the point in his remaining a fully

fledged financial member of any of the appropriate public service unions. In those circumstances presumably we are now declaring that pensioner under that rule ineligible for appointment.

The Hon. B. J. Unsworth: No, we are not.

The Hon. F. J. DARLING: On one hand the Government pretends to be offering all these people the marvellous opportunity of participating in democratic elections. It is giving them the right to say how the fund should be controlled.

The Hon. D. P. Landa: Your government denied them that representation. It never gave them a possibility of getting on the board.

The Hon. F. J. DARLING: Perhaps you did not argue the case properly **at** that time.

The Hon. D. P. Landa: A pensioner can stand, whether he is a member of the union or not. The honourable member has not read the bill.

The Hon. F. J. DARLING: I have. The fact is that a person's nomination as **an** elected member is invalid **if** he is not a member of the union at the **time** of his nomination. To tell me I cannot read is one thing; to tell me I do not understand it is another, but I suggest that Government members read the bill before they start interjecting.

The Hon. D. P. Landa: I shall explain it to you later

The Hon. F. J. DARLING: You explained it. But at that particular **point**——

The Hon. B. J. Unsworth: The pensioner will be too old for the full-time position.

The Hon. F. J. DARLING: We are agreed with that also.

The Hon. D. P. Landa: Then what are you talking about?

The Hon. F. J. DARLING: We are talking about the restriction on the nomination and the eligibility rule for a person who is to be nominated and elected by his fellow members of the fund. Subsection 5 (b) of proposed section 70A demands that he be a member of the union at the time of his nomination.

The Hon. D. P. Landa: If you keep confusing that with the other provision, you **will** be on the pension before you understand it.

The Hon. F. J. DARLING: The Government is so generous **under** this Act, I wish I were.

The Hon. B. J. Unsworth: But subsection 5 (b) says that he has to be a contributor. The key word is contributor.

The Hon. F. J. DARLING: That is right, but he has to be a member of the union.

The Hon. B. J. Unsworth: Only if he seeks election to a full-time position.

The Hon. F. J. DARLING: That is what we are talking of.

The Hon. B. J. Unsworth: It is too complicated for the honourable member to understand.

The Hon. F. J. DARLING: If you keep going with it, you will have everyone on the Government side so confused that they will agree to the amendment. It has to be borne in mind that something like 50 per cent of all persons in employment are not members of unions. Also, I have been advised that something like 32 per cent of public service employees or officers are **members** of the unions involved. Therefore, the Government is really saying in this provision that two-thirds of contributors to the fund are to be disentitled even to submit a nomination. That, in our view, is inconsistent with the claim of the Government that it is now offering these people a fairer and better go. The Opposition intends to move an amendment to delete subsection 5 (b) of proposed section 70A. I foreshadow also a consequential amendment in proposed subsection (7) on the same page, so that it will revert to the wording used in the original bill submitted in that other place.

The next point of concern to the Opposition arises from a consideration of schedule 5, at pages 42 and 43. The proposed amendments to the principal Act will not assist the board in performing better or in making better investments than it has made in the past. The Opposition is of the view that the sort of amendment that the Government could well afford to contemplate would be a provision, if it wished to safeguard funds, to the effect that the maximum amount of capital that might be invested in any one company should be limited to 10 per cent of that company's capital—and that, of course, I would remind honourable members, is limited under the Act to companies having not less than \$1 million capital. That is as an opening to the general statement that if there were a necessity to change, if the security of the investment were in doubt, that would be a valuable suggestion for the Government to take into account.

For the rest, I am afraid that on our side we see this series of proposals contained in subclauses 4 (a), (b), (c), (d) and (e) of proposed section 5c as the means of implementing directly the **Australian** Labor Party policy of the socialization of the means of production, distribution and exchange. It is the means by which the board—to this point an independent authority, which has done a fairly good job in the total **area**—is now to be subjected to the directions and dictates of the Government via the various forms of investment which it might consider appropriate at the time. When it gets, as the Minister said in his second reading speech, to the thought that there can be investments in the development of natural resources and the like or, indeed, in **industries**—that is, those that are government backed—one cannot help but think of the investment which some governments have made, such as in Britain in the Leyland organization.

The Hon. D. P. Landa: What about up in Queensland?

The Hon. F. J. DARLING: Fortunately we are talking about New South Wales. I heard the Minister say yesterday that everything which happened in Queensland was repugnant. I am not raising that; I want to discuss what areas the Government has in mind and to change this proposition of the Government of New South Wales under which money may be lent on the security of a guarantee under which recourse may be had to the Government of New South Wales for repayment of the loan, or the purchasing of debts the repayment of which is guaranteed by the Government of New South Wales, and so on. This clearly indicates that the Government has in mind a complete change in the direction to be taken by the board in its investment policies. There is also quite clearly in our view in this bill a tendency, which will grow and develop, for the **board** to become not an independent authority honouring its two prime **responsibilities**—the security of the investment and the furtherance of the interests of the contributors to the fund—but the instrument by which government will seek to pursue all sorts of developmental policies, wildcat or otherwise, and it will use as its main resource the **financial** institution known as the State superannuation scheme.

The Opposition does not agree that the State superannuation scheme, designed basically and primarily as it is for the benefit of valued and loyal civil servants, should be dissipated, utilized or put in threat in any way in the pursuit of government policies and objectives. Quite to the contrary. We are insisting, as we have always contended in relation to the Trustee Act and similar legislation which has been before this House, that the onus and responsibility imposed upon trustees is such that they must at all times honour those two prime responsibilities—the protection of the assets and the **total** contributions made to the fund and to gain the best possible return having regard to those trustee investments in the interests of the contributors and the pensioners. For those reasons we place on record our strenuous objections to the provisions contained in subclause 5 (c) by way of amendment.

I have already dealt with schedule 6 which relates to the employer, being the government department or the quasi-governmental agency, being required to pick up the tab should there be a shortfall in the assets of the fund compared with its requirement to pay out to beneficiaries.

The Hon. W. J. MOLT [6.0]: I shall refer briefly to the amendments effected by the bill. Schedule 11 brings in an interim system of family benefits for women contributors and pensioners. I first raised the issue of the lack of benefits for widowers and children of women contributors on 30th November, 1976, when I gave various examples of people who in my view were discriminated against under the Superannuation (Amendment) Bill. On that occasion the Minister took me to task rather severely, I thought, and said:

Only a person who was totally ignorant of the history of superannuation in New South Wales or someone with the most cynical political motive would dare to make his way to the table from the **Opposition** side of the Chamber to castigate the Government, within six months of its taking office, for its lack of action on women's equality under the superannuation legislation.

During a series of interjections by me he added:

Let us not have any further cheap, six-monthly reviews of the Government's record on this matter.

The Hon. D. P. Landa: I am pleased that the honourable member has desisted from that.

The Hon. W. J. HOLT: Actually, I did not. I again raised the issue in February, 1977, when the Minister and I were having a little joust during the debate on the Anti-Discrimination Bill. As far as I recall, the Minister was again making a plea for time to pay these widows' benefits and the benefits to the children of widows. My main reason for rising on this occasion is that I have observed that the Anti-Discrimination Board made certain recommendations that the Government has seen fit to adopt. Perhaps if the Minister had listened to what I had to say in November, 1976, the widows and their dependents would have had these benefits much earlier.

I remind honourable members that in 1976 I said that only nineteen women contributors died between 1969 and 1972, compared with 268 male contributors in the same period. They were the latest figures I was able to get at the time. I suggested that only a small adjustment of rates would be required to permit this benefit. Although this matter was raised in 1976, and as the Minister indicated tentative approval of it at that time, he has informed me that because he is now a member of Cabinet he cannot voice his own views—particularly on the logging of Grady's Creek.

The Hon. D. P. Landa: You are going up the creek at the moment.

The Hon. W. J. HOLT: Yes. I notice that the benefits will not apply until early next year. It occurred to me that if over the past year or two, or even from the time of the setting up of the Anti-Discrimination Board, some children of widows have been disadvantaged, the Government might consider either making an *ex gratia* payment to them or, alternatively, amending the bill to make it retrospective in that regard.

The Hon. D. P. LANDA (Minister for Planning and Environment and Vice-President of the Executive Council) [6.5], in reply: I shall deal first with the remarks made by the Hon. W. J. Holt, who was quite correct in his summation of my concern when he took the Government to task on women's rights after it had been in office for only six months. I am pleased that we have satisfied him with the action we have taken since then. Indeed, our actions demonstrate that the Government is moving into these areas. The insurance and employer interests at the time expressed concern that the Government should not move too soon and without proper investigation and actuarial assessment of liabilities. The Government has made that assessment and is moving properly. I am sure the honourable member will concede that. I shall refer to the Minister in the other place the honourable member's remarks in relation to children who might be caught in that interim period. If there be any such cases, the cost involved might not represent a great strain on the fund.

Having in mind the matters he raised during the debate, I believe that the Hon. F. J. Darling would have saved the time of the House if he had spent ten or fifteen minutes with the Hon. B. J. Unsworth to find out what the bill is about. The Hon. B. J. Unsworth was involved in the negotiations on those matters with the various unions, and the honourable member would have found that pensioners do not have to be members of the union to be nominated as part-time members. In relation to the full-time members, the Government is unashamed of its view that union membership is a main qualification for membership of a fund, because they can speak not only personally but also with some nexus with the main negotiating body, the Government. That will be of assistance to the fund and its organization. Although the honourable member may be concerned about it, in practice it will work fairly effortlessly, and will not cause complaint. In these days of industrial arbitration and conciliation it would be a foolish government that ignored union membership and representation on organizations such as this. It would not do anything to bring about the kind of cohesiveness to which we all aspire.

The Government is confident that the costs of the proposals contained in the bill can be met, and that only longstanding pension increases involve significant costs. They were mentioned in my second reading speech. The Government has made an actuarial assessment in relation to them. Honourable members opposite criticized the investment powers. The Government can see no reason why the board should not take a more active and high profile role in relation to its investment powers. After all, it is the major investment body behind many of the ventures that it seeks to have the power to enter into on its own, and it is the funds money that is being risked. This will not endanger in any way the independence of the board. It is just a logical extension of the board's existing activities. To save the time of the House, I advise the Hon. F. J. Darling that the amendments proposed by him and the Opposition will be opposed.

Motion agreed to.

Bills read a second time.

In Committee

The CHAIRMAN: The Committee will deal first with the Superannuation (Amendment) Bill.

Schedule 4

Page 33

(5) A person's nomination as an elected member is invalid if—

- 10 (a) the nomination is not made jointly by at least 30 other persons who are contributors or pensioners; or
- (b) he, being a contributor—
- 15 (i) is not a member of a union at the time of his nomination; and
- (ii) does not, in the prescribed form and manner, specify one (and one only) union, of which he is a member at the time of his nomination, as his nominated union for the purposes of the election.
- 20

The Hon. F. J. DARLING [6.10]: I move:

That at page 33, all words on lines 12 to 20 be omitted and there be inserted in lieu thereof the word "pensioners".

The Opposition has a consequential amendment which it may or may not have to move.

The Hon. D. P. LANDA (Minister for Planning and Environment and Vice-President of the Executive Council) [6.11]: The Government does not accept the amendment. I have given reasons for this in my reply to the second reading debate.

Question—That the words stand—put.

The Committee divided.

Ayes, 19

Mrs Anderson
Mr Baldwin
Mr Burton
Mr Ducker
Mrs Fisher
Mrs Grusovin
Mr Hallam

Mrs Isaksen
Mr Kaldis
Mrs Kite
Mr Landa
Mr McMahon
Mr McPherson
Mr Melville

Mr Thompson
Mr Unsworth
Mr Watkins

Tellers,
Mr King
Mr Turner

Noes, 18

Dr de Bryon-Faes
Mr Calabro
Mrs Chadwick
Mr Darling
Mr Doohan
Mr Duncan
Mr Holt

Mr Kennedy
Mr Lange
Mrs Lloyd
Mr MacDiarmid
Mr Orr
Mr Sandwith
Mr Rowland Smith

Mr Solomons
Mr Willis

Tellers,
Mr Connellan
Mr Pickering

Question so resolved in the affirmative.

Amendment negatived.

Schedule agreed to.

Adoption of Report

Bills reported from Committee without amendment, and report adopted, on motions by the Hon. D. P. Landa.

Third Reading

Bills read a third time, and returned to the Legislative Assembly without amendment, on motions by the Hon. D. P. Landa.

MEAT INDUSTRY (FURTHER AMENDMENT) BILL

First Reading

Bill received from the Legislative Assembly and, on motions by the Hon. J. R. Hallam, read a first time and ordered to be printed.

[The President left the chair at 6.22 p.m. The House resumed at 8 p.m.]

WHEAT INDUSTRY STABILIZATION (AMENDMENT) BILL

First Reading

Bill received from the Legislative Assembly and, on motions by the Hon. J. R. Hallam, read a first time and ordered to be printed.

TOTALIZATOR (AMENDMENT) BILL

First Reading

Bill received from the Legislative Assembly and, on motions by the Hon. J. R. Hallam, read a first time and ordered to be printed.

Suspension of Standing Orders

Suspension of certain standing orders agreed to on motion by the Hon. J. R. Hallam on behalf of the Hon. D. P. Landa.

POLICE REGULATION (SUPERANNUATION) AMENDMENT BILL

Second Reading

The Hon. J. R. HALLAM (Minister for Decentralisation and Minister Assisting the Premier), on behalf of Hon. D. P. Landa [8.4]: I move:

That this bill be now read a second time.

The purpose of the bill is to increase long-standing pensions paid to retired members of the police force and police widows. The pensioners who will benefit from the measure are those whose pension commenced, or, in the case of widows, whose husband died, before 1971. When combined with earlier legislative provisions for the adjustment of pensions these increases will offset the erosion of their value by the increasing cost of living. The increases range from 5.1 per cent to 33.6 per cent. The pensions longest in payment are increased by the greatest percentage. Later emerged pensions are increased by lesser percentages according to the period in which the pension emerged.

The bill consists of six clauses and two schedules. In order to assist pensioners **as soon as possible, the** Government approved payment of the increases in pensions that emerged before 1951 and for this reason the provisions of the bill for the increase of pensions are deemed to have commenced on 31st March, 1978. The other provisions are to commence from the date of assent.

The main provisions relating to increases in pensions are contained in schedule 1 to the bill. Item (2) of schedule 1 will increase the maximum amount of pensions paid to widows of former members of the police force who died before 12th April, 1966. Item (3) is intended to resolve uncertainties in the provisions for the system of annual adjustments of pensions that was introduced in 1974. Annual adjustments of pensions are applied to the whole pension including the amount of any previous adjustments. This previously was not clearly expressed. Paragraph (a) of the item deems the provisions for annual adjustments always to have been applicable in this way. Paragraph (b) is drafted to make it certain that initial annual adjustments in respect of a part year, **apply** to pensions payable to a member of the police force on discharge on medical grounds in the same way as initial adjustments apply to pensions payable when a member retires. This was not expressly provided for in the **previous** legislation. The major amendment contained in schedule 1 to this bill is the addition of a schedule, also titled schedule 1, to the principal Act. The proposed schedule 1 to the principal Act contains eight clauses which prescribe the manner in which pensions are adjusted.

I shall now deal with the more important clauses in the proposed schedule 1 to the principal Act. Clause 2 of the schedule contains a table of increases to pensions. In the case of pensions emerging before 1951, the table specifies increases ranging from 33.6 per cent to 5.1 per cent. These increases commence from 31st March, 1978. Increases of 5.1 per cent in pensions emerging in the period 1st January, 1951, to 31st December, 1963, commence from 29th September, 1978. Pensions emerging in the period 1st January, 1964, to 31st December, 1970, also are to be increased by 5.1 per cent, but in three stages. The first stage is an increase of 1.7 per cent on 29th September, 1978. There is to be a further increase of 1.7 per cent on 22nd June, 1979, and a final increase of 1.6 per cent on 20th June, 1980. The increases in respect of this most recently emerged group are spread over three budgetary years and, by compounding, accumulate to total 5.1 per cent when rounded off to the nearest one-tenth of a percentage point. In each case the date specified is the commencing day of the first pension pay period ending in the month which follows—that is October or July. Police pensions become payable in various circumstances and the application of the increases in each case is dealt with in separate clauses of the schedule.

Clause 3 will apply the appropriate percentage increase in the table to the pensions of former members of the police force who were retired on attaining 60 years of age or were discharged on medical grounds not related to the exercise of their duty as members of the police force. Clause 4 makes special provision in the case of the very long-standing pensions if those pensions were increased under 1970 legislation which introduced minimum pension levels. In the cases concerned, the increases now paid may be less than that specified in the table, because of the additional pension paid under the 1970 legislation. In no case, however, is the increase less than 5.1 per cent.

Clause 5 will apply the table of increases to pensions paid to former members of the police force disabled in the execution of their duty. The clause is drafted to preserve the former member's entitlement to a pension that is no less than the level, from time to time, of workers' compensation weekly payments. Clause 6 will apply the table of increases to pensions payable in consequence of the death of a member of the police force. Clause 7 will empower the Police Superannuation Board to determine that an increase shall be less than that provided for in schedule 1 if this would

be in the interest of the pensioner concerned. The purpose of this is to preserve entitlements to any other benefit, eligibility for which is related to a means test. Similar provision has been made in relation to previous increases in police pensions.

Special provision is made in clause 8 to deal with the application of the increases that were first payable in October 1978. This date corresponds with the date on which the annual adjustment was paid and clause 8 prescribes that increases due under schedule 1 are applied to pensions after adjustment in accordance with the provisions for annual adjustments. This will ensure that where adjustment dates coincide there will be the same compounding effect as in cases where the adjustment dates are different.

Schedule 2 to the bill is concerned only with statute law revision. The whole cost of the increases will be met from the Consolidated Revenue Fund. In the first twelve months from October 1978 it will be of the order of \$200,000. When all increases are payable it will exceed \$300,000 a year. The provisions of the bill complete the process of adjusting the pensions of retired police and widows of former police officers in accordance with increases in the cost of living since the time of their emergence and afford additional assistance to some 900 pensioners under the police superannuation scheme. I therefore commend the bill.

The Hon. F. J. DARLING [8.11]: The Opposition has considered this proposal and offers no objection to the amendments.

The Hon. J. R. HALLAM (Minister for Decentralisation and Minister Assisting the Premier) [8.12], in reply: I thank honourable members for their support of the bill.

Motion agreed to.

Bill read a second time.

Committee and Adoption of Report

Bill reported from Committee without amendment, and report adopted, on motions by the Hon. J. R. Hallam.

Third Reading

Bill read a third time, and returned to the Legislative Assembly without amendment, on motions by the Hon. J. R. Hallam.

POLICE REGULATION (PRIORITY LISTS AND APPEALS) AMENDMENT BILL

Second Reading

The Hon. J. R. HALLAM (Minister for Decentralisation and Minister Assisting the Premier), on behalf of the Hon. D. P. Landa [8.16]: I move:

That this bill be now read a second time.

The principal purpose of the bill is to provide a legislative basis for appeals by sergeants second class in relation to either their omission from or the order of their placement on the priority list for promotion to the rank of sergeant first class. The practice in the past has been for the main basis for promotion to be seniority. The system now proposed will give the opportunity for recognition of merit and should result in accelerated promotion for outstanding sergeants. The bill provides for the creation of a priority list following interview by an appraisal committee. Such committee will comprise an assistant commissioner and three superintendents.

Points will be allotted by the appraisal committee for length of service on existing rank; assessment of potential, regard having been had to regular merit rating reports made previously by senior officers; and results obtained in departmental qualifying examinations. A priority list will then be produced and affected sergeants will be advised. If they so desire, they may then appeal to the Crown Employees Appeal Board against either their omission from or the order of their placement on the priority list relative to sergeants previously their juniors who have been placed on the list. Under the new system no promotions will be made until appeals have been determined but it has been so designed that, after the first year, in all probability this will have been achieved by the operative date of the priority list.

An amendment of the Police Regulation (Superannuation) Act in 1974 inserted a provision relating to a wound or injury received during or after any substantial interruption of, or substantial deviation from or other break in, a periodic journey where, in the circumstances of the particular case, the risk of wound or injury was not materially increased by reason only of that break, interruption or deviation. At the time the Police Regulation (Appeals) Act contained related provisions so far as rights of appeal existed against the commissioner's decision not to grant leave on full pay or, in the event of discharge from the force, not to accept that the wound or injury occurred during a periodic journey, but no action was taken at the time to extend the right of appeal to the situation involving an interruption, deviation or break in such journeys. It is now proposed to remedy the position.

Other provisions of the bill are of a machinery nature to facilitate the operation of the priority list system with regard to appointment to the rank of inspector which was first introduced in 1976. Opportunity is also being taken to update the terminology of both the Acts being amended in accordance with statute law revision principles. The principles embodied in the bill have been discussed with the New South Wales Police Association which has expressed its agreement. I commend the bill to the House.

The Hon. F. J. DARLING [8.18]: The Opposition has no objection to the bill as presented by the Minister.

The Hon. J. R. HALLAM (Minister for Decentralisation and Minister Assisting the Premier) [8.19], in reply: In the interests of brevity, I acknowledge the support of honourable members opposite and thank them for it.

Motion agreed to.

Bill read a second time.

Committee and Adoption of Report

Bill reported from Committee without amendment, and report adopted, on motions by the Hon. J. R. Hallam.

Third Reading

Bill read a third time, and returned to the Legislative Assembly without amendment, on motions by the Hon. J. R. Hallam.

GOVERNMENT INSURANCE (AMENDMENT) BILL
 STATUTORY AND OTHER OFFICES REMUNERATION (GOVERNMENT
 INSURANCE) AMENDMENT BILL

Second Reading

The Hon. J. R. HALLAM (Minister for Decentralisation and Minister Assisting the Premier), on behalf of the Hon. D. P. Landa [8.22]: 1 move:

That these bills be now read a second time.

The principal bill provides for the establishment of a board titled the Government Insurance Office of New South Wales Board. The board will be set up on similar lines to the Rural Bank and consist of three full-time members who will be appointed for terms of up to seven years and two part-time members who will be appointed for up to two years and be eligible for re-appointment. The five members will be appointed by the Governor and will be subject to retirement at 65 years of age. As in the case with most major statutory bodies, it is proposed that the board shall be subject to the control and direction of the Minister. This is in keeping with Government policy and also appears to have been the policy of the Opposition when it was in Government.

The Government Insurance Office is a major insurance organization by any standards and is highly regarded in the insurance world. The office is almost alone in the insurance field in being managed by a sole person. Honourable members may be assured that the proposed change is in no way a reflection on the present management. On the contrary, the Treasurer's submission to Cabinet contained the recommendation for the appointment of the present general manager, Mr Porter, to the position of first chairman until such time as he reached the age of 65 years and Cabinet signified its concurrence in this proposal. My colleague the Treasurer has now informed me that arising from changed personal circumstances Mr Porter has been unable to give the Government an assurance that he could occupy the position of chairman for any lengthy period. Indeed, I understand that he has mentioned next October as the possible date of his retirement, which would be only a few months after the establishment of the new board.

It is a matter of some regret that the new board will not now have the services of a man who has capably led the office for a period of over fourteen years. During that time the office has achieved notable results and now has ten branch offices in the metropolitan area and eleven in major country centres. Assets at 30th June, 1978, exceeded \$1,160 million and some 3½ million policies were in force at that date. The office competes actively in the market for all major forms of life and general insurance. In terms of assets its life insurance business ranks it in the top ten companies in Australia while its non-life business is the largest in Australia. It is therefore in keeping with its leading position in the insurance industry of this country that the Government Insurance Office should be under the control and management of a team of people who are able to bring together a wide field of knowledge and experience. The Government is confident that it will be able to attract people of similar calibre to Mr Porter.

I turn now to the detailed provisions of the bills. I deal first with the Government Insurance (Amendment) Bill. Clause 1 is the short title. Clause 2 stipulates the commencing date which, for the major provisions, will be a day to be appointed by the Governor and notified by proclamation in the *Gazette*. Clause 3 amends the Government Insurance Act as set out in schedule 1 to which I shall refer later. Clause 4 abolishes the office of general manager and inserts the savings and transitional provisions. Provision is made for all existing delegations to be preserved until varied by the board. It is also specified that the present general manager is not entitled to be paid any remuneration or compensation by reason of his ceasing to hold that office.

In terms of clause 7 of proposed schedule 2, the Minister will be empowered to appoint one of the full-time member; to act in the place of the chairman during his absence through illness or any other cause. Similarly he may appoint any person to act in the place of a full-time or a part-time member. Whilst so acting the person appointed shall have the powers and authorities of the member in whose office he is acting. As in the Rural Bank legislation, provision is made for the appointment of an officer of the office as a deputy member. The steady growth of the office and the large volume of day-to-day activities give rise to many matters which will require the attention of a board member. It is considered appropriate, therefore, to provide for the appointment of a deputy member who would be able to exercise his functions while all the board members are on duty, thereby allowing the board members to attend to other duties.

Other provisions in proposed schedule 2 relate to the preservation of rights of a full-time member previously employed as a public servant, and so on, a member's right for reappointment to former employment in certain circumstances and other related matters. New schedule 3 refers to the convening of meetings, a quorum, the election of a member to act as a chairman in the absence of the chairman and voting procedures. Proposed section 3BB provides for delegations. The office operates extensively on delegations from the general manager under the current legislation. It is proposed that the delegations be preserved under the new bill and the board be authorized to delegate all or any of its power to members or staff of the board.

Proposed section 3BC prescribes the procedure to be applied where a member of the new board has a direct or indirect pecuniary interest in a contract or proposed contract in which the office is concerned. The Companies Act requires directors of companies and the Local Government Act requires members of councils to disclose any pecuniary interests, direct or indirect, in any proposed contract, at a meeting of the organization. Similar obligations are placed on members of the recently constituted Land Commission and the New South Wales Film Corporation.

As the Government Insurance Office is involved in commercial transactions and large-scale investment, a similar provision has been included in the bill subject to a proviso that the obligation shall not apply in respect of an interest as a member in common with the other members of an incorporated company which consists of not less than twenty-five members and of which he is not a director. A discretion will exist in the Minister to remove any disability imposed by this clause if the number of members so disabled at any one time would be so great a proportion of the whole of the members as to impede the transaction of business, or in any other case where it appears to be in the public interest that the disability should be removed.

The office has invested its funds from time to time in accordance with a delegation of authority given in 1965 by a former Premier and Treasurer in terms of subsection 3 (e) of section 5A of the Act as it then applied. The present subsection 1 (e) of section 5c is identical. Recently the legality of the delegation was questioned and it is now proposed that the Act be amended to put the matter beyond doubt. Accordingly an amendment to section 5c provides for the office to invest its funds in any manner approved by the Treasurer or determined by the office in accordance with such directions as may be given to the office by the Treasurer.

The opportunity is being taken to repeal section 15 of the principal Act, which provides for a specially constituted committee to determine the reserve reasonably required by the office and for any surplus to be transferred to the special deposits account for hospital purposes. In this regard an amount of \$1.5 million has been determined as available for transfer in respect of the year ended 30th June, 1978. This was the first such transfer for many years and the total contribution by the

office to the account since its inception is only \$5.4 million. The provision is not considered appropriate under present day conditions and is therefore being repealed. A number of matters of a minor ancillary nature are included in schedule 1 to the bill.

The second bill is the Statutory and Other Offices Remuneration (Government Insurance) Amendment **Bill**, 1978. This is cognate with the first bill and governs the **fixing** of the remuneration of the chairman and the remaining two full-time members. I **commend** the bills to **the** House.

The Hon. P. S. M. **PHILIPS** [8.32]: There are two aspects of this bill that merit comment. The first relates to Mr Max Porter, the highly regarded present general manager of the Government Insurance Office. Mr Porter has been described as the one-man board of the **GIO** because of his complete dominance of that office for many years. The regard in which Mr Porter is held, not only by me but also by the Government, is evidenced by the fact that the Government has asked him to stay on as chairman of the board that is shortly to be constituted. It is regrettable that for personal reasons Mr Porter apparently cannot do so.

Mr Porter's career is interesting. He joined the New South **Wales** public service in 1933 and was appointed to the Department of Public Health and then the Taxation Department. He had war service with the Royal Australian **Air** Force and upon discharge in 1946 was again appointed to the Department of Public Health. On 27th June, 1949, he joined the Government Insurance Office as assistant secretary. On 1st August, 1962, he became deputy general manager. His long dominance of the office started on 16th November, 1964, when he was appointed for a seven-year term as general manager of the **GIO**. On 16th November, 1971, he was reappointed for a further seven-year term. This was repeated on 16th November, 1978. On 24th January, 1974, Mr Porter was appointed to the Commonwealth Remuneration **Tribunal** and on 1st July, 1977, to the council of the University of New South Wales council. He has been decorated with the Imperial Service Order.

From this recital it can be seen that Mr Porter has been running the Government Insurance Office for some fourteen years—and when I say running I mean running. Because of his technical and managerial skills the Government Insurance Office has expanded substantially during this period. In fact, without Mr Porter at the helm it is hard to imagine the Government Insurance Office. He is a most significant figure and I pay tribute to him.

But what of the future? It must be remembered that the Government Insurance Office is not subject to either the Insurance Act or the Life Insurance Act and therefore *per se* it has immense potential competitive advantages over its private enterprise competitors. The appointment of a board to manage the Government Insurance Office is thoroughly proper. It is to be hoped that the Government will appoint to the board the best talent available.

I make two additional comments. One relates to the recently introduced Government Insurance Office equity linked policies which are approved by the new Commonwealth Life Insurance Commissioner but were not approved by his predecessor. These policies are popular overseas and will no doubt be popular in this country. According to the Minister in another place there was consultation with the Commonwealth Life Commissioner in relation to this matter although, as the Minister pointed out, there was no obligation to consult. The Minister in another place indicated that this practice would continue so that there is consultation about guidelines in the future. I now **ask** the Minister in this House to repeat the undertaking given by his colleague in another place. Specifically I ask him most deliberately to undertake that the Government

Insurance Office will only act in future pursuant to the rules laid down by the Commonwealth Life Commissioner so that the Government Insurance Office operates on an equal basis with its private enterprise competition.

The Hon. J. R. Hallam: You do not like competition, do you?

The Hon. P. S. M. PHILIPS: I do not like unfair competition. My second comment relates to proposed new section 3B (3), which reads as follows:

In the exercise or performance of its powers, authorities, duties and functions (except in relation to the contents of a report or recommendation made by it), the Board shall be subject to the control and direction of the Minister.

To me that is an appalling provision, the more so because the proposed board and top management will be completely new, in view of Mr Porter's impending retirement. In his second-reading speech the Minister indicated that control by the executive government appeared to have been the policy of the Opposition whilst in government. Most emphatically, that is not the case. The policy of the Opposition is that control of the Government Insurance Office should be exercised only through a properly working Auditor-General situation.

I return to proposed new section 3B (3), which I have just described as an appalling provision. Only last week the *Australian Financial Review* asked the question, "Is New South Wales in for a bout of State capitalism Wran style?" It is the Government's clear intention to enter the oil refining industry with direct equity in the Total oil company. Within a few days the Premier leaves to hold talks with Total's parent company in France. The unmistakable reason for **this** decision is that the Government is intent upon seeking equity participation. These socialist methods are completely contrary to everything for which the Opposition stands. It is contrary to our principle of free enterprise, which now more than ever needs to be defended if economic recovery is to be realized.

The Hon. J. R. Hallam: Is the honourable member relating that to ministerial control?

The Hon. P. S. M. PHILIPS: I am, yes. I am relating the potential of ministerial control in that way, particularly in the light of the provisions of the Superannuation (Amendment) Bill which was debated earlier today. As indicated, and in line with what I said in response to the Minister, these two bills at least appear to be ushering in a new era of Government control and equity in areas of business and investment where it has no right to be. If these new developments continue they will be resisted strenuously by the Opposition.

The Hon. R. F. TURNER [8.40]: I support the bill. I join with the Hon. P. S. M. Philips in paying a tribute to Mr Max Porter, who has been in charge of the Government Insurance Office of New South Wales for a period of fourteen years. Indeed, he has given noble service to both the insurance industry and the people of this State. The Hon. P. S. M. Philips is quite incorrect in reading into the bill any retrograde action in resorting to this shibboleth of insurance legislation. Indeed, I should have thought it quite proper for government departments to be responsible to their Ministers. Under the Westminster system of government it is improper for Ministers to abrogate their responsibility for hoards to act in a vacuum and not be responsible to Ministers or the Government. The Government Insurance Office had its origin in 1926, during that wonderful era when New South Wales had a Labor government under Premier Lang. It is now entering upon another great era—the Wran era.

In 1926 Labor put into effect its philosophy that, in areas that are normally neglected by the so-called free enterprise system because of the lack of profit, the citizens of this State should receive proper **service** by statutory bodies which, while acting in a responsible way under adequate legislation, are responsible to a Minister who is elected by the people.

The Hon. P. S. M. Philips: Why is this legislation being introduced only now?

The Hon. R. F. TURNER: If the honourable member bears with me, I shall explain the situation. The Government Insurance Office has been a great success. At the time it was established, private insurance companies refused to effect workers' compensation insurance. The Workers' Compensation Act was introduced in 1926, the year in which the Government Insurance Office of New South Wales was established. As a result of the attitude taken by these private insurance companies, the Labor Government of the day was compelled to introduce legislation that set up the Government Insurance Office.

The Workers' Compensation Act was a momentous piece of legislation which lawyers commonly refer to as the good samaritan Act. If the private insurance companies at that time had serviced the great need that arose under the Workers' Compensation Act of 1926, the Government Insurance Office would not have been what it is today.

It is ridiculous for anyone to suggest that a responsible statutory body like the Government Insurance Office should be tied down by limitations applicable to private industry. We have no meter in any other form under the Westminster system of government throughout the world. There must be advantage in a system where a government enterprise services a community need that is not being serviced effectively by private industry. It ill behoves private industry to adopt this attitude towards the Government Insurance Office, a statutory body which is being operated in a successful manner. Other statutory bodies being operated successfully are the Electricity Commission, the Metropolitan Water Sewerage and Drainage Board and the Public Transport Commission. It ill behoves private industry to see a statutory body being operated successfully and then want a part of the action. I wholeheartedly support those honourable members who have supported this bill, which represents another step forward by the Government Insurance Office of New South Wales.

The Hon. L. A. SOLOMONS [8.43]: I join in the tributes that are being paid to Mr Max Porter. I am sad to hear the Minister announce that it is probable that Mr Porter will not take up the projected position as chairman of the first board of the newly constituted Government Insurance Office. The bill seeks to reconstitute the Government Insurance Office. The bill contains some strange facets, and I **ask** the Minister in his reply to explain why it does not contain one word about the reason for the proposed reorganization. With the greatest respect to the Hon. R. F. Turner, with whom I am always in complete agreement, I think he misunderstood the question asked by the Hon. P. S. M. Philips. The honourable member sought an explanation of why, having in mind that Mr Porter was not subject to ministerial control during his successful management of the Government Insurance Office, such control should now be applied to the proposed board. Perhaps there is a good reason for this, and no doubt the Minister will give honourable members the answer in his reply.

New South Wales is indebted to Max Porter for the tremendous success of the Government Insurance Office of New South Wales. I have had wide experience in **dealing with** the Government Insurance Office, and I **know** that part of Mr Porter's success **was** due to his delegating to some of his expert staff a great deal of the necessary work concerned with the operation of this great office. Doubtless the Hon. R. F. Turner

would agree that the Government Insurance Office has developed greatly in recent years. Basically this development has occurred because the Government Insurance Office inherited, through a series of circumstances, a monopoly on third party insurance, which has turned out to be a losing proposition. However, in conducting this aspect of its operations, the Government Insurance Office was able to secure a connection which enabled it to build up a web of goodwill. Also, it was able to gain other business connections that have enabled it to make a handsome profit each year. I understand that this year the Government Insurance Office made a profit of about \$13 million.

My purpose in joining in this debate is, first, to ask the Minister to tell the House why the Government feels the proposed reorganization is necessary, particularly as the Government Insurance Office has been operating successfully and efficiently under its present system. Moreover, Mr Max Porter has available a reserve of trained management personnel; they have been trained by him and, I am sure, will continue to carry out the same policies that have helped to make the Government Insurance Office the paragon of this type of insurance office in Australia. My second reason for joining in the debate is to inquire why, assuming there is a good reason for the delegation of Mr Porter's duties to a board of five members, that board should be subject to ministerial control when Mr Porter was not subject to such control.

I trust that the Minister will assure honourable members that the persons selected by the Executive Council for nomination by the Government to the board, both as full-time members and as part-time members, will have vast experience in the insurance industry. In this way they will be fitted to operate within the insurance industry, so that their appointment will not be motivated by any other factors.

The Hon. W. L. LANGE [8.48]: I shall make a few brief comments about the bill. I should like the Minister to deal with these matters in his reply. I question whether it is desirable in the reorganization of the Government Insurance Office to have a full-time chairman. The object of the proposed reorganization is to bring part-time expertise to the board. I hold the firm view that it is far better for the executive officer not to be the chairman of the organization. Also, I believe it would be far better to have a part-time chairman rather than a full-time chairman. In that way the executive personnel on the board would not dominate it, as could happen with a full-time chairman. I say that without any reflection on the present arrangement.

Because of the changed circumstances I do not believe it is desirable to have a full-time chairman of the board of the Government Insurance Office. If the Government is to get the maximum benefit from having part-time board members drawn from industry and commerce, it would be far better off appointing a part-time chairman.

The Hon. J. R. Hallam: I ask the Hon. W. L. Lange to give me an example.

The Hon. W. L. LANGE: I shall give the Minister a perfect example close to home. If ever there was a case for an appointment of a part-time chairman, it is the Albury–Wodonga Development Corporation. One of the problems in that growth centre has been the absolute domination of proceedings by the full-time executive chairman.

The Hon. J. R. Hallam: That is a most unusual correlation.

The Hon. W. L. LANGE: The Minister asked me for an example and I have given him one that comes within his own portfolio.

The Hon. B. J. Unsworth: What about bodies like the Electricity Commission?

The Hon. W. L. LANGE: I think it is always better to have a part-time chairman, a person drawn from outside industry, as happens with most public companies. Part-time chairmen do their work far better. They are more detached. They are not so

closely tied to the executive personnel. They are able to bring objectivity to the task. That is not possible if the chairman is working in the position full-time. Government supporters might disagree, but my view is that it is better to have a part-time chairman.

The Hon. B. J. Unsworth: A former government established such authorities with full-time chairmen.

The Hon. W. L. LANGE: Most authorities of that sort have been in existence for many years. I am not moved by the fact that they were appointed by a former government. Former governments did not always make the right decisions.

The Hon. B. J. Unsworth: I agree with that.

The Hon. W. L. LANGE: I tend to differ from them on occasion. Section 15 of the Government Insurance Act is to be repealed. That section deals with the committee that determines the reserves of the Government Insurance Office. I wonder whether this proposal has anything to do with the massive change in accounting procedures that occurred this year when something like \$17 million was taken from the account known as the adjustment for provision of claims outstanding, and that that changed the deficit on workers' compensation insurance from a loss last year of \$191,000 to a surplus this year of \$17 million. As section 15 is to be repealed to do away with the committee that determined those reserves, I ask the Minister whether there is any relationship between the two matters. I should like to comment also on some of the unfair practices in which the Government Insurance Office engages. Despite protestations by Government supporters, there is no doubt that the Government Insurance Office does engage in unfair practices.

The Hon. J. R. Hallam: For example?

The Hon. W. L. LANGE: If the Minister will be patient, I shall give him some examples of how the Government Insurance Office benefits from government services that are not available to private industry. The State Electoral Office has a computer file that is used by the Government Insurance Office to follow up lost clients and for claims purposes. No charge is made to the Government Insurance Office by the State Electoral Office for the use of that computer. At a Royal commission in Western Australia in 1974 the Government Insurance Office was acknowledged as having used clerks of court in New South Wales as agents. That was well known. The offices of the clerks of petty sessions throughout the State acted as agents for the Government Insurance Office before the Government Insurance Office decided to appoint its own agents.

The Government Insurance Office has used, and presumably still uses, the Government Printing Office. The Government Insurance Office staff were, and no doubt still are, paid through the Government's central computer system in the Treasury, at no cost to the Government Insurance Office.

In the 1976 annual report of the Government Insurance Office it was acknowledged that the office was indebted to the Public Service Board, the Department of Motor Transport and to other areas of government for services rendered. There are four examples of how the Government Insurance Office benefits from having access to services provided by other departments of government at no charge to the Government Insurance Office. If honourable members on the Treasury benches think that that

is reasonable, I draw attention to a debate in the federal Parliament on the Australian Government Insurance Commission Bill, 1975, in which Senator **Wheeldon** said in the second reading debate:

The Australian Government Insurance Commission should not only compete on equal terms; it should also be seen to be competing on equal terms.

That is not the situation in New South Wales with the Government Insurance Office. An analogy can be drawn with other government bodies such as TAA. TAA always pays its full share of taxes. In 1976 and 1977 TAA paid something like \$769,000 in sales tax alone. That is the sort of situation that we on this side of the House believe ought to apply generally. Over the years the Government Insurance Office has performed a public service by providing third party motor vehicle insurance. It now seems to be moving into workers' compensation insurance in the same way. I shall give an example of how the Government Insurance Office is not being competitive. About two years ago the Albury city council paid \$230,000 in workers' compensation premiums. The council calls tenders each year for workers' compensation cover, and last year the Government Insurance Office undercut the previous year's premium by quoting \$75,000 or, depending on the claims record, \$125,000 a year. That is about half the amount that was being paid previously. The claims experience for only six months of the first year was \$70,000. So, even if the premium ended up being \$125,000, honourable members can see what has happened.

The Hon. J. R. **Hallam**: I ask the honourable member to explain how that is a disadvantage to the people of New South Wales.

The Hon. W. L. **LANGE**: I do not see why a government instrumentality ought to be undercutting what private enterprise is willing to do.

The Hon. J. R. **Hallam**: One might be more efficient than the other.

The Hon. W. L. **LANGE**: If the Government decides to have an efficiency audit of the Government Insurance Office or of other government activities, we on this side of the House would welcome and support such a move. If it is a question of efficiency, I am afraid there will be a high level of disagreement among us in that regard. The Government Insurance Office has the advantages that I have mentioned, which put it in a highly competitive position in relation to other insurance companies.

I notice that provision is made for members of the board of the Government Insurance Office to disclose their pecuniary interests. That is desirable. The Minister might give the House some intimation of when the Government's pecuniary interest legislation relating to members of Parliament and others in the public sector is likely to be brought forward. We have been waiting on it for quite some time. At least it is satisfying to see that the Government is going part of the way towards what is needed by proposing that personnel of the board of the Government Insurance Office disclose their pecuniary interests.

The Statutory and Other Offices Remuneration (Government Insurance) Amendment Bill is cognate with the Government Insurance (Amendment) Bill. In respect of & I ask the Minister what the remuneration of the new chairman of the Government Insurance Office will be and what will be the remuneration of part-time members of the board. If honourable members are asked to pass legislation dealing with the remuneration of such persons, it is desirable that they be told what that remuneration will be.

The Hon. J. R. **Hallam**: That is a matter for the Statutory and Other Offices Remuneration Tribunal.

The Hon. W. L. LANGE: That is right. Otherwise, the measures speak for themselves. I merely bring to attention again the points I have made about the unfair nature of the Government Insurance Office, particularly as it is not subject to the Insurance Commission.

The Hon. J. R. HALLAM (Minister for Decentralisation and Minister Assisting the Premier) [8.58], in reply: I am staggered by the treatise delivered by the actuarial duo, the Hon. P. S. M. Philips and the Hon. W. L. Lange. They have attempted over some years in this House to develop a reputation for skill in accountancy, economics, insurance, and any other aspect of commerce and finance. Almost everything they said tonight was wrong factually and philosophically. I find it extraordinary that speeches of this nature can be delivered in relation to one of the ten largest insurance companies in Australia and the largest insurance company in general insurance, a company that is providing a service that all other insurance companies have refused to supply to the extent that the Government Insurance Office does. The Hon. P. S. M. Philips and the Hon. W. L. Lange talked about subsidies and unfair practices. If we were able to do it by statute we ought to force other insurance companies involved in general insurance in this State to involve themselves in third party insurance and we would soon find out who was subsidizing whom. Third party insurance is one of the most unpopular forms of insurance in this State and the Government Insurance Office is in fact subsidizing every general insurance company in this State to a considerable extent.

Third party insurance claims cost the Government Insurance Office \$128 million in the financial year 1977-78. Despite that heavy burden carried by the taxpayers of New South Wales, the Government Insurance Office was still able to report a net profit of something in the vicinity of \$39.6 million and an income payable to the State Treasury in excess of \$20 million. That gives the lie to the suggestion of unfair practices. So far as the other pedantic nonsense brought forward by the Hon. P. S. M. Philips and the Hon. W. L. Lange on the subject of ministerial control is concerned, ministerial control is a longstanding practice of accountability to Parliament. That is what the Westminster system is about. What was said was a reflection of the efficiency of the Treasurer. This State has a Government that has not increased taxes in three years. In two Parliaments it has not increased taxes. When it comes to financial management, the reputation of the Wran Government and the Treasurer, the Hon. J. B. Renshaw, is unsurpassed in the history of this State.

Dealing further with ministerial control, I point out to honourable members opposite that when their parties were in government, bodies such as the Metropolitan Water Sewerage and Drainage Board—not a small organization—the Maritime Services Board and the Hunter District Water Board were all brought under ministerial control by Mr Davis Hughes, a former Country Party Minister.

The Hon. F. M. MacDiarmid: A good Minister, too.

The Hon. J. R. HALLAM: He certainly adopted similar practices to those that are being adopted in this legislation. The Hon. W. L. Lange made much of the fact that the proposed board of the Government Insurance Office should have as its chairman one of its part-time members. If he is an efficiency expert he ought to know that a part-time chairman generally has a part-time interest. I point out to him that the Rural Bank board has a full-time chairman and two part-time members. The Reserve Bank Board has a full-time chairman. The Maritime Services Board has a full-time chairman. The Hunter District Water Board and the Electricity Commission have full-time personnel at the head of those statutory instrumentalities.

Here we are dealing with a government enterprise that is extremely efficient and subsidizes the public and is able to compete so effectively that for an insurance job in Albury it can quote \$123,000 less than private enterprise can quote and in addition can offer a service to the taxpayers of Albury. And this was put forward by the Hon. W. L. Lange as an example of unfair practices. Here we see a measure of the thinking of members of the Liberal and Country parties in this State and in this country. That clearly demonstrates why there are fourteen Liberal members of Parliament in the metropolitan area and fifty-two Labor members. The people of New South Wales are able to discern efficiency and are able to discern State instrumentalities such as the Government Insurance Office that are providing a service to the community, particularly in the field of third party insurance to which I have already alluded.

The Hon. P. S. M. Philips said that he hoped there would be continued co-operation between the Government Insurance Office and the Commonwealth Life Insurance Commissioner. That has been the case for many years. The life commissioner has been acquainted with the intentions of the Government Insurance Office in new areas of life insurance. Life policies have been submitted to the life commissioner, and he has suggested some minor alterations which have been adopted. Certainly there has been a great deal of co-operation between this government instrumentality and its counterparts in private enterprise, which are having great difficulty competing with it, apparently because they are not as efficient as this government enterprise.

I shall give some facts in response to the gross misinterpretations put forward by honourable members opposite. The Government Insurance Office has its own computers and its own computing staff. It has its own printing office. The little things raised as major factors contributing to unfair competition with private enterprise are largely untrue. The Hon. W. L. Lange said these advantages are one of the major reasons why this State instrumentality is able to compete and offer tenders with unfair advantages over private companies. It is able to lose \$128 million on third party insurance. The reason it was able to do that put forward by honourable members opposite was that it got a little bit of cheap printing done at some time or other at the Government Electoral Office. I never heard so much nonsense in my life from people who put themselves forward as leaders in the commercial world. I am pleased they have put it on record, for the people will be able to read it and judge it for the humbug it is.

The Hon. P. S. M. Philips: Will the Minister undertake that the close co-operation with the Commonwealth Life Insurance Commissioner will continue as it has?

The Hon. J. R. HALLAM: A board such as this, with a reputation as high as it has, that has always maintained this liaison, is not likely to alter that in the future. In answer to the Hon. L. A. Solomons, I say that the people who will be appointed by the Government will be the best available. They will have the necessary expertise. The reason for the major change that is being made is that this is a large organization involved in a wide range of insurance from third party to general insurance and new areas in life assurance. As a result of this spread of responsibility it is necessary to broaden the executive at the highest level.

As I pointed out in my second reading speech, the day-to-day work of such a huge organization, which conducts transactions in the millions so far as policies are concerned, has become too much for one man, great as he has been over the past fourteen years. The remuneration of the members of the board will be determined at some time in the future by the Statutory Remuneration Tribunal. I should have thought the Hon. W. L. Lange would have been aware of that. I am amazed at the abysmal ignorance displayed by people who put themselves forward as spokesmen for the commercial community in this city and State.

Motion agreed to.

Bills read a second time.

Committee and Adoption of Report

Bills reported from Committee without amendment, and report adopted, on motions by the Hon. J. R. **Hallam**.

Third Reading

Bills read a third time, and returned to the Legislative Assembly without amendment, on motions by the Hon. J. R. **Hallam**.

PUBLIC HOSPITALS (UNITED DENTAL HOSPITAL OF SYDNEY)
AMENDMENT BILL (No. 2)

First Reading

Bill received from the Legislative Assembly and, on motions by the Hon. J. R. **Hallam**, read a first time and ordered to be printed.

Suspension of Standing Orders

Suspension of certain standing orders agreed to on motion by the Hon. J. R. **Hallam** on behalf of the Hon. D. P. Landa.

MINES INSPECTION (AMENDMENT) BILL

First Reading

Bill received from the Legislative Assembly and, on motion by the Hon. J. R. **Hallam** on behalf of the Hon. D. P. Landa, read a first time and, on motion by the Hon. J. R. **Hallam**, ordered to be printed.

Suspension of Standing Orders

Suspension of certain standing orders agreed to on motion by the Hon. J. R. **Hallam** on behalf of the Hon. D. P. Landa.

TOTALIZATOR (AMENDMENT) BILL

Second Reading

The Hon. J. R. **HALLAM** (Minister for Decentralisation and Minister Assisting the Premier) [9.16]: I move:

That this bill now be read a second time.

At the present time, apart from horseracing meetings conducted at the four major metropolitan racecourses and in a very few minor exceptions, the only means of placing bets on races conducted at other courses is with bookmakers. This bill, in allowing the transmission of totalizator investments from one racecourse to another, will enable patrons attending country and provincial race-meetings to reap the benefits which would flow from tapping into larger and more viable pools. They will thus be able to receive the same odds and benefits as are available at the metropolitan meetings.

Therefore, where country and provincial racetracks are suitably equipped, patrons will be able to make use of the various types of betting available at Sydney meetings. These include trifecta, quinella, doubles, and the normal win and place betting.

It is considered that the transmission of bets from one racecourse to another will, quite apart from providing an additional facility for racing patrons, generate additional revenue for the clubs concerned. The transmission of investments will allow a common pool to be made up of off-course investments through the TAB together with investments at the racecourses concerned, which would lead to a declaration of common dividends. The attraction of this initiative is that it will enable patrons at suitably equipped country and provincial racetracks to take advantage of another betting medium. Additional revenue will thus be generated for the race clubs, and in all probability will attract larger crowds to these race-meetings. The Government sees this as being a step that will assist the smaller, less financial race clubs to provide better facilities for patrons.

As I mentioned earlier, other than at meetings for horseraces conducted at the four major metropolitan racecourses, with minor exceptions, the only means of "away" betting is through bookmakers. The return to clubs from the operation of bookmakers is considerably less than that from the operation of totalizators. In fact, the majority of greyhound and trotting clubs receive only a flat fielding fee from bookmakers irrespective of turnover. This legislation, therefore, is aimed at ensuring that a greater share of the available moneys goes to the club and therefore, indirectly, back to the punter by way of additional facilities. The transmission of bets from one racecourse to another would present no problem to clubs utilizing adequate facilities and competent staff to handle not only the routine situations but any emergency that may arise.

I now make brief comment on the provisions of the bill. Proposed section 3B provides that with the approval of the Minister and subject to such terms and conditions as he may impose, a racing club may, on any racecourse at which it holds a race-meeting, conduct totalizator betting upon any event or contingency scheduled to be held on any other racecourse on which bets are paid into a totalizator, for transmission into a totalizator used on any racecourse within New South Wales.

The major portion of the bill consists of provisions for the distribution of the commission deducted from the pool. Provision is made for clubs operating totalizators under proposed section 3B to continue receiving the same proportion of commission as would apply should they be operating their own investments pool and not pooling bets with bets made on a totalizator used on another racecourse. The remainder of the bill provides for the omission of any reference in the Totalizator Act to the Treasury or the Treasurer. Such references are no longer appropriate following the transfer of the responsibility for the administration of this Act from the Treasurer to the Minister for Sport and Recreation. I commend the bill to the House.

The Hon. F. M. MacDIARMID [9.19]: The Opposition supports this bill. All of us in this Parliament and in the community recognize that betting has become part and parcel of everyday life. Practically every day of the week people from all walks of life are placing bets on galloping races, trots, football, and even elections. Throughout the year a remarkable number of meetings are held at which people can place bets.

The bill is desirable because it allows people in country areas on country and provincial racecourses to enjoy the facilities that are available on the major courses in the metropolitan area. This will attract more people to the sport, as the Minister has said, and therefore more revenue will be created. One wonders, however, where this will stop. In recent times prize money for events such as the Golden Slipper has become equal to and for some events higher than prize-money paid in any other country. Although this may be good for the industry it may not be so good for the community.

I wonder whether it is a good thing, also, that people can go to country meetings and invest on the trifecta and the doubles in the same way as they can through the TAB and by attending metropolitan race-meetings. Unless there are facilities for transmitting quickly—and that has yet to be proved—the situation could become rather sensitive. More and more people are betting on the trifecta, the doubles and so on and it is essential that these facilities be provided, but the community must be concerned at how far this can go. Although the Opposition supports the bill it has some reservations about it.

Motion agreed to.

Bill read a second time.

Committee and Adoption of Report

Bill reported from Committee without amendment, and report adopted, on motions by the Hon. J. R. Hallam.

Third Reading

The Hon. J. R. HALLAM (Minister for Decentralisation and Minister Assisting the Premier) [9.24]: I move:

That this bill be now read a third time.

I thank the Hon. F. M. MacDiarmid for his contribution to the debate. It is a fact that this legislation will significantly benefit punters and others who are connected in some way with the racing fraternity. The bill enables punters attending suitably equipped country and provincial meetings to obtain benefits which will flow from tapping into a larger and more viable pool. There will be a wide range of flow-on benefits for club facilities generally.

Motion agreed to.

Bill read a third time.

Bill returned to the Legislative Assembly without amendment, on motion by **the** Hon. J. R. Hallam.

EDUCATION (AMENDMENT) BILL

Second Reading

The Hon. J. R. HALLAM (Minister for Decentralisation and Minister Assisting the Premier), on behalf of the Hon. D. P. Landa [9.25]: I move:

That this bill be now read a second time.

The main purposes of this bill are to increase the membership of the Secondary Schools Board and the Board of Senior School Studies and to empower the Minister to appoint the chairman of each board from members who are officers of the Department of Education. There are other amendments of a minor nature to which I shall refer later.

The boards recommend to the Minister for Education on matters relating to the award of school certificates, in the case of the Secondary Schools Board, and the award of higher school certificates in the case of the Board of Senior School Studies. Membership of each board, although not identical, is similar. At present the Secondary Schools Board has twenty members. Three come from universities and colleges of

advanced education, six from the Department of Education, four from non-government schools and four are nominated by the Secondary Teachers' Association of the New South Wales Teachers' Federation. The Director of Technical and Further Education is a member. One is a person who in the opinion of the Minister can, by his knowledge and experience, advance the development of examination procedures, and one is a person nominated by the Minister who is a member of a parents and citizens' association constituted under the Public Instruction Act, 1880. The Board of Senior School Studies has nineteen members. Seven come from the universities and colleges of advanced education, four from the Department of Education, two from non-government schools and three are nominated by the Secondary Teachers' Association of the New South Wales Teachers' Federation. The Director of Technical and Further Education is a member. One is a person associated with the training of teachers and one is a person selected by the other members of the board.

The Government supports the concept of effective community involvement in education and believes that the community has the right to exercise a role in the education of children. It is proposed to broaden the base of both boards by the appointment of persons nominated by employer and employee organizations and, in the case of the Board of Senior School Studies, by the appointment of a person representing parents and citizens' organizations. This will enable participation in the determination of recommendations to the Minister by those who have a vital interest in the results of students' secondary schooling. Reference to the appointment of specific officers of the Department of Education to the boards has been removed from the principal Act, thereby recognizing the changing structure of the department and providing flexibility for the Director-General of Education in utilizing to advantage his officers' responsibilities, qualifications and experience. The principal Act provides for representation on both boards from the now defunct Secondary Teachers' Association, which was part of the New South Wales Teachers' Federation. It is proposed to accept nominations from the council of the federation.

The short title of the bill and commencement provisions are in clauses 1 and 2. The reconstitution of the Secondary Schools Board and the Board of Senior School Studies will take place on a day appointed by the Governor. Clause 3 provides that the boards as constituted immediately before the day appointed by the Governor will be dissolved. Clause 4 identifies the principal Act and the schedule of amendments. The provisions in clauses (1) and (2) of the schedule of amendments to the principal Act are similar. The first clause relates to the Secondary Schools Board and the second to the Board of Senior School Studies.

The size of the Secondary Schools Board will be increased from twenty to twenty-two members by adding to the membership of the board a person who is a nominee of the prescribed organizations of employees; and a person who is a nominee of the prescribed organizations of employers. This is provided for by item (1) (g) of schedule 1.

The size of the Board of Senior School Studies will be increased from nineteen to twenty-two members by adding to the membership of the board a person nominated by the Minister, that person being a member of parents and citizens association or a like organization; a person who is a nominee of the prescribed organization of employees; and a person who is a nominee of the prescribed organizations of employers. This is provided for in item (2) (f) of schedule 1. One of the members of the Board of Senior School Studies will be a person selected by the other members. The proposed three new appointees to the board will participate in the selection of that member.

Item (1) (c) of schedule 1 omits from the principal Act the appointment of the Director-General of Education and the Director of Secondary Education to the Secondary Schools Board. Following a reorganization of the duties of senior staff within the Department of Education, the position of Director of Secondary Education no longer exists. Similarly, item (2) (c) of this schedule omits from the principal Act the appointment of the Director-General of Education to membership of the Board of Senior School Studies. Accordingly, the number of officers of the Department of Education to be appointed to the boards will be increased from four to six, in the case of the Secondary Schools Board, and from three to four in the case of the Board of Senior School Studies.

Items (1) (e) and (2) (e) of schedule 1 provide for nominations for appointment to both boards to be submitted by the council of the New South Wales Teachers' Federation instead of by the now defunct Secondary Teachers' Association of the federation. The principal Act provides for the Minister to nominate a person who ~~is~~ a member of a parents and citizens association constituted under the Public Instruction Act, 1880, for appointment to the Secondary Schools Board. There is no such provision in respect of the Board of Senior Schools Studies. The amending legislation applies to both boards and will enable the Minister to nominate for appointment to each board a person who is a member of a parents and citizens association or a like organization. These proposed changes are contained in items (1) and (2) of this schedule.

Under the provision of the principal Act the Director-General of Education and Director of Secondary Education are chairman and deputy chairman, respectively, of the Secondary Schools Board. The director-general is chairman of the Board of Senior School Studies. The deputy chairman of the Board of Senior School Studies is one of the three members who are officers of the Department of Education as the Minister designates. In the absence of both the chairman and the deputy chairman from any meetings of a board the members present at the meeting elect from among their numbers a chairman to preside at that meeting.

Items (1) (h) and (2) (g) of schedule 1 omit from the principal Act these provisions for the appointment of a chairman and deputy chairman for each board. The amendments empower the Minister to appoint the chairman of each board from members who are officers of the Department of Education and empower the chairman of each board to appoint a member of that board who is an officer of the Department of Education to act as chairman during his absence. The intention is to enable the qualifications and experience of officers of the Department of Education appointed to the boards to be used to the best advantage.

Certain machinery amendments are included in items (3), (4) and (5) of this schedule. Reference to an *ex officio* member in items (1) (b), (2) (b), (3) and (4) make it clear that appointment by the Governor is not necessary in the case of such a member. There will be only one *ex officio* member on the boards when they are reconstituted; that is, the Director of Technical and Further Education. Item (3) makes it clear that appointment of an *ex officio* member is not limited to four years and that appointment of the member selected by the other members of the board will expire at the same time as the term of office of the members who selected him. Existing provisions that members be appointed for a term of four years and, if otherwise qualified, be eligible for reappointment have been retained.

Item (5) of the schedule omits the reference in section 17 (1) of the principal Act to the deputy chairman presiding at meetings of a board in the absence of the chairman. Section 17 (2), which requires members present at any meeting of a board

The Hon. J. R. Hallam]

to elect a chairman from amongst their numbers when both the chairman and deputy chairman are absent, has also been omitted. That completes my summary of the provisions of the bill.

In conclusion, I should like to mention that pupils are not comprised merely of those who succeed in examinations and those who fail, but rather of those whose achievements reflect a wide range of abilities. The Secondary Schools Board and the Board of Senior School Studies were constituted in 1962. Honourable members will be aware that over the years the boards have undertaken detailed studies relating to the nature and purpose of the school certificate and the higher school certificate and the methods to be used to determine awards. The membership and other changes proposed in this bill will assist both boards in their deliberations and future planning for the award of school certificates and higher school certificates. I commend the bill.

The Hon. VIRGINIA CHADWICK [9.35]: This bill, which was introduced in another place in March, was commended by the Opposition at that time, and is still seen by the Opposition here and elsewhere as a worthwhile endeavour to broaden the representation and to increase community involvement on the Secondary Schools Board and the Board of Senior School Studies. In the case of the Secondary Schools Board, I note that membership is to be increased from twenty to twenty-two, and in the case of the Board of Senior School Studies, from nineteen to twenty-two. This will be achieved by the addition of one representative from a prescribed organization of employers and one representative from a prescribed organization of employees. In March the Minister in another place stated that the employee representative would be the nominee of the Labor Council, and that the appropriate bodies to approach regarding an employer nominee would be organizations such as the Metal Trades Industry Association or the Employers' Federation. I ask as a point of information whether this is still intended to be the case.

Provision is made in the bill for the increase in the number of officers appointed to each board from the department. In the case of the Secondary Schools Board, the number is to be increased from four members to six members, and for the Board of Senior School Studies the increase is to be from three members to four members. Allied to this, is the deletion from the principal Act of reference to specific offices, and deletion of the provisions that the Director-General of Education and the Director of Secondary Education must be the chairman and deputy chairman respectively of the Secondary Schools Board. Similarly, the appointment of the Director-General of Education as chairman of the Board of Senior Studies, is to be omitted from the principal Act.

The Opposition sees no difficulties with regard to these proposals. The same number of officers from the department will be involved. The proposed amendment will relieve the director-general of certain responsibilities which can properly be fulfilled by others if it is seen as desirable. I note that the chairman of each board appointed by the Minister will still be an officer of the department and that he will be empowered to appoint a deputy chairman who is to be an officer of the department, who is to act as chairman in the absence of the formal chairman. The Opposition agrees that the result will be an increase in flexibility and will allow officers of talent and expertise to be involved in these fields and hopefully provide valuable input.

The changes proposed in items (1) and (2) of schedule 1 will enable the Minister to nominate for appointment to each board a person who is a member of a parents and citizens' association or a like organization. This corrects an existing anomaly in that there is such representation on the Secondary Schools Board. However, there is no such provision in respect of the Board of Senior School Studies. I understand that the use of the words "or a like organization" are designed to make possible

a selection from any of the other parents' organizations, such as the Federation of Infants Schools Clubs. I ask the Minister whether this is still the direction of government's thinking in this area.

Provision has also been made for nominations to both boards, to be made by the council of the New South Wales Teachers' Federation. There are to be four such nominations for appointment to the Secondary Schools Board, and three for appointment to the Board of Senior School Studies. The Opposition agrees with this proposal, as in the past such nominations came from the now defunct secondary teachers' association of the federation. The alteration is appropriate in this regard. I also find it pleasing in that although one would expect that the people appointed would have expertise and experience at secondary level, it does not discount the possible appointment of others, perhaps currently in the primary or tertiary fields, who could bring to the boards a great deal of experience ranging across the educational spectrum.

The Opposition finds no difficulty in supporting the other minor terms of the bill. In regard to the position of Director of Technical and Further Education—the *ex officio* member of each board is clarified—it is seen that appointment by the Governor is not necessary. Similarly, it clarifies the position in respect of the term of the member selected by other board members. This term expires at the same time as the term of office of those who selected him. The broad thrust of this bill is to be commended. It is a genuine attempt to give flexibility in regard to officers of the department. The alteration in respect of the position of chairman of the boards opens the way for people of expertise within the department, who perhaps do not have the same pressures because of time and work loads as the director, to make valuable contributions. I find this a most worthwhile endeavour.

Second, the inclusion of a parents and citizens group representative on the Secondary Schools Board, and the inclusion on both boards of representatives of employee and employer groups is, I believe, an important change. It provides an expanded opportunity for community involvement in education and denotes an acceptance of the concept that the community has a proper role, and the right to exercise that role, in the education of our young. I believe that the additional representation on the boards will assist them in their deliberations. This is important and is to be welcomed, for the task of the boards is not easy, particularly as increasing demands have been put upon our education system in recent years.

Whether we blame technological change, inflation, wage demands, unemployment, or the change of the traditional values and attitudes within our community, there is no escaping the fact that many groups within the community are looking to the education system to provide the panacea, to somehow make things better to equip our young for life, for work, for leisure and so on. The strains and demands of such community expectations are often, I believe, both unfair and improperly founded. But even so, it is true to say that the pressures upon the boards now under debate are such that any additional assistance we can give them to facilitate their task is to be welcomed. With these thoughts in mind, the Opposition supports the proposals before us today.

The Hon. B. J. UNSWORTH [9.41]: In supporting the bill I express my appreciation to the Hon. Virginia Chadwick for her enlightened view on the representation of employee organizations on bodies like the ones we are considering. It is refreshing to hear such an opinion, and particularly to contrast it with the view expressed earlier today by the Hon. F. J. Darling when he was speaking about employee representation in matters of superannuation. I understand that nominating rights in respect of

employee representation on the expanded Secondary Schools Board and Board of Senior School Studies will continue to be exercised by the Labour Council of New South Wales. That is a wise move on the part of a Minister in another place.

I had an opportunity earlier this year of leading a deputation to the Minister from the Teachers' Federation of New South Wales on the construction of syllabuses, particularly in relation to the subjects of industrial relations and the history of trade unionism in Australia. We proposed that a subcommittee be established, consisting of representatives of employer and employee organizations, with a view to reaching agreement on the sort of material that could be given to secondary school students to prepare them to go into the work force. Young persons go to work for the first time and are confronted suddenly with the fact that their wages are determined by organizations of which they know nothing. That would be the Australian Conciliation and Arbitration Commission if they are working under a federal award, or the Industrial Commission of New South Wales if they are working under a State award.

We submitted that it would be in the interests of both employers and trade unions if students could be given some instruction in these matters. The Minister told us that he was contemplating this legislation to expand the role of the Secondary Schools Board and the Board of Senior School Studies. He said that that would provide an opportunity for representation on those boards of employers and employees, and bodies like the Teachers Federation or parent groups.

The Hon. W. J. Holt: Did the honourable member suggest that children be taught a few simple things like how to save for their first house, how to get finance for it, and how to buy it? Those sorts of things are never mentioned to children.

The Hon. B. J. UNSWORTH: I should have thought that many persons in the commercial world who want to take money from young people would seek representation themselves through their own organizations, whether they were retail traders, motor traders, or what have you.

The Hon. W. J. Holt: The honourable member is interpreting what I said in a cynical way. I was not being cynical. I was referring to the real things that a child must know.

The Hon. B. J. UNSWORTH: One of the most important things a young person must know when he goes into the work force is that he will be spending a great deal of time in a working environment that will solve problems. For example, at the end of his first week in the work force he should know how **his** wages are computed. They were the sorts of things we were concerned with. We believed that representatives of the employers and the trade unions should try to agree on what could be injected into the school syllabuses to cover those aspects. Obviously, the point made by the Hon. W. J. Holt is important, but, without being cynical, I suggest that **substantial** interests in the community are already aware of the purchasing power of young people. Advertisers on radio station **2SM**, for example, are fully aware of the purchasing power of youth. I am sure that they will want to teach the young how to enter into contracts and spend their money. **As** I said, we were concerned with young people in **their** hundreds and thousands having basic information that would better equip them to go into the work force. We believe that organizations such as the Labor Council of New South Wales and nominees of the employers, such as the Employers' Federation or the Motor Traders Association, could express views in deliberations of the sort that I have suggested.

The bill would warrant the support of honourable members even if it dealt with nothing but expanding opportunities for representation on the two boards in question, but it contains other provisions. I am pleased that the Hon. Virginia Chadwick agrees with the Minister that they have merit. I have no doubt that the measure will have the support of honourable members.

The Hon. J. R. HALLAM (Minister for Decentralisation and Minister Assisting the Premier) [9.48], in reply: I am pleased that the Hon. Virginia Chadwick and the Hon. B. J. Unsworth have spoken in support of the bill. This is good legislation and will allow the boards in question to change in response to community viewpoints and generally to develop better education policies attuned to the changing needs of society. It will also broaden contact with the community on some aspects.

In answer to the query of the Hon. Virginia Chadwick regarding representation on the Secondary Schools Board and the Board of Senior School Studies, I am pleased to be able to inform the honourable member that the Labor Council of New South Wales will have a representative, as well as organizations such as the parents and citizens' associations, the Federation of Parents and Citizens' Associations of New South Wales, the Federation of Catholic Parents and Friends' Associations, the Association of Independent Schools of New South Wales, and organizations of employers such as the Employers' Federation of New South Wales, the Chamber of Manufactures of New South Wales and the Metal Trades Industry Association of New South Wales. That discloses a genuine endeavour by the Government to import a maturity of view and increased expertise on to the boards through this extended membership. I am pleased to have the universal support for the bill from members on both sides of the House.

Motion agreed to.

Bill read a second time.

Committee and Adoption of Report

Bill reported from Committee without amendment, and report adopted, on motions by the Hon. J. R. Hallam.

NATIONAL PARKS AND WILDLIFE (ADJUSTMENT OF AREAS) BILL

First Reading

Bill received from the Legislative Assembly and, on motions by the Hon. J. R. Hallam on behalf of the Hon. D. P. Landa, read a first time and, on motion by the Hon. J. R. Hallam, ordered to be printed.

PUBLIC HOSPITALS (UNITED DENTAL HOSPITAL OF SYDNEY) AMENDMENT BILL (No. 2)

Second Reading

The Hon. J. R. HALLAM (Minister for Decentralisation and Minister Assisting the Premier) [9.55]: I move:

That this bill be now read a second time.

The United Dental Hospital of Sydney is the teaching hospital of the University of Sydney Faculty of Dentistry and is the only dentistry teaching hospital in New South Wales. It was created by the union of the University Dental Hospital and

the Dental Hospital of Sydney under the Dental Hospitals Union Act, 1904. Currently the Dental Hospital of Sydney is an unincorporated hospital subject to the control and management of a board of control appointed by the Governor pursuant to the provisions of the Dental Hospitals Union Act, 1904. For the purposes of the Public Hospitals Act, 1929, it is a separate institution mentioned in the third schedule to that Act. Control and management may be more effectively exercised if the board is granted corporate status and to achieve this end it is proposed that the hospital be incorporated under the provisions of the Public Hospitals Act, 1929. The present board of control is in agreement with this proposal.

A bill to give effect to the incorporation of the United Dental Hospital of Sydney was introduced by the Government earlier this year. The Opposition in this House proposed an amendment to the bill and sought to specify the functions of the board. The Government was not prepared to accept an amendment which could inhibit the activities of the board and the bill lapsed. The fresh bill now before the House does not therefore incorporate the amendment which was previously prepared. I now turn to the provisions of the bill. Clauses 1 and 2 respectively cite the short title and the schedules to the bill. Clause 3 states that the Public Hospitals Act, 1929, shall be amended in the manner provided in the schedules. Clause 4 provides that the word director where appearing in section 24 (2A) of the Public Hospitals Act, 1929, shall be deemed never to have applied to a director appointed by the Minister.

Schedule 1 of the bill contains amendments to the Public Hospitals Act, 1929, in relation to the United Dental Hospital. Items (1), (3), (4), (5), (6) and (7) make minor amendments. Item (2) provides that on the day on which an order is published adding the name of the United Dental Hospital to the second schedule of the Public Hospitals Act, 1929, the hospital's name shall be omitted from the third schedule to that Act. Item (8) inserts a division 2 in part VIA of the Public Hospitals Act, 1929. The new division contains new sections 33FA to 33FG relating to the United Dental Hospital. Section 33FA details commencement provisions in respect of the sections contained in division 2. Section 33FB defines board, board of control, chairman, hospital and superannuation scheme.

Section 33FC provides that the Minister shall appoint a board which shall consist of nine directors, three of whom shall be University of Sydney nominees. If the university fails to nominate persons as directors, then the Minister may nominate and appoint persons as directors who shall be deemed to have been nominated by the University of Sydney. Provision is also made for the Minister to appoint one of the directors as chairman. Section 33FD vests in the Health Commission of New South Wales the land upon which the United Dental Hospital is situated and which is not already vested in the Health Commission. That land is presently vested in the Minister for Public Works. Section 33FE directs the Registrar-General to issue a certificate of title in respect of the land upon which the hospital is situated.

Section 33FF states savings and transitional provisions with respect to the employees, servants and members of the staff, of the hospital. The provisions ensure that those employees, servants and members of the staff are not disadvantaged by the incorporation of the hospital. That section provides specifically for the continuation of employment of the employees, servants and members of the staff; for the retention by those persons or rights accrued or accruing under a superannuation scheme, including the right to continue to contribute; for the continuation of the salary, wage and industrial conditions subject to any variation of an award, agreement or determination or an order of a court of competent jurisdiction; and for service by those persons with the unincorporated hospital to be deemed to be service with the incorporated hospital for the purposes of annual leave, sick leave and long service leave.

Section 33FG preserves the right of the board of control before the appointed day, empowers the hospital on or after the appointed day and empowers the Health Commission at any time, to make an application under section 92 (1) of the Superannuation Act, 1916, to amend the entry referring to the United Dental Hospital in schedule III to that Act. Appointed day is defined to mean the day upon which an order is published adding to the second schedule of the Public Hospitals Act, 1929, the name of the United Dental Hospital. Item (9) inserts the sixth schedule to the Public Hospitals Act, 1929. This schedule describes the land upon which the United Dental Hospital is situated.

I turn now to schedule 2 and the miscellaneous amendments to part V of the Public Hospitals Act, 1929. These amendments are not referable to the objects of the bill. Items (1), (2) (a) and (b), (3) and (4) have been made to remove a doubt which may exist concerning the meaning to be given to the word director in sections 21A, 23c (1), 24 (2A) and 24B of the Public Hospitals Act, 1929. Item (2) (c) omits that part of section 23c (1) of the Public Hospitals Act, 1929, which no longer has effect by reason of the effluxion of time. I commend the bill to the House.

The Hon. D. D. FREEMAN [10.0]: The Opposition supports the bill, which provides for the incorporation of the United Dental Hospital. I wish to ask the Minister a question, because I was not clear on what happened when the previous amendment to this Act was proposed in this House. My recollection is that, as a result of a discussion with the dean of the faculty who was looking after the university side of the hospital, and the chairman of the board of control of the hospital as it then was, there was a suggestion for a clearer definition to be given in the Act of the purposes of the hospital, having in mind that it was a combination of a social service and a teaching hospital.

I have a fairly clear recollection that a suggestion was put to the Minister at the time. It was reported that the Government had accepted it, but there were drafting difficulties. There was a pause while the drafting took place, and then the Minister finally moved the amendment in this House. It was passed and then sent back to the other House. However, the Legislative Assembly rose for the election, and the amendment did not pass into law. That is my recollection of what happened, and the Minister might correct me if I am wrong. I should like some detailed clarification of why this change has not been made in this measure. In other respects the Opposition supports the bill.

The Hon. J. R. HALLAM (Minister for Decentralisation and Minister Assisting the Premier) [10.2], in reply: I am delighted that the Government now has the qualified support of the Hon. D. D. Freeman in relation to this bill. The bill was originally introduced into Parliament in February this year. On behalf of the Opposition in this House, the Hon. D. D. Freeman moved an amendment which defined the functions and activities of the United Dental Hospital. In essence the amendment imposed a duty on the hospital to provide teaching facilities in the field of dentistry in co-operation with the University of Sydney and to provide dental services. The reason stated for moving the amendment was that a similar provision existed with respect to the Prince Henry Hospital in section 33D of the Public Hospitals Act, 1929. The Government, after consideration of the Opposition's proposal, could not agree to its inclusion in the bill, for various reasons. The first reason was that the provision may limit the power of the board and if, in the future, the board wished to change the role of the hospital it may need an amendment of the Act. Also, there was no similar limitation under the existing legislation on the board of control, in the Dental Hospitals Union Act of 1904.

Another reason was that, if limitations to the functions and activities of the United Dental Hospital were considered desirable, the provisions of section 13 (3) of the Public Hospitals Act of 1929 could be utilized. That section provides:

The Commission may by order published in the Gazette—

- (a) authorise and direct the adoption of systems of preventive medicine and promote research and investigation and may **utilise** the **staff** and facilities of any hospital therefor;
- (b) authorise and direct arrangements between hospitals for the transfer of patients and nurses;
- (c) **define** the functions and activities of any hospital.

I hope that that satisfactorily answers the query of the Hon. D. D. Freeman. I am happy that the bill has the support of honourable members opposite.

Motion agreed to.

Bill read a second time.

Committee and Adoption of Report

Bill reported from Committee without amendment, and report adopted, on motions by the Hon. J. R. **Hallam**.

Third Reading

Bill read a third time, and returned to the Legislative Assembly without amendment, on motions by the Hon. J. R. **Hallam**.

SPECIAL ADJOURNMENT

Motion (by the Hon. J. R. **Hallam**) agreed to:

That this House at its rising today do adjourn until tomorrow at 11 a.m., sharp.

House adjourned, on motion by the Hon. J. R. **Hallam**, at 10.10 p.m.
