Legislative Council

Wednesday, 15 April, 1981

Totalizator (Off-course) Betting Amendment Bill and Cognate Bills (first reading)—Public Authorities (Financial Accommodation) Bill and Cognate Bill (first reading)—Precedence of Business—Foreign Judgments (Reciprocal Enforcement) Amendment Bill (third reading)—Parliamentary Electorates and Elections (Amendment) Bill (third reading)—Wollongong–Sydney Train Service (Petition)—Questions without Notice—Forestry (Amendment) Bill (second reading, third reading)—Lord Howe Island (Amendment) Bill (second reading, third reading)—State Lotteries (Amendment) Bill and Cognate Bill (second reading, third reading)—Transport (Amendment) Bill (second reading, third reading)—Pathology Laboratories Accreditation Bill (second reading, third reading—Liquefied Petroleum Gas (Grants) Amendment Bill (second reading, third reading)-Special Adjournment.

The President took the chair at 10.30 a.m.

The Prayer was read.

TOTALIZATOR (OFF-COURSE BETTING) AMENDMENT BILL

GAMING AND BETTING (GREYHOUND RACING CONTROL BOARD) AMENDMENT BILL

TOTALIZATOR (RACECOURSE DEVELOPMENT FUND) AMENDMENT BILL

TROTTING AUTHORITY (TOTALIZATOR) 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.

First Reading

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

PUBLIC AUTHORITIES (FINANCIAL ACCOMMODATION) BILL

MISCELLANEOUS ACTS (FINANCIAL ACCOMMODATION) 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.

PRECEDENCE OF BUSINESS

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

That on each sitting day for the remainder of the present session Government Business shall take precedence of General Business.

FOREIGN JUDGMENTS (RECIPROCAL ENFORCEMENT) 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.

PARLIAMENTARY ELECTORATES AND ELECTIONS (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.

WOLLONGONG–SYDNEY TRAIN SERVICE

Petition

The Hon. E. P. Pickering presented a petition from 171 citizens of New South Wales expressing concern at the deteriorating service provided by the 7.8 a.m. Wollongong–Thirroul–Sydney train and the return 5.6 p.m. train from Sydney, which because of consistent mechanical unreliability, and often the provision of only four carriages, results in late running and in passengers, especially from Thirroul, having a minimal chance of obtaining a seat; and calling upon the Government to take action to improve these train services.

Petition received on motion by the Hon. E. P. Pickering.

QUESTIONS WITHOUT NOTICE

EGG INDUSTRY

The Hon. R. B. ROWLAND SMITH: I address my question without notice to the Minister for Agriculture. Is the Minister aware that yesterday, in answer to a question in the other place, the Attorney-General and Minister of Justice said that the administration of laws to control hen quotas and egg production falls within the responsibility of the Department of Agriculture, and that the Attorney-General and Minister of Justice will consult the Minister for Agriculture about the matter? As the law of the State in respect of hen quotas and egg production is being broken constantly, when will the Minister take action to ensure that such law is enforced?

The Hon. 3. K. HALLAM: I am aware that some egg producers in New South Wales are not complying entirely with the letter of the law governing their industry. I am attempting, by way of an inquiry, to elicit the extent of irregularity throughout the industry. Certain people have been identified as not complying with the Egg Industry Stabilisation Act. I am awaiting the report of an inquiry that was concluded recently in Victoria. The chairman of that inquiry was Sir Malcolm Macarthur. I have received unofficial information that a great number of egg producers—the proportion may be 50 per cent—in that State are not complying with the law.

It is important that a Minister responsible for any industry and ensuring that it is properly run should know exactly what is going on within the industry. If the extent of failure to comply with the Egg Industry Stabilisation Act in New South Wales is anything like what we suspect it is in Victoria, the whale of the law regulating the industry will have to be revised. The results of an Australian national opinion poll demonstrated that almost half the people who bought eggs were dissatisfied with the activities of the Egg Board. All these factors have brought me to the point of commissioning an inquiry by Dr Paul Gilchrist, as chairman, and Mr Rees of the Public Service Board. That inquiry, which is now taking evidence, will deal with all aspects of the industry, including those areas to which the Deputy Leader of the Opposition referred When I receive the report of the inquiry P shall lay it on the table of the House so that honourable members will be able to evaluate effectively what is going on within the egg industry. The Government will ensure that the industry is properly protected and operating in the best interests of producers and consumers.

ENERGY RECYCLING CORPORATION PTY LIMITED

The Hon. E. P. PICKERING: I address a question without notice to the Minister for Education and Vice-President of the Executive Council. Does the Minister recall that on 26th March, during the course of an adjournment debate, I drew to the attention of the House the activities of a company known as Mintaro Slate and Flagstone Company? Does he recall also that during the debate I referred to press statements made by the Mintaro company which, in part, affirmed that the Energy Recycling Corporation Pty Limited supercoal process plant could be built in about 6 to 8 weeks and that directors of Mintaro required permission to raise a further $5 million capital, part of which was to be devoted to the ERC process? Is the Minister aware that immediately after my exposure of the company and, in particular, its managing director Mr W. Beckwith, Mintaro announced that it had written off its investment of almost **$2.77** million in Energy Recycling Corporation Pty Limited? In view of this development, can the Minister advise the House whether the Premier and Treasurer

has allowed a Corporate Affairs Commission investigation into the activities of the Mintaro Slate and Flagstone Company to proceed? In this context I draw attention to the speed with which the Premier and Treasurer ordered an inquiry into transactions in the shares of the so-called Rundle twins?

The Hon. D. P. LANDA: First I shall lay to rest the furphy that the honourable member has raised about the investigation by the Corporate Affairs Commission. That investigation was ordered by the Attorney-General and Minister of Justice, who has the care and control of that part of government administration. Any suggestion that the Premier and Treasurer ordered such an investigation is not correct. Everyone knows that there is a great deal of public concern about the Rundle share transactions. That public concern stands in stark contrast to the solitary concern of the Hon. E. P. Pickering—even among his own party—over the affairs of Energy Recycling Corporation Pty Limited and Mintaro Slate and Flagstone Company. The honourable member is the only person with a continuing interest in this matter, for the purpose—I presume—of receiving the odd notation in the back pages of some regional newspaper or of getting another oversea junket from some willing sponsor in the coal industry.

The Government has taken the action in relation to ERC that it said it would, right from the start—that is, if the company did not prove up the process by a certain time, the exploration licence would be withdrawn. The company did not prove up the process by the stated time, and the exploration licence was withdrawn. The State of New South Wales lost nothing from the exercise. Indeed, it gained well in excess of $1 million worth of exploration data and material. The Government has, once again, demonstrated its faith in all kinds of new technology and its intention to encourage such developments in this State without any penalty to the taxpayers. The share dealings referred to by the Hon. E. P. Pickering have been dealt with *ad nauseam* in this House. Government members have emphasized over and over again that all those share transactions fall within the category of the speculative, high-risk ventures, and that persons who invest in such shares do so with their eyes open. The Government has not given and will not give any endorsement to any particular company or the shares of such company. The Premier and Treasurer has, in no way, interfered with the independence or integrity of the State's first law officer in the performance of his duties. Finally, I hope the Hon. E. P. Pickering is not raising the matter of the so-called Rundle twin shares because he is in a similar position to a federal Minister from his own party, who played a vital role in this matter being brought to public notice while at the same time his family company held shares in the company.

The Hon. W. L. Lange: That is of minor account.

The Hon. D. P. LANDA: As the honourable member will know, it has long been a tradition for Ministers to divest themselves of such interests. That was stated some time ago by the Prime Minister when he spoke about this matter. When one takes into account the ages of the children concerned with the family company—and I do not wish to cast aspersions upon the integrity of the federal Minister—the share dealings obviously required participation and facilitation by the parents.

I repeat, I did not raise these matters; they were raised by the Hon. E. P. Pickering, a member of the Liberal Party. The honourable member may have some reason for raising the Rundle share matter. Surely nothing is to be feared from an open, honest inquiry into that issue. I do not understand why the honourable member does not take to heart the interests of the shareholding public as a whole rather than display this highly sensitive reaction to what should be a matter of public concern.

LIQUID LIME

The Hon. J. W. KENNEDY: My question without notice is addressed to the Minister for Agriculture. Is the Minister aware that liquid lime is being sold by a company called Reef Scientific Services? Is he aware of the substantial claims made about the benefits of this substance? Will he investigate such claims and the ingredients of the substance? If lime-based fertilizer does not come under the control of the Fertilizer Act, will he take the necessary steps to have the product included in that Act, if that is deemed to be necessary?

The Hon. J. R. HALLAM: It has come to my notice that a company calling itself Reef Scientific Services has been offering farmers in the southern regions of the State a substance called liquid lime, which is claimed to help balance high acidity in soils in the southern Riverina. The matter is being investigated by qualified staff in the Department of Agriculture. As soon as I have an accurate report, I shall issue a public statement informing graziers who might be tempted to use the substance how it might affect their soils.

HOUSING INDUSTRY EMPLOYMENT

The Hon. F. J. DARLING: My question without notice is addressed to the Minister for Education and Vice-President of the Executive Council. In 1979 was Mr G. A. Burns appointed a commissioner to inquire into the nature and terms of employment in the housing industry in New South Wales? Was this inquiry promoted by the building workers union because of a professed concern about the nature and extent of subcontracting in the housing industry? Is the Minister aware that his colleague the Minister for Housing, Minister for Co-operative Societies and Assistant Minister for Transport advised me by letter dated 14th April, 1981 "... it is anticipated that the report will be finalized in the near future and that it is still the Government's intention to await this report before any changes to the 1974 Act are considered?' Does the Minister know that this report, a copy of which I have with me, has been in the possession of his ministerial colleague and that Minister's department since February? Will the Minister say why his ministerial colleague should now profess that the Government is awaiting this report and why it cannot now be released to the public?

The Hon. D. P. LANDA: The answer to the first part of the honourable member's question is, yes. The answer to the second part of the question is also, yes. The answer to the third part of the question is, no, but if the Hon. F. J. Darling says so, I assume the information is correct. The answer to the fourth part of the question is no, but I am sure that the Minister for Housing, Minister for Co-operative Societies and Assistant Minister for Transport can clarify that aspect. The answer to the last part of the honourable member's question is also, no, and again I am sure that my ministerial colleague can clarify that matter as well.

KOREAN COAL MISSION

The Hon. E. P. PICKERING: My question without notice is addressed to the Minister for Education and Vice-President of the Executive Council. Is the Minister aware that a technical coal mission from Korea visited New South Wales on 4th March, 1980, to inspect the Energy Recycling Corporation's supercoal process? Is the Minister aware also that this mission was given a report entitled "Comparison of SPCC coal

with bunker C oil and steaming coal" prepared by Osminex International Pty Limited, on behalf of Energy Recycling Corporation Pty Limited? By way of explanation, I inform the House that SPCC coal is better known in this Chamber as ERC supercoal. I ask the Minister whether the report, under the title "Handling facilities for SPCC coal in Australia", stated:

> At present being built in Newcastle under final design by ORBA Corportion in the USA, a subsidiary of Dominican Bridge, for 16 million metric tonnes per annum . . . will cost about US$60 million . . . will complete in fifteen to eighteen months from March 1980 . . . loading rate to ship 8 000 metric tonnes per hour with nine shipping entities . . . Rail requirements—SPCC baskets can use flat top waggons with much lower freight rates.

In view of the deliberately misleading statement in the report issued to an oversea mission, will the Minister approach the Attorney-General and Minister of Justice and insist that an investigation be carried out into the affairs of Osminex International Pty Limited?

The Hon. D. P. LANDA: Judging by the difficulty experienced by the Hon. E. P. Pickering in reading his question, its terms are obviously beyond the comprehension of even the honourable member. I shall have to obtain detailed advice, first, to assist me to translate the question and, second, to discover from my colleague the Attorney-General and Minister of Justice whether it contains any substance.

DAIRY HERDS

The Hon. J. R. HALLAM: On 19th March the Hon. N. M. Orr asked me a question without notice on the subject of the mastitis programme conducted by the Department of Agriculture. I undertook to obtain detailed information and to inform him of the position at the first opportunity. There is a list of dairy herds that are affected by mastitis. The New South Wales mastitis advisory service is involved in the testing of a milk sample taken from the bulk vat of each dairy herd each month. Farmers are advised of the result of the test and how it ranks them with other farmers supplying the factory. On current assessment, 15 per cent of herds have excellent mastitis control and 40 per cent of herds have poor mastitis control. The proportion of herds with a mastitis problem varies considerably between factories anti districts. The fossomatic cell counter was installed at the veterinary research station at Glenfield in January and was in routine use for the March sampling. This equipment replaces an automatic coulter counter which is now outmoded. The one fossomatic cell counter can adequately handle all bulk milk supplies plus a limited number of samples from individual cows.

RACIST LITERATURE IN SCHOOLS

The Hon. D. P. LANDA: On 19th March the Hon. Virginia Chadwick asked me a question without notice and cited certain racist and anti-semitic literature which she alleged was being sent to schools in Newcastle and the Hunter region. I said I would investigate the matter further. The investigation shows that an attempt has been made to distribute racist literature to high schools in the Hunter region—in fact, to high schools generally in the State. Envelopes addressed "Captain, Debating Team" and "Captain, Cricket Team" have been mailed to various high schools. I have seen the literature referred to and copies have been sent to members of the Education Commission. That literature is of the most repugnant and anti-semitic type. Nigh school principals have been informed of the policy of the Department of Education on the

distribution of controversial matter within schools. They have been asked to exercise vigilance in detecting racist literature and to endeavour to intercept it before it reaches the children.

The Hon. R. B. Rowland Smith: From whom does it come?

The Hon. D. P. LANDA: It is unsigned, therefore lacking in credit, and it cannot be traced. It contains some of the old Nazi literature dealing with things like the elders of Zion and such other racist subjects as colour differences. So far as the department has been able to ascertain, no distribution of this literature has been made to pupils in high schools in the Hunter region. Nevertheless, we are being vigilant about the matter as the literature is out and about.

FORESTRY (AMENDMENT) BILL

Second Reading

The Hon. J. R. HALLAM (Minister for Agriculture) [11.2]: I move:

That this bill be now read a second time.

The provisions of the bill, which is to amend the Forestry Act, are designed to broaden in the commercial sense the statutory role of the Forestry Commission of New South Wales, and to clarify and confirm certain of its everyday functions that require more adequate expression in the Act. The primary objective is to clothe the commission with clear powers to enter into the fields of commercial wood-processing, and other commercial activities stemming from its statutory functions. The next aim, which in part arises from the first, is to enable the commission to borrow money and raise loans. A third aim is to extend the commission's abilities to enter into agreements and undertake the control and silvicultural management of land in specific instances as approved by the Minister.

Traditionally, the Forestry Commission has been the manager of state forests, the grower of trees and the licence-issuing authority that has, on behalf of the Government, controlled the release of timber to the sawmilling and other sections of the timber industry from the state forests and other Crown timber lands. Through its wood technology and forest research division at Pennant Hills the commission has conducted extensive research and advisory functions into wood and its properties and uses, and the growing of trees. It is empowered under the Forestry Act to take timber on Crown timber lands and sell it, or to convert it into logs or any other article and to sell the logs or article.

At an earlier stage in its history the commission was expressly empowered to purchase or construct and operate sawmills and other mills for converting timber and manufacturing articles from timber. Those provisions were repealed in 1935 when government policy was changed. Also, the provisions were not then being used. However, the enormous volumes of pinus timber now becoming available as a consequence of the softwood planting programme begun in the 1920's have caused the Government to consider the desirability of again enabling the commission to become involved in the milling and processing phases of the industry. Some time ago the Government agreed in principle to the commission's involving itself commercially either in joint ventures with private enterprise or on its own for the processing of plantation grown softwood on the understanding that Cabinet's approval must be obtained to individual ventures.

In one project that came under consideration it was proposed that the commission join in a consortium with private industry partners for establishing an integrated sawmill–pulpmill for the Bathurst district, for which purpose a company would be formed in which the commission would be a shareholder. The timber resources for this venture were to be drawn mainly from state forests in the Bathurst forestry region. Another proposal that was examined would have involved the commission and a long-established sawmilling company in joining forces to acquire and operate a large sawmill at Tumut that had come on to the market. For various reasons none of the proposals examined thus far has come to fruition, indicating the caution with which the Government is approaching the matter. However, the Government intends that the commission be seen as having all necessary powers to act immediately a suitable proposal presents itself, though it does not contemplate any immediate and large-scale movement into the field of wood processing, and certainly not to the detriment of existing industries.

The Government's motives are to ensure the full and economic utilization of the forest resource according to its yield capabilities and the market for the product, taking into account the protection of the environment, and to allow the State the benefit of some of the further profits over and above the basic royalty returns. The softwood plantations, of which there are some 140 000 hectares within the state forests of New South Wales, have been established at great expense to the State. It is obviously an unnecessary and unwarranted restraint on the Government's and the commission's powers to exclude the State from participating in the subsequent harvesting, processing and utilization of the product, whether by direct physical participation or by investment in participating corporations. As honourable members would know, the major plantations are in the Tumut and Bathurst forestry regions, with smaller units at Bombala, Moss Vale, Walcha and Kyogle. Planting is continuing at the rate annually of 5 000 hectares.

The legislation will expressly empower the commission to convert and process timber into logs, woodchips, woodpulp or sawn, hewn or dressed timber or any other article or any substance, and process the same and construct, purchase or take on lease sawmills, factories or other premises, together with the necessary plant, machinery and equipment, and to engage the necessary employees to carry on the operations. It will enable the commission to engage in manufacturing any inventions developed by its staff and to grant franchises for their sale. The bill will empower the commission to form companies with others, to purchase shares in companies, or to enter into partnerships where the company or partnership is formed for the purpose of carrying on an activity that the commission is to be empowered to carry on in its own right—activities such as operating a sawmill, converting timber into chips or pulp, or manufacturing an invention that the commission has patented.

The investment powers embrace other activities with which the commission would normally be involved under the Act, such as the operation of tree nurseries, the inspection and testing of timber, and the production of technical publications relating to timber and trees. Commercial involvements of the kinds I have described will require the approval of the Minister, and the concurrence of the Treasurer. A further provision will enable the commission, with the approval of the Minister, to enter into agreements with private landowners for the control and silvicultural management of their lands by the commission. The commission has this power already in respect of lands in the Murrumbidgee Irrigation Area and the catchment areas of water supply systems. It is able to undertake the direction and supervision of schemes of tree planting carried out by public departments or authorities when required.

In relation to private lands, the power sought in the bill could assist in guaranteeing the supply of raw material to a commission-owned or commission-operated mill or plant with assured benefits to the landowner; or it could simply be used to provide an extension service to a landholder. In other circumstances it would enable the commission and a landowner whose property adjoins a state forest to make suitable joint use of desirable land features and attractions in the public interest, especially where the owner seeks the commission's assistance in managing the land along forestry lines in conjunction with the state forest. The power to borrow money that is being sought for the commission is the power that, in recent years, has usually been incorporated in Acts passed by this Parliament whereby government and semigovernment bodies are given authority to raise loans. This additional power will complement the commission's new commercial powers and be of benefit in financing its normal operations—especially in the buying of property for the purpose of state forests, where the availability of funds to buy at the most propitious time is so important, as all honourable members acquainted with the rural scene will realize.

Honourable members will be aware that almost concurrently with this bill the Government has introduced the Public Authorities (Financial Accommodation) Bill, which is designed to bring up to date and standardize the various types of borrowing powers already possessed by many public authorities under their respective enactments. The legislation will contain machinery for other bodies, such as the Forestry Commission, which gain borrowing powers for the first time, to be brought under its provisions by means of a regulation that will repeal the original power. However, the machinery provisions of the new omnibus borrowing Act will not be available immediately on its passage through Parliament to enable the Forestry Commission to take advantage of the borrowing facilities. Therefore it has been decided to introduce the Forestry Commission's powers by medium of the Forestry Act, even though they may need to he repealed afterwards. I assure honourable members that this is purely a machinery measure in the best interests of government administration.

Provision is contained in the bill to confirm the Forestry Commission's ability to dispose of surplus and obsolete vehicles, aircraft and equipment, to let items out on hire, and to manufacture or adapt and to sell items for fire-fighting and other uses. Therefore, it can be viewed as a modernizing amendment. The group of amendments proposed in the bill to give the Forestry Commission the ability to enter into commercial wood processing and other activities will, subject to statutory oversight by the Government, make it possible for the State to realize and capitalize in the fullest sense on the valuable timber resources and facilities at its disposal, in the best interests of the community. I commend the bill to the House.

The Hon. J. W. KENNEDY [11.12]: The Opposition opposes the object of the bill that will enable the commission, subject to certain restrictions, to construct, purchase or take on lease sawmills or factories for the purpose of enabling it to carry out certain operations and to enable the commission to engage such employees as are, in the opinion of the commission, necessary for the operation of those sawmills or factories. That amendment is proposed by item (2) (c) of schedule 1 to the bill. The Opposition believes that one of the objectives of the bill is to nationalize the sawmills of New South Wales. The legislation is a direct result of opposition by some sawmills in New South Wales to the conservation lobby. Recently those sawmillers exercised their rights of engaging in debate with conservationists, and it would appear that the Government has introduced the bill to bring those sawmillers into line. For years now the conservationists' lobby has been making unjust attacks upon the industry's logging practices in New South Wales state forests, particularly rainforests.

The fact is that the Forestry Commission has complete control of New South Wales forests. The commission selects and marks the trees that it will allow sawmillers to cut and transport to mills. By means of sawmill quotas it determines, also, the sections of the forests that may be logged and the amount of timber that may be taken from that area. In other words, the Government, through the commission, is in control of every sawmiller who uses Forestry Commission timber. The area to be logged and the royalty payable are established by the Government or by its agent, the Forestry Commission. The Government proposes by the legislation to extend its control into the milling or processing operation, with the undoubted intention of nationalizing this industry.

It is my experience that governments cannot satisfactorily operate manufacturing or processing industries. That is not the role of federal, State or local government—and should not be. Of course governments should provide the structure under which processors, manufacturers and business enterprises operate. The New South Wales Government, and through the Government the people, obtains reward in the form of royalties and taxation. In that respect the Government cannot lose. Taxation provides the monetary return for the structure for which the Government is responsible. I pay particular attention to the statement of the Minister for Agriculture about the Government's investment in New South Wales forests and that reforestation should be encouraged and advanced. The Forestry Commission is the right organization to achieve those aims, provided it has Government financial assistance to plant larger areas of forests. I emphasize that the Government cannot lose. It sets the royalty that sawmillers shall pay on forest products. As well, it determines quotas, the areas to be harvested and the manner of harvesting.

Recently conservationists have been attacking North Coast sawmillers' methods of removing timber from forests. Those sawmillers are merely obeying the rules and regulations of the Forestry Commission. It is about time the Government allowed the industry to carry on its functions without interference. Australia has vast areas of land suitable for forestry development. Over the past few years nothing has been done to develop new forests and re-establish old areas of forests. I commend the Forestry Commission for its splendid record. It has been a fine organization since its inception, and has done a lot of reforestation. However, its reforesting programme is limited by the financial assistance made available to it by governments. One can travel from the south of New South Wales to the north of Queensland, through thousands of hectares of land available and suitable for planting of forests of pine and other timbers. Those areas are not being utilized to the best advantage.

Much is said about the unemployment problem and that no work is available for the youth of Australia. That is a farcical statement when so much needs to be done in this country, including the planting of forests, the developing of water conservation and the provision of a better transport system. Time and again it has been proved that government manufacturing and processing enterprises cannot make money. Rather, they lose money, unless their monopolization of those industries enables them to fix higher prices for their products. The bill will place the commission in such a position. Thus, it will be possible for it to become the sole purchaser, processor and marketer of forestry products. The Minister said that that would not happen immediately. I agree. At least it will not happen before the next State elections. Afterwards there will be a gradual tightening of the screws on the sawmilling and processing aspects of the industry, and any miller who does not toe the line and support the Government view will be forced out of the industry.

The clauses in the bill that purport to state the objectives are simply a smoke-screen to hide the real intention of the Government. The powers sought to be given by the amendments that the Government claims will clarify and confirm the commission's ability to sell or otherwise dispose of surplus and obsolete vehicles, aircraft and equipment, and to adapt and sell vehicles and equipment for fire-fighting, as well as to let out its equipment on hire, et cetera, already exist in the Act. The Opposition does not oppose those clauses. New South Wales would be taking a giant step backwards if it were to involve itself directly in the sawmilling and processing industry. I say that with no disrespect to the officers of the commission and the many dedicated people who do a magnificent job in the management of forests. When introducing the bill, the Minister said that the commission would be able to engage in joint ventures with any company or organization. To my mind such a venture would, in all probability, have political connotations that may not be in the best interests of the people of New South Wales.

I am afraid that the sawmilling industry in this State has become a pawn in the game of the phoney environmental issues raised by those persons with a lot of political clout, but with little real understanding of the political and realistic problems associated with the harvesting of the forests. By entering into direct competition with the sawmillers and processors of timber products in this State, the Government is putting itself into the position of being in competition with its own customers. In the likely event that the commission will enter into partnership with an individual sawmiller or a group of sawmillers or processors, it will then have a pecuniary interest and be in direct competition with all other operators.

I know that the Government is divided on the issue of the Washpool forest. Even as late as this morning a report appeared in the ***Sydney Morning Herald*** outlining ***the*** divisions in the Labor Party about whether the forest should be harvested by the Forestry Commission or should be left untouched. The sawmilling industry in New South Wales has played a vital part in the supplying of timber and timber products to the building industry. The Opposition sees no valid reason for the Government to enter into direct competition with the industry. As I have said, the Government has control of the industry through the Forestry Commission and sets the amount of royalty to be charged. In this manner the Government is able to recoup whatever sums it likes. For the reasons I have given, the Opposition opposes the bill.

The Hon. F. N. DUNCAN [11.22]: The second reading speech of the Minister for Lands, Minister for Forests and Minister for Water Resources in the debate in the other place, and the explanations given in that House, provide much of the background for the bill. From 1916, and earlier, the New South Wales Forestry Commission has done a wonderful job for all concerned in the industry. It continues to do so despite some lack of support for its efforts to sustain the operations of a large decentralized industry, which benefits many areas and the people of the State generally. The present views of the New South Wales timber industry—and for the future decade too—are made known to honourable members, I am sure almost daily, in the correspondence they receive. There is no need for me to emphasize the conservation versus forestry arguments. The Minister for Lands, Minister for Forests and Minister for Water Resources made it clear in the other place that the Government acknowledges the expertise and efforts of the Forestry Commission in the many facets of its work.

The view of the Opposition and of the sawmilling industry is that any general powers over production and marketing that may be conferred by this bill should not be granted or even used. The exception to the rule would be acceptable to cover instances when such a significant investment would be required that it would be

beyond the resources of the private sector. However, if such a position arises the Parliament should review the legislation, make a judgment and give a decision in accordance with the best short-term and long-term interests of the State.

To illustrate my point, within recent years a well-known and successful public company — one of the leaders in the industry — approached representatives of the New South Wales Forestry Commission — and through them the Government — with a proposal to develop in a joint venture one or more of the available state resources. Though that proposal was not taken up, it would be true to say that if the provisions of the present bill had been in operation then, the proposed joint venture — partially owned in New South Wales by the Government, and therefore a public corporation — would now be successfully operating. The section of industry involved in the manufacture of forest products has not always been financially successful for all those who have engaged in it. Therefore, I do not consider that government ownership of the industry would do much better; more than likely, it would do much worse.

The Timber Workers Union, as well as the industry, would wish to see every proposal of magnitude dealt with specifically and legislatively as a joint venture with private enterprise. It hurts me to some extent to relate the story of what occurred when a company with which I am connected joined with competent partners in developing forest estates in the Australian Capital Territory. The licence to do so was won in open tender. In the first few years of that enterprise, involving construction activities, there was a dramatic writing-off of substantial losses that were suffered by each of the partners. Happily, by now and for some years past, many of the problems that arose then have been overcome and success has been achieved.

In the same period and in the same forest estate the Commonwealth-owned mills, with all the resources of that Government behind it, also sustained substantial losses. That mill folded up and the plant was either sold or went to waste. I should not like to see the New South Wales Government engaged in that part of the industry. I hope that the Minister in his reply will allay the industry's fears that the Government is contemplating general entry into sawmilling production.

The Hon. J. R. HALLAM (Minister for Agriculture) [11.28], in reply: I thank honourable members for their contributions to the debate. I am not in complete disagreement with some views that have been put forward. Other views seem to be based on a misunderstanding or perhaps a philosophical objection. I found some difficulty in following the argument of the Hon. J. W. Kennedy. For example, he referred to proposals in the legislation to nationalize the industry. I should think he would be aware that the powers to which he refers are contained in the Forestry Act of 1916 as reprinted in 1972. Paragraphs (b), (c) and (d) of section 11 (1) of that Act are in these terms:

> (b) may take any timber or products on any Crown-timber lands or, in accordance with the working plan for any flora reserve, on that flora reserve;
>
> (c) may sell or otherwise dispose of any timber or products so taken;
>
> (d) may convert any timber so taken into logs or any other article and may sell the logs or article;

Paragraph (f) states:

> may purchase, take on lease or hire or charter any vehicles, aircraft, vessels or any other machinery or equipment necessary for the taking or removing of any timber or products . . .

The sorts of powers to which he objected so vociferously have been in the Act for many years. They were certainly there when Liberal Party-Country Party governments were in office and they did not remove them from the Act. The Hon. F. N. Duncan's speech must be considered in the light of his life-time experience in the industry. He is highly regarded and respected by both sides of the House and by the timber industry generally.

I assure the Hon. F. N. Duncan that the Government does not propose to embark immediately upon any joint venture or commercial enterprise. I said in my second reading speech that two projects—the Bathpine project and the Australian Paper Mills sawmill at Tumut—were considered by the Government, which decided that it would not be prudent to become involved in them at this stage. The capital value of New South Wales softwood forests is in excess of $130 million. Our forests are a renewable resource upon which we shall depend more and more in the future. It is important for the Government to have available to it all possible tools to ensure that this enormous and valuable public resource is utilized effectively. It may be that Government initiative, rather than that of private enterprise, will ensure the early development of some project. The Government would take into account maturation of forests, replanting and any related matters. The legislation is designed to give the Government flexibility in its approach, not to give it total control of timber projects.

My understanding is that any project undertaken by the Government will be by way of joint venture. Honourable members will be interested to know that the South Australian Government participates successfully in this area of commercial operation. I understand that in this area recently $2.5 million was paid to the South Australian Treasury out of a surplus of $7.5 million. From time to time the Government reviews its royalty rates, having in mind the problems confronting private enterprise. Some examples given by the Hon. F. N. Duncan related to the proposal in which he was involved with Australian Capital Territory forests. Over the past thirty or forty years great progress has been made by the Forestry Commission in the proper management of forests and the assessment of what our future requirements will be. The commission has attempted to tailor our projected needs to suit limited capital expenditure. In the 1980–81 financial year Forestry Commission expenditure will be approximately $60 million.

I emphasize again that this proposed legislation will give the Government an option that it wishes to have. If a situation arises where the Government wishes to move into the market to the benefit of the industry and the community generally, it will be able to do so. The bill is more of a safeguard than a proposal for socialization or nationalization, as it was emotively described by the Hon. J. W. Kennedy, who expressed his total opposition to the proposal. I do not know whether the objections of that honourable member and other members of the Country Party are based upon philosophical grounds, ignorance of the issues involved or an inability to accept the assurances given by the Minister for Lands, Minister for Forests and Minister for Water Resources in the other place. I repeat, the Government has no intention of becoming involved in the area of hardwoods. I said before that the Government has already examined two softwood proposals. An interdepartmental committee and the Forestry Commission both recommended against government involvement in the Bathpine project for a number of reasons, and Cabinet accepted that recommendation.

Some measure of the intentions and priorities of the Government can be gained from a review of Forestry Commission expenditure. Often the Government, when dealing with forestry matters, is confronted with problems raised by groups that have adopted an extremist and unreasonable stance. The ranks of environmentalists include a broad spectrum of people, some of whom are reasonable and

have an excellent viewpoint and others who are hardliners. Any government confronted with those difficulties must wrestle with them and come to balanced decisions in the best interests of the environment, the timber industry and the community. In 1970–71 Forestry Commission expenditure totalled $15.74 million. That expenditure is now $60 million.

Some critics of the Forestry Commission relate expenditure to revenue. The commission is a revenue department but at no time has its revenue equated expenditure, nor should it. Forestry Commission expenditure is related to the expansion of our forests—in particular, pine forests. The recoupment of that investment will take place for decades—perhaps for the next fifty years. The cost of planting forests increases dramatically each year. This problem is not unique to the Forestry Commission; it affects the entire commercial world. The cost of the establishment of 5 133 hectares of forest plantation in 1979–80, the last complete financial year, was $2,134,564, or about $415 a hectare. I trust that those details will be of interest to honourable members.

The major thrust of the bill reveals the Government's overall policy initiatives. The Government must be able to take advantage of any opportunity that arises, and the bill is designed to enable that to be done. There is one other outstanding matter to which I shall refer. The Forestry Commission will be required to repay the Treasury for advances it has received. The necessary amendments are being made by way of an interim, machinery measure.

Question—That this bill be now read a second time—put.

The House divided.

Ayes, 18

Mrs Anderson	Mr Healey	Mr Turner
Mr Burton	Mrs Isaksen	Mr Watkins
Mr Dyer	Mr Kaldis	
Mrs Fisher	Mr King	
Mr French	Mrs Kite	*Tellers,*
Mrs Grusovin	Mr McMahon	Mr Baldwin
Mr Hallam	Mr McPherson	Mr Morris

Noes, 17

Dr de Bryon-Faes	Mr Holt	Mr Sandwith
Mr Calabro	Mr Kennedy	Mr Rowland Smith
Mrs Chadwick	Mrs Lloyd	Mr Solomons
Mr Darling	Mr MacDiarmid	*Tellers,*
Mr Duncan	Mr Philips	Mr Lange
Mr Freeman	Mr Pickering	Mr Orr

Question so resolved in the affirmative.

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.

LORD HOWE ISLAND (AMENDMENT) BILL

Second Reading

The Hon. J. R. HALLAM (Minister for Agriculture) [11.51]: I move:

That this bill be now read a second time.

The need for the amendments proposed is best appreciated against the background of the events leading up to the present legislation, which was enacted in 1953, and subsequent changes in circumstances. Following a Royal commission established in 1912 to inquire into sharp practices associated with trade with the island, a board of control of three persons was established. The board was charged with the management of the island's affairs, including trade matters. An advisory local committee was also established to assist the board. The need for a statutory authority to administer island affairs became increasingly evident. For this purpose in 1953 the Lord Howe Island Act abolished the Lord Howe Island Board. The new board consisted of an islander, to be elected every three years; the Under Secretary of the Chief Secretary's Department; an officer of the Department of Lands; an appointee of the Minister; and the member of the Legislative Assembly for the island.

The Act established a locally elected committee of four islanders with power to make recommendations to the board and exercise delegated authorities. The new board was charged with the care, control and management of the island, the collection and sale of palm seeds, the protection and conservation of fisheries and the control and regulation of the tourist trade. Power was given to lease land of up to 2 hectares in perpetuity to islanders for residence and to issue special leases for grazing and like purposes. Islander was defined in the Act as those persons and their families who held a permissive occupancy from the previous board of control. Descendants of such persons also gained the classification of islander. Consequently there are today many persons qualified as islanders under the Act who have had little or no contact with the island. In contrast, some persons who have made their homes on the island can never, under the present law, achieve that status. Such persons may acquire a lease on the island only by transfer and then only if no islander wishes to acquire it.

For some time the Government has appreciated a need to update some provisions of the present Act, to remove some of its discriminatory provisions to ensure the preservation of the undeveloped parts of the island and to provide for a planning scheme. Further, island residents should have a greater measure of involvement in the administration of the island. Discussions have taken place with the Lord Howe Island committee, island residents and others concerned with the future of the island. The many representations received have been considered. The bill is the result of those discussions and the representations made. The bill provides for three elected islanders to be appointed to a restructured board. The other two members will be an officer of the department of the government administering the Act and an officer of the National Parks and Wildlife Service nominated by the Minister responsible for the administration of the National Parks and Wildlife Act. Having regard to the new structure of the board, the island committee will be abolished. The chairman of the board will be appointed by the Minister. The term of all appointments will be three years.

Under the present legislation the election of the islander representative to the board is conducted by the board itself. The provisions relating to the enrolment of electors are quite discriminatory. The bill provides that in future the Electoral Commissioner shall conduct all elections. All persons resident on the island enrolled on the State electoral roll for that electorate and whose address on that roll is on the island will be entitled to vote. The definition of an islander is substantially altered by the bill to give recognition to those persons who have made, or may in the future make, the island their home. Special provision is made so that absences from the island for education or work experience will not result in loss of islander status.

The preservation of the natural charm and beauty of Lord Howe Island and its flora and fauna has been of great concern to the Government, the Lord Howe Island Board and the island people. With this in mind every effort is being made to rid the island of wild pigs, goats and cats. Also, substantial assistance has been given towards the current programme aimed at saving the unique woodhen from extinction. The Department of Environmental Studies of the Australian Museum was commissioned to undertake a scientific survey of the island. As a consequence of the report submitted, the Lord Howe Island Board decided to establish criteria to control subdivisions, density of occupation, height, location and size of buildings. Planning investigations, in considerable depth, were undertaken by Mr Nigel Ashton, who was attached to the State Planning Authority at that time. In addition to specific planning matters, his report recommended:

> The northern and southern parts of the island should be given the status of a national park either under the National Parks Act or with a permanence no less secure.

Accordingly, the bill provides that the northern and southern ends of the island delineated by Mr Ashton, the adjacent small islands and Ball's Pyramid be dedicated for the preservation of native flora and fauna and named the Lord Howe Island permanent park preserve. The bill provides also for additions to the dedication; that the dedication may be revoked only by an Act; that the dedicated land may not be leased; for the preparation of a plan of management of the dedicated area by the National Parks and Wildlife Service for public exhibition; and for substantial penalties for any contravention of the plan of management. The land management plan prepared by Mr Ashton was exhibited for an extended period. Comment on the plan was invited.

Following consideration of the comments and objections received, the board adopted a planning scheme for the island. This has been in operation for over two years. The board has also adopted a building code. The planning principles contained in the Environmental Planning and Assessment Act, 1979, apply to Lord Howe Island. For the purposes of that Act the bill provides that the board is deemed to be a council and also the consent authority. The planning scheme adopted by the board is established by the bill as a planning instrument giving it statutory authority. The Act does not provide for leases to be held by more than one person. This is remedied by the bill by providing for leases to be granted to two or more persons as joint tenants or as tenants in common. At the Committee stage I shall move an amendment to make it clear that these forms of co-ownership will apply also where leases are being transferred. However, the existing provisions of the Act requiring residence on a lease will apply to all such lessees subject to the provision allowing suspension of those requirements because of sickness of the lessee or his family or other adverse circumstances. A further provision contained in the bill gives the Minister discretion to suspend the residence requirements in other special circumstances.

The rent of a perpetual lease held by an islander is $5 a hectare per annum, and there is no provision for re-appraisement of that rent. However, on transfer to a non-islander the rent is required to be re-appraised at present day values. To remedy this situation and to provide for other circumstances the bill provides that the rent of all new perpetual leases shall be determined by the board; the rent of all existing perpetual leases shall be redetermined with effect from two years after the Act is amended; the rent of all perpetual leases shall be redetermined every ten years; a minimum rent shall apply, as prescribed—and initially this will be $20 a hectare; the minimum rent shall apply to all perpetual leases held by eligible pensioners; and a maximum rent of $100 a hectare shall apply in respect of the initial redetermination.

Many of the leases held on the island comprise land held by the family for generations; consequently this bill includes special provisions related to devolutions under wills or intestacies. Where a lease devolves from a lineal ancestor upon a person who is not an islander as defined under the amending bill, that person will be deemed to be an islander and be entitled to hold the lease, provided application is made for registration as holder of the lease within two years or such further period as the Minister may allow. The situation may also arise where an islander lessee becomes entitled under the will of one of his lineal ancestors to a second lease. The bill provides that the Minister may suspend the condition of residence on the second lease for a period and subject to conditions imposed allow the second lease to be transferred to the child of the beneficiary.

The penalty provisions of the Act are also to be amended. The maximum penalty for offences against the Act is $100, and $20 a day for continuing offences. The penalties have remained unchanged since 1968 and warrant review to bring them into line with current money values. The bill provides that these penalties are to be increased to $500 and $50 respectively. For offences against the regulations the bill increases the present maximum that may be prescribed from $100 to $400 and includes provision for a daily maximum penalty of $40 for continuing offences. Also, the bill will bring the Act up to date in respect of audit requirements and the presentation and submission by the board of its statement of accounts and annual report.

Provision is being made in the bill to enable the board to obtain funds by overdrafts, Treasury advances and borrowings, and for the repayment of such funds. Similar provisions apply to other statutory bodies. Finally, the regulation-making power in the Act is being extended to include, among other things, the power to regulate the licensing of all public accommodation and commercial undertakings on the island. Under the existing law only guest houses are required to be licensed. I am sure that the measures I have outlined, particularly those relating to the elimination of discrimination between islanders and non-islanders, and the permanent statutory dedication of large areas of the island for the preservation of native flora and fauna, will have the support of all people who have a genuine concern for the future of Lord Howe Island and its inhabitants. I commend the bill to the House.

The Hon. M. F. WILLIS (Leader of the Opposition) [12.3]: The Opposition does not oppose this measure. I must confess that though I speak for the Opposition, I have never had the pleasure of visiting this unique and beautiful island. I can say that some fifteen years ago I had the great pleasure of circumnavigating the island on a cruise liner on which I was holidaying. If the beauty and uniqueness of the place from such a vantage point is any indication of its beauty and uniqueness as seen on land, it is understandable that, even though it is only a speck in a vast ocean, its preservation and government should be a matter of controversy. As honourable members are aware, some years ago the former coalition Government was on the verge of legislating

on this matter. It is unfortunate that the present Government, which has professed that it has an intense interest in the welfare and preservation of this place, has taken almost five years to get to this legislative stage.

As I have said, the rare beauty and quality of Lord Howe Island explains why this legislation has had such a tortuous journey and why it has raised such high levels of controversy and concern. We can only hope that the solution finally arrived at by the Government will, in practice, satisfy the competing, well-meaning and widely differing opinions held by islanders, preservationists and others. The Opposition hopes that the Government will keep a most careful watch on the implementation and progress of the provisions of this bill. I hope that, if it should be found that the legislation is not achieving the general objectives, the Government will have the courage to bring in amending legislation to ensure that it does.

I do not presume to judge which of the differing views is best to provide for Lord Howe Island. Suffice it to say that the Opposition is willing to accede to this measure, but it will keep a careful watch on the progress of its implementation. The widely differing opinions on the best method have undoubtedly been the subject of considerable controversy within the Government's ranks, as is evidenced by the fact that the Premier and Treasurer's long-standing promise to make Lord Howe Island a national park has not been realized in this legislation. I admit freely, as should be obvious, that there are differences within the Opposition's ranks. Some of these will be aired by subsequent Opposition speakers, particularly the Hon. W. J. Holt, who has had a long-standing interest in such matters and is widely respected for his interest in the circles of concern.

Two areas of dissension covered by this bill refer, of course, to the status of islanders and whether the island should be dealt with as a national park. The concern of the Opposition about the status of islanders was expressed in another place by the Leader of the Opposition who, when formerly a Minister, had responsibility for Lord Howe Island. I can only repeat concern in this place that the status of islanders provided in this measure undoubtedly has a capacity to work injustices against people who have islander status and for practical purposes forfeit it and, in due course, for very good reason, seek to return to the island of their origin.

There has been a similar problem at Norfolk Island over the issue of the status of islanders. That problem seems to have been well resolved by provisions to allay the concern that I have expressed. Perhaps the Government could revise the matter to ensure that injustices do not occur. As I said before, the question whether the island could be dealt with as a national park has been of great concern, and the Government, even by a stretch of the imagination, could not be regarded as having resolved that issue in this legislation. It has gone for what appears to me to be a pragmatic compromise, if indeed it can be called a compromise. I repeat that though the Opposition is willing to accede to this legislation, it is important that its effect be watched most carefully to ensure that the objectives of the proper protection and care of this rare island are achieved in practice.

The Hon. H. B. FRENCH [12.8]: Unlike the Leader of the Opposition, I have had the pleasure of visiting Lord Howe Island, as have many other persons. Also, I have circumnavigated the island at close-to-shore range. It is a beautiful speck in the Pacific Ocean. If any area should be preserved in its natural state, it is Lord Howe Island. Successive Lord Howe Island boards have been concerned that the natural charm and beauty of the island should not be damaged. As the Minister for Agriculture said in his second reading speech, in 1970 the board commissioned the Australian Museum to conduct an environmental survey of the island's flora and fauna and to make appropriate recommendations. In 1973 the assistance of Mr Nigel Ashton

was sought. He presented a report entitled "The Future Land Use and Land Management of Lord Howe Island", and it was tabled in the Parliament. His principal recommendation was that the northern and southern parts of the island be given the status of a national park. The measures contained in the bill are in line with the recommendations of Mr Ashton. Under the bill Ball's Pyramid and some smaller islands will be included in the description of Lord Howe Island.

Lord Howe Island is a real paradise for anyone who wishes to get away from the hurly-burly of Sydney. I heartily commend to honourable members a visit to the island if they have an opportunity to do so. Only a couple of months ago I spent ten days on the island. That was not long enough to appreciate its beauty to the full. While there I sought the views of some of the islanders on the measures contained in the bill, which was to be introduced before last Christmas.

Though different views have been expressed about the legislation, the majority of people have supported the recommendation, in particular, that an officer of the National Parks and Wildlife Service be included as a member of the Lord Howe Island Board. That is important. I am concerned that all efforts should be made to preserve the flora and fauna of the island and the island's natural state. The National Parks and Wildlife Service will be able to carry out that task. The Kentia palm is still the island's biggest export commodity. It provides a valuable source of revenue for the island. A few years ago that palm was nearly rendered extinct when a ship in difficulties was beached on the island. The rats left the sinking ship and invaded the island. Unfortunately, the rats liked to eat the seeds of the palm and nearly devastated this export product. The best possible control measures are being undertaken. They are similar in effects to the myxomatosis control of rabbits. The woodhen, a bird of world-wide reputation, has come close to extinction on the island. The National Parks and Wildlife Service and the Lord Howe Island Board are doing a tremendous job in preserving the woodhen on the island and trying to increase its numbers.

Reference has been made to the number of vehicles on the island. I have been informed that there are 110 registered vehicles, eight horses and some cows there. When circumnavigating the place one is amazed by the number of birds that nest on the sheer cliffs of the island. The export of the Kentia palm seed was once the island's biggest source of revenue. At present the sale of liquor provides the board with the island's greatest source of revenue. A liquor store is situated on the island and two guest houses on the island are licensed to sell liquor to visitors on an alternate basis. As the Leader of the Opposition said, the bill is long overdue. The Government gave careful consideration to the views of the islanders before introducing the legislation, which I wholeheartedly support.

The Hon. P. S. M. PHILIPS [12.13]: Towards the end of his second reading speech the Minister for Lands, Minister for Forests and Minister for Water Resources said that where a lease devolves from the lineal ancestor upon a person who is not an islander, as defined under the amending bill, that person will be deemed to be an islander and be entitled to hold the lease, provided application is made for registration as holder of the lease within two years or such further period as the Minister may allow. If this is in fact the intention, I submit that it is doubtful whether the intention has been achieved by proposed section 23 (11) of the amending legislation.

Under the Act as it stands the transfer of a lease to a beneficiary under a will or intestacy is governed by the combined effect of subsections (2), (4) and (10) of section 23. Their combined effect is that any person taking under a will or intestacy may hold the lease for a period after the death, approved by the Minister on the recommendation of the board. During that period he may, subject to the new section, sell or transfer the lease or he may upon application, and

upon the recommendation of the board, obtain a certificate from the Minister that he is entitled to hold the lease. If this certificate is not obtained and the lease is not sold within the period, the lease is liable to forfeiture. The lease could not be vested in the person entitled without a transfer from the executor, and no such transfer could be made without the consent of the Minister even if it is a transfer to an islander.

Further, under subsection (4) the board will have an absolute discretion to recommend the granting or refusal of any application for consent, but is prohibited from granting consent except to an islander unless satisfied there is no islander who desires or is in a position to take a transfer of the lease. None of these provisions have been modified by the amending bill. So, even for an islander taking under a will whether from a lineal ancestor or not, there is no entitlement to receive the benefit of the bequest and to have the lease registered in his name. The board has to make a recommendation to the Minister. After the passage of the legislation the board will consist of a majority of islanders, as defined in the new section. Their interests may be contrary to those of older island families for whom protection was intended by subsection (11) of new section 23. In fact all that subsection will do will be to provide that a lineal descendant taking under a will, and who 'has ceased to be an islander by virtue of the new definition in the bill, will be deemed to be an islander provided he complies with the subsection and applies to have a transfer to him of the lease approved—presumably under subsection (4).

However, he will be deemed to be an islander only if application is made for consent to a transfer of the lease to him. The section then provides for a mandatory refusal of registration of the transfer to him—presumably unless registration has been previously granted—after the expiry of two years from the death of the lessee. This does not seem to be consistent with what the Minister said in his second reading speech, as I quoted, and is certainly not consistent with the concept of new section 23 (13). Surely there should be no mandatory refusal of registration provided the application for transfer had been lodged within the 2-year period. As the section stands, a child of an islander who has ceased to fall within the definition of islander, but is anxious to return and take up the lease bequeathed to him, and willing and able to comply with the residential and other provisions, could have his rights defeated. This would result from deliberate or careless delay in dealing with the application so that the period of two years expired before consent was given and the transfer registered; and also—as is really the present position—because of a capricious refusal of consent by the board on personal grounds or on grounds that the land comprised in the lease is required for subdivision or for use by other islanders.

It is observed from the second reading speech that certain of the new provisions are justified on the ground that the old provisions were discriminatory. It is hard to imagine anything more discriminatory than the existing provisions relating to devolution on death. These are not improved by the bill. In effect, all it does is to try to overcome one anomaly created by the new definition of islander. In its present form it is doubtful whether it achieves this goal. I seek the Minister's comments on this aspect in his reply. Apart from the matters to which I have drawn attention, I submit that the discretionary powers remaining vested in the board and the Minister are disgraceful. If the Crown wishes to resume the whole or part of any perpetual lease it should, of course, be compelled to do so by the normal resumption procedures, and on just terms.

The Hon. W. J. HOLT [12.19]: I wish to speak mainly about proposed new sections 19A and 19B, which create the Lord Howe Island permanent park preserve, and proposed new section 4 (3), which provides for the constitution of the board. As the Leader of the Opposition said, opinions will differ about who should have the

care, control and management of Lord Howe Island. I am firmly of the opinion that the permanent park preserve should be a national park administered by the National Parks and Wildlife Service, as are all the other national parks in this State, of which Lord Howe Island forms a part.

I share the concern of many scientists who have been to the island, as well as naturalists and members of the Total Environment Centre, that there will not be adequate protection for the preserve because there will not be adequate expertise among the persons responsible for its control. Proposed new section 4 (3) deals with the constitution of the board, which is to consist of three islanders, one officer of the department of the Government responsible for the administration of the Act and an officer of the National Parks and Wildlife Service. Thus there will be a majority of islanders on the board. My personal view is that the management of the island ought to be divided so that the permanent park preserve will be managed by the National Parks and Wildlife Service and the balance of the island managed by a board on which there is a majority of islanders. I am not alone in this view.

It has been argued by some honourable members that division of the control of the island will cause problems. I do not believe it will. I believe control of the island could be divided, as New South Wales is divided, into areas controlled by local government councils with national parks under the care, control and management of the director of the National Parks and Wildlife Service. I have been associated with the National Parks and Wildlife Service since 1967 when it was established by legislation introduced by the Hon. T. L. Lewis. I retire this year from the position of president of the Captain Cook landing place historic site. I held that position for about thirteen years. The area was originally administered by a trust, which subsequently became an advisory council. When the National Parks and Wildlife Service was established there were trusts administering the Royal National Park and the Ku-ring-gal National Park, to mention only two. It was discovered at that time, regrettably, that within those parks houses were provided where trustees could spend the weekend, and there were various other matters of concern to the service.

In a place like Lord Howe Island, where there is a diversity of interests, great care will have to be taken to see that the local interests of some inhabitants and their commercial projects do not have priority over the preservation of the permanent park preserve. That is my concern. Yesterday I was advised on a matter that I ask the Minister to have investigated. Recently one of the rangers on the island had a house built in a position from which it is readily visible. Honourable members will be aware that the general policy on the island is to try to hide the houses among the trees. I am informed that no fewer than forty trees were cut down to make way for the ranger's house. Some trees are said to have been cut down to enable the occupants of the house to obtain the benefit of the magnificent view. This sort of action must be guarded against. In my thirteen years' association with the National Parks and Wildlife Service these sorts of things have been prevented.

I realize that the National Parks and Wildlife Service is not perfect. In recent years its emphasis has been on the acquisition of land rather than on the management of the areas under its control. This has caused some ill feeling in country areas and led to the creation of bodies such as the neighbours of national parks, which conducts a strong lobby against feral animals and other problems that this body claims are attributable to the parks. The fact that the National Parks and Wildlife Service may be undermanned and it cannot cope with all its responsibilities does not prevent it at least conducting a holding operation, which it has done. It is my hope that its one officer on the board will have that effect on the administration of the island.

I cannot hold back the tide of this legislation, but I bring these matters before the House as I consider it is the responsibility of this Parliament to ensure that this treasure of an island is protected and preserved; that we do not simply lose sight of it and in ten years' time find that the things that happened in the past are still going on. I propose to refer honourable members to two articles. The first was written by Vincent Serventy on 3rd August, 1979, when it was alleged that the matter was about to come before the Parliament. Mr Serventy is a well-known naturalist. I served with him on the National Parks and Wildlife Advisory Council for about nine years. I have the greatest respect for his views on these matters. In the article he wrote on 3rd August, 1979, he said:

> The only public authority able to provide the expertise to manage this kind of unique and delicate environment is the National Parks and Wildlife Service.
>
> To hand control of the natural areas to an island board, no matter how well-meaning and dedicated, is to put this precious natural jewel into the hands of amateurs.

Mr Serventy said, also, that five bird species on the island—the woodhen, one of the rarest birds in the world; the currawong; the white-faced heron; the black duck; and the nankeen kestrel—had been reduced to about ten breeding pairs apiece. Another six species had fewer than 100 breeding pairs each. If the birds were *to* survive, their habitat had to receive the most skilled of biological management. He claimed that the woodhens are barely lingering on. One disastrous storm could cause their disappearance overnight. He went on to talk about the marine national park, which he believes is necessary as Lord Howe Island is the southernmost coral reef in the world. Recently, I have received from Mr Milo Dunphy, director of the Total Environment Centre, a letter, copies of which would no doubt have been sent to other honourable members. It is described as a fourth letter of concern to New South Wales parliamentarians regarding Lord Howe Island and it contains this statement:

> We believe that the New South Wales Cabinet was genuine when it promised to give Lord Howe Island the best possible administration. However somewhere between that promise and the present Lord Howe Island (Amendment) Bill matters have gone sadly astray. The Bill proposes a Lord Howe Island permanent park preserve, whatever that may be. It will be administered by reviving the outdated, unsatisfactory system of a board consisting of local landholders. Yet a national park has been recommended in the major reports by:
>
> The Australian Museum;
>
> Planner, Nigel Ashton, and by
>
> The 65 community organisations of the Nature Conservation Council of N.S.W.;
>
> the National Parks Association of N.S.W.; and by
>
> the Australian Conservation Foundation.
>
> The only administration suitable for Australia's most beautiful island is as a national park through the professional National Parks and Wildlife Service. We urge parliamentarians to amend the Bill accordingly.
>
> We believe the proposal for continuing the administration of the Lord Howe Island Board to be a recipe for maladministration and the eventual pollution and defacement of Lord Howe Island. We set out some of the recent blunders of the Board.

The Hon. W, ***J. Holt***]

I apologize for wearying honourable members by reading this document in **full.** However, I should like these matters to be on record to enable the newly constituted board to appreciate what are regarded as past blunders. The blunders are enumerated by the total environment centre as follows:

1. In spite of numerous recommendations, no serious attempt has been made to reafforest foreshore and other areas being overrun by grass and weeds. A few trees were planted but most are dead now for lack of watering and other maintenance.

2. Areas of natural growth still remaining on the waist of the island are seriously threatened by weeds such as asparagus fern and asparagus weed. No concerted attempt has been made to control these weeds.

3. The Board's supervision of boundary fencing around reserve areas has been poor. In some cases, fence lines have 'receded' until they are well inside reserve areas; in others fences have not been maintained and cattle have strayed into the reserves.

4. The Board has allowed the clearing of natural bush in reserve areas for the purpose of grazing (examples are Boat Harbour clearing and Middle Beach Common).

5. The Board has unnecessarily constructed vehicular roads in the reserves and so caused the invasion of foreign weeds and grasses into these areas (e.g. the road from Middle Beach to Clear Place and Pinetrees special lease to Transit Hill).

6. The Board continues to remove large numbers of native Howea palms from reserve areas for commercial sale.

7. The anti-coagulant poison diphacinone was used indiscriminately in the rat control programme. This was probably the cause of the sudden drastic reduction in numbers of the semi-tame pigeons and "doves". How were the birds to distinguish between the wheat they were accustomed to receive from residents and visitors and the board's poisoned wheat?

8. The board is responsible for excavation of a community tip on the foreshore, within a stone's throw of the lagoon. The whole of the foredune is being destabilized progressively. No revegetation has been commenced.

9. A quarry for roadworks has also been excavated near the foreshore in one of the island's most scenic locations. No revegetation here either.

10. Weed poisoning near the quarry resulted in many dead trees.

11. The board has ignored or failed to enforce regulations of the existing Lord Howe Island Act, pertaining to perpetual leases, which states that, "The lessee shall at all times, unless authorised or otherwise directed by the Board, carefully preserve all bush, timber, trees, palms and other vegetative material (except weeds and noxious plants) on the land hereby leased and shall take all reasonable steps to prevent stock gaining access to any part of the land hereby leased on which is growing bush, timber, trees or palms."

12. The board has failed to take any steps or precautions to stop importation to the island of exotic flora and fauna.

13. Ignored or failed to enforce regulations of the existing Lord Howe Island Act requiring lessees to "destroy or cause to be destroyed all Crofton Weed, Asparagus Fern and other plants or weeds which may from time to time be declared by the board to be noxious plants or weeds or which the board may direct to be destroyed".

14. The board has permitted island residents to keep animals included on the noxious list (e.g., goats). No steps have been taken to reduce the threat posed by dogs and cats to the native wildlife. There is no registration or control of cats or dogs. Mutton birds are commonly attacked by dogs at their nesting sites.

15. The Board embarked on a thinning programme within the palm forest in an effort to improve palmseed production, without recording any baseline data or results after the thinning experiment. A subsequent expert report said there was no evidence to support the view that thinning would increase production.

16. The Board delayed publication of the 1973 environmental survey commissioned by the Board until Dr H. Recher of the Australian Museum altered his original recommendation of a national park to a reserve.

17. The Board has failed to act on recommendations made in the environment survey.

18. The Board has failed to control the number of vehicles on the island. The Board itself had 19 vehicles in 1972. It had 31 in 1980. There are approximately 80 private motor vehicles now plus 10 hire vehicles. Four of the hire licences are held by Lord Howe Island Committee members. The former Committee recommended that hire vehicles be phased out. Reduction of the number of motorized vehicles is critical to retention of the island in a natural state.

19. There are at least four excavations around the island which have just been dug and left remain.

20. In January this year the Board used a heavy bulldozer for three days on Lagoon Beach to uncover an old slipway despite the existence of two slipways nearby. This operation created an eyesore in the middle of the tourist area and destroyed the geomorphological record of that part of the beach.

21. The Board has suspended its own town plan to facilitate commercial flat building.

22. The Board planned and commenced to construct a light industrial complex (fuel depot, machinery shed, equipment storage) in a central area of great natural beauty—without an environmental impact study. Work was stopped due to public protest but the trees destroyed cannot be replaced. What hope is there for Lord Wowe Island under a board with a majority vote of such administrators?

I shall not weary the House with any further quotations; I feel that I have made my point as fully as possible. B believe firmly that the National Parks and Wildlife Service of New South Wales should have care, control and management of the permanent park preserve and that for that purpose it should be vested in the director. I was sad to note that Transit Hill was not included in the permanent park preserve. Many surveys suggest that, from an ecological standpoint, that area is vital. It is essential that the two areas be joined rather than broken into two individual parts. I hope the Government will reconsider this matter and include Transit Hill and the other areas mentioned in the Recher report of 1973 in a permanent park preserve under the care, control and managerncnt of the National Parks and Wildlife Service.

The Mon. J. R. HALLAM (Minister for Agriculture) [12.40], *in* reply: I have been impressed by the genuine contributions made on this bill by honourable members on both sides of the House. There is no question that Lord Howe Island is unique

in its beauty. Naturally it attracts responsible comment, although on occasions certain aspects may be misunderstood. The Leader of the Opposition referred to the delay in introducing the bill. For some time the measure has been under consideration. The Leader of the Opposition acknowledged that when the former Government was in office it experienced difficulties with framing the required legislation. The complexity of property rights, which was referred to by the Hon. P. S. M. Philips, occasioned some delay. The devolution of property rights under wills has been the subject of many representations. Other important factors had to be resolved before the bill could be presented to the Parliament. I am confident that the bill will achieve the Government's objectives and provide the safeguards that were obviously the key concern of most honourable members who contributed to the debate. Most honourable members would have read the documents by Mr Serventy and Mr Dunphy which were read by the Hon. W. J. Holt. The honourable member did not acknowledge that a member of the National Parks and Wildlife Service will be a member of the Lord Howe Island board.

The Hon. W. J. Holt: I did acknowledge that.

The Hon. J. R. HALLAM: The honourable member did not acknowledge it to the extent of saying that there will be a major input from the National Parks and Wildlife Service through that member. No doubt that service will play a key role in preparing the plan of management. The Hon. W. J. Holt should have refrained from expressing any criticism he may have until such time as the new board drafted its plan of management for the proposed Lord Howe Island permanent park preserve. It is true, as the Hon. W. J. Holt said, that in recent years the number of motor vehicles on the island has increased. The island now has 110 motor vehicles. The Government considers that to be an unreasonably high number. Although the board has not had the power to control the number of motor vehicles on the island, it will now be able to do that. Many programmes have been embarked upon to control noxious animals such as pigs, and many types of pests, including rats. Much progress has been made with those programmes. Weeds have caused difficult problems. Some weeds are transmitted by birds. Whatever precautions one may take by way of a management plan, the best that one can hope for is reasonable control. I should hope that the board will undertake progressive programmes for the island. The Government acknowledges that there must be a degree of control even to the extent of limiting the number of tourists on the island at any one time to ensure the least possible damage to the island's ecology. However, the Government recognizes the right of the public to have access to Lord Howe Island and to enjoy the pleasures that it has to offer.

The Hon. P. S. M. Philips had a specific complaint about the intention of the devolution provisions. I am advised that the proposed amendments relate merely to the present transfer provisions in the case of children of islanders who inherit leases from their parents. The Minister is given a discretion to permit registration after two years if there is, for example, a problem with the administration of a deceased estate. All transfers of leases during the life of a leaseholder or under his will have been subject to the control of the board and the Minister, in certain circumstances. This control will not be lessened. The Hon. P. S. M. Philips went so far as to describe the discretionary powers as a disgrace. I reject that assertion. The discretionary powers will be exercised properly and in good faith. The normal processes of appeal to the Minister are always available with any legislation that passes through this House. I congratulate the Minister for Lands, Minister for Forests and Minister for Water Resources on bringing the legislation before the Parliament. The bill represents a most progressive and important step towards the preservation of Lord Howe Island in the interests of the community generally, and I commend it to the House.

In Committee

Schedule 5

The Hon. J. R. HALLAM (Minister for Agriculture) [12.46]: I move:

That at page 19, after line 9, there be inserted the words

(d) Section 23 (1A)—

After section 23 (1), insert:—

(1A) A lease may be transferred or subleased to 2 or more persons as joint tenants or tenants in common but, for the purposes of any transfer or sublease to 2 or more persons who are not all Islanders, a reference in this Part (however expressed) to a person other than an Islander applies in respect of each transferee or sublessee who is not an Islander.

The bill provides for leases granted under section 21 of the Act to be held by two or more persons as joint tenants or tenants in common. The amendment I have moved will make clear that under section 23 of the Act such leases may be transferred to two or more persons as joint tenants or tenants in common.

Amendment agreed to.

Schedule as amended agreed to.

Adoption of Report

Bill reported from Committee with an amendment, and report adopted, on motions by the Hon. J. R. Hallam.

[The President left the chair at 12.52 *p.m. The House resumed at* 2.30 *p.m.*]

Third Reading

Bill read a third time, and returned to the Legislative Assembly with an amendment, on motions by the Hon. D. P. Landa, on behalf of the Hon. J. R. Hallam.

STATE LOTTERIES (AMENDMENT) BILL

LOTTO (AMENDMENT) BILL

Second Reading

The Hon. D. P. LANDA (Minister for Education and Vice-President of the Executive Council) [2.31]: I move:

That these bills be now read a second time.

The amendments proposed to be made to the State Lotteries Act relate in the main to the functions of the office of Director of State Lotteries, and are therefore largely of a machinery nature. The principal bill provides, first, for the person holding the office of Director of State Lotteries to be incorporated as a corporation sole with the corporate name "Director of State Lotteries" in relation to the appointment of the director as a licensee or agent under the Lotto Act, 1979. The corporation would have perpetual succession and this, as advised by the Crown Solicitor, would avoid automatic revocation of the lotto licence if the Director of State Lotteries should cease to hold office.

The second amendment relates to the granting of leave of absence to the director. At present section 7 (5) (c) of the State Lotteries Act provides that a director shall be deemed to have, vacated his office if he absents himself from duty for a period of fourteen consecutive days except on leave granted by the Governor. Bearing in mind the present annual leave entitlement of four weeks it is considered that the provision is quite out of date. Also, it is considered more appropriate that the necessary approvals should emanate from the responsible Minister rather than from the Governor. Accordingly, item (2) of schedule 1 to the bill will provide that the director shall obtain the Minister's approval for leave of absence exceeding twenty-eight consecutive days.

A third amendment will substitute a new section 8 to provide that such officers and temporary employees as may be necessary for the purpose of administering the State Lotteries Act, including the director's duties and functions under the Lotto Act, shall be appointed and employed under and in accordance with the Public Service Act, 1978. Existing section 8 (1) provides for the appointment of only such officers and temporary employees as are required for the administration of the State Lotteries Act. The new section will avoid any misunderstanding of the functions carried out by lotteries office staff in relation to lotto.

The Lotto (Amendment) Bill will amend the Lotto Act, 1979, to authorize the Minister to share equally with another State or Territory of the Commonwealth, duty on entries lodged with agents within the other State or Territory. The Prime Minister wrote to the Premier and Treasurer prior to the launching of lotto proposing that a mutually acceptable basis be negotiated for the collection of subscriptions within the Australian Capital Territory. During subsequent ministerial discussions, the former Minister for the Capital Territory said that he wished to obtain for the Australian Capital Territory a reasonable share of the revenues generated by Australian Capital Territory subscriptions to state lotteries and other forms of gambling, and he sought a share of the duty on New South Wales lotto subscriptions lodged in the Australian Capital Territory. As the Victorian Government had agreed to share equally the duty on Tattslotto subscriptions from the Australian Capital Territory, a similar agreement was reached in respect of New South Wales. The proposed amendment confirms this arrangement. Also, the cognate bill will amend the Lotto Act to provide for the ongoing administration of the prize fund in the event of there being no current licence holder.

As honourable members will recall, the Government appointed the Director of State Lotteries and a private company, Lotto Management Services Proprietary Limited, as joint licensees for the conduct of lotto. Though it is not envisaged that any difficulties are likely to arise concerning the operation of the prize fund, the Government is most conscious of the need to protect the rights of members of the public who invest in the game. Under the existing legislation and licence there is no provision for the operation of the prize fund in the event of there being no current licensee. Again P emphasize that this is a most unlikely situation. Nevertheless, to protect the public it is felt that provision should be made for that circumstance.

The amendment provides for the prize fund to be paid into a special bank account kept by the Minister as a corporation sole and that the licensee may draw upon it fur normal operations. However, by simply advising the bank holding the prize fund account the Minister may terminate the licensee's right to operate on the account. Lotto has proved to be extremely popular with the people of New South Wales, and this is reflected in the sustained level of subscriptions. The amendments before the House represent the Government's continuing efforts to ensure that administration of the game is effective, uninterrupted, and the investing public is fully protected. To assist the House I make available for honourable members a short explanation of the clauses of the bills. which I commend to the House.

The Hon. W. L. LANGE [2.40]: The Opposition supports the legislation. As the Minister stated, the legislation is basically of a machinery type. However, I ask the Minister to explain some matters, if he is able to do so. The Minister said that the Director of State Lotteries is to be set up as a corporation sole. There seems to be an increasing tendency for heads of government departments or statutory authorities to be declared to be a corporation sole. The Minister may explain to what extent ministerial responsibility will be affected by the establishment of heads of departments or statutory office holders as a corporation sole. There would seem to be a degree of weakening of ministerial responsibility in proceeding in this way with increasing numbers of public servants. Proposed new section 15A (2) of the Lotto (Amendment) Bill provides:

> The Minister may, by order published in the Gazette, declare to be a participating area for the purposes of this section any State or Temtory of the Commonwealth in which it is lawful to conduct games of lotto under this Act.

In what other areas, apart from New South Wales, will it be lawful to conduct games of lotto under this Act? Surely this legislation will apply only to this State. Yet the bill states that the Minister may by order published in the ***Government Gazette*** declare to be a participating area for the purposes of this section any State or Territory of the Commonwealth. I assume that a participating area in this State will be the Australian Capital Territory. I fail to see how it would be lawful to conduct lotto in the Australian Capital Territory. Surely the legislation will have no effect there.

Was it necessary for the New South Wales Government to agree that the Commonwealth may share in the proceeds of lotto in the Australian Capital Territory? Surely section 92 of the Constitution would prevail and New South Wales would be rightly entitled to the revenue from tickets sold in the Australian Capital Territory. The mere fact that Victoria has agreed to do it does not convince me that it was necessary for New South Wales to follow suit.

As I mentioned on a previous occasion, New South Wales is losing a great deal of revenue through the extensive sale of Tattslotto tickets in New South Wales—in particular, along the southern border areas. The Government seems to be going along compliantly with an agreement that any sales of tickets in the ACT should be shared between the Commonwealth and New South Wales. I seek from the Minister an explanation for it. This issue is important because Victoria seems to be benefiting from the sale of Tattslotto tickets in New South Wales and other States. As a consequence, the prize money in Tattslotto has been substantially increased. Inevitably there will be a decline in the sale of New South Wales lotto tickets and a fall off in state revenue. It seems that the New South Wales Government is willingly handing over some of its revenue to the Commonwealth Government. After all, the New South Wales Government continually reminds the citizens of this State of the Commonwealth Government's parsimony in distributing revenue to New South Wales. Is it necessary to give the Commonwealth even a small amount of revenue derived from lotto?

The federal Government may have threatened to impose a tax on lottery ticket sellers in the Australian Capital Territory, and New South Wales may have been coerced into the agreement. Though the agreement has been described as voluntary and unanimous, I doubt it. There has been talk of a national lottery to provide money for Australian sporting organizations. That would be highly desirable. However, that would be another drain on the proceeds of New South Wales lotteries and lotto. I do not know whether the Minister has seen the television coverage of the lotto draw. Each week when the marbles are drawn out of a barrel everything is shown to be

above board. Is it necessary for three Treasury officers to attend the draw? It must be quite embarrassing for them to be televised sitting there while the draw takes place. What a contrast. Attractive ladies draw out the marbles while these officers sit by, adding little if anything to the performance. The credibility of the lotto system has been well and truly demonstrated by now. When lotto was being launched there may have been a need to establish its credibility. The inclusion of the Treasury officers made it clear that the draw was being done properly and openly. I fail to see why the valuable time of Treasury officers should be taken up needlessly on the drawing of lotto, particularly when they do not enhance the performance.

The Hon. H. J. McPherson: Are the State lotteries still drawn under supervision?

The Hon. W. L. LANGE: I am not sure, but certainly the draw takes place during ordinary office hours, whereas lotto is drawn in the evening. I do not think that Treasury officials attend the drawing of the State lotteries. Of course, officers of the State Lotteries Office are on hand. Apparently an opinion has been given that the lotto licence would be deemed to be revoked in the event of the resignation or death of the Director of State Lotteries. The Minister said that the Government considers that the director should be incorporated as a corporation sole so as to protect the investing public. Was that done to avoid a rehearing of the dispute that occurred within the ranks of the Government over the issue of the lotto licence? One would think that that would certainly not be aired every time the Director of State Lotteries resigned or ceased to hold that office. Perhaps that is not fair comment, but I am sure that the Government does not want to go through that exercise again. It certainly led to disputation within government ranks. The Opposition supports the measures, but considers that the Government should not willingly give way to the Commonwealth over the distribution of lotto proceeds. That sort of precedent should not be set.

The Hon. D. P. LANDA (Minister for Education and Vice-President of the Executive Council) [2.50], in reply: I thank the Hon. W. L. Lange and the Opposition for their support of the bills. I wish to clear up a couple of points raised by the Hon. W. L. Lange. The matter of a corporation sole is dealt with by section 7 (1) of the State Lotteries Act, which provides:

> The Governor may appoint for such period as he may determine, a Director of State Lotteries who, subject to the control of the Treasurer, shall have the execution and administration of this Act.

The Director of State Lotteries is therefore subject to the control of the Treasurer.

The Hon. W. L. Lange: Even though he becomes a corporation sole?

The Hon. D. P. LANDA: Yes. So far as the sale of tickets in the Australian Capital Territory is concerned, the Government received advice from the Minister for the Capital Territory that the Commonwealth proposed to tax sales at 15½ per cent or it would introduce an ordinance forbidding the sale of interstate lotteries if an agreement was not reached between the two governments. I do not know how that view can be reconciled with section 92 of the Australian Constitution. It may have raised serious problems. The New South Wales Government adopts a high-spirited level of federalism in an attempt to obtain a fair go from the Commonwealth. We do not get it, but we certainly demonstrate our bona fides at all times. The honourable member mentioned that three Treasury officers attend the televising of the lotto draw in company with the other people who take part in the show. I am advised that the State Lotteries Act is administered by the Treasurer. As part of the

control procedures, the lotto machines are kept under Treasury control, as are the sets of balls. Two Treasury officials attend the draw, each having one set of balls to ensure that the draw can go on. I commend the bills.

Motion agreed to.

Bills read a second time.

In Committee

The CHAIRMAN: The Committee will now consider the Lotto (Amendment) Bill.

Schedule 1

The Hon. W. L. LANGE [2.54]: At the second reading stage I raised with the Minister a query about the effect of proposed section 15A. Surely New South Wales would be the only State or territory in which it would be lawful to conduct lotto under this Act.

The Non. D. P. LANDA (Minister for Education and Vice-Prcsidcnt of the Executive Council) [2.55]: The term being used here is an attempt to encompass complementary legislation and allow the other States to participate in the profits.

The Hon. W. L. Lange: The ordinance will be complementary to the Australian Capital Territory ordinance?

The Hon. D. P. LANDA: The Australian Capital Territory ordinance would have to be complementary to allow it, yes.

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.

TRANSPORT (AMENDMENT) BILL

Second Reading

The Hon. D. P. LANDA (Minister for Education and Vice-President of the Executive Council) [2.58]: I move:

That this bill be now read a second time.

The bill proposes amendments to the Transport Act, 1930, the first of which concerns the salary limit for promotion appeals by officers of the Department of Motor Transport. The second relates to compulsory third-party property damage cover for taxicabs and private hire cars. The purpose of the first amendment is to tie automatically the salary limit for appeals by motor transport officers to the limit provided for public servants generally under the Government and Related Employees Appeal

Tribunal Act. This limit, which is the maximum salary applicable to an office graded eleven in the administrative and clerical division of the public service, applies automatically also to employees of the State Rail Authority and the Urban Transit Authority. Though the salary ceiling applies also to employees of the Department of Motor Transport, it is the present practice to update the limit from time to time by regulation under section 113 of the Transport Act. The whole purpose of the amendment now proposed is to eliminate the need for periodic amendment of the regulation whenever the salary for the particular grade is altered, such as when national wage case decisions are handed down. No alteration is proposed in the principle involved. It will be merely a change in the process by which the salary limit for the officers' promotion appeals is maintained at the agreed level.

The second proposal provides for the Transport Act to be amended to enable compulsory third party property damage insurance cover for taxicabs and private hire cars to be provided by approved persons or organizations, such as taxicab co-operatives, in addition to those persons who, as authorized insurers in terms of the Motor Vehicles (Third Party Insurance) Act, 1942, are able already to provide such cover. Compulsory third party property damage insurance covering taxicabs and private hire cars was introduced in 1970, following a recommendation by the New South Wales taxi advisory council, which includes representatives of owners and drivers. This was done to relieve taxicab drivers of the financial hardship they experienced when they were required by some owners to meet all or part of the cost of repair of damage arising from accidents for which they were responsible. The owners who placed this burden upon drivers either did not carry motor vehicle insurance or did not want to claim on their comprehensive policies because of excess clauses or loss of no-claim bonuses.

Under the present provisions of the Transport Act, the owner of a taxicab or private hire car registered under that Act to operate in the Sydney metropolitan area and the Newcastle and Wollongong areas, must maintain a current third party property damage insurance coverage of at least $2,000. The policy must be issued by an authorized insurer appointed under the Motor Vehicles (Third Party Insurance) Act. A basic requirement for appointment as an authorized insurer under the latter Act is that the applicant must be carrying on the business of insurance in New South Wales and be willing to undertake insurance business in terms of that Act. The compulsory policies are not subject to excess payments so that drivers do not suffer any financial hardship when they are involved in accidents. However, owners have to carry the financial burden of meeting annual premiums.

For all practical purposes, the Government Insurance Office is the only insurer willing to carry this compulsory cover. The office has had a generally adverse experience with the scheme to date and this has led to premiums being increased from $200 per annum five years ago to $540 per annum at present. This extreme escalation in premiums has alarmed the taxi industry and, as a consequence, it has put forward a proposal whereby property damage insurance cover may be offered by taxi co-operatives at less cost. This is seen by the industry as a practical alternative to insurance with the Government Insurance Office. De Luxe Red and Yellow Cabs Co-operative Trading Society Limited has indicated it is ready to commence a scheme as soon as the legislation is passed. The basis of the scheme is that a taxi co-operative would effect insurance with an established major insurance organization for a sum of, say, $200,000 for third party property damage claims against each member of the co-operative. In turn, the co-operative would insure each member to the statutory minimum of $2,000 for any one claim, and for any sum in excess of $2,000 would claim the balance from the major insurer. Premiums payable by members would be retained by the co-operative as working funds.

A barrier to the introduction of this scheme is that under the existing legislation, a taxi co-operative offering insurance cover on this limited basis is ineligible to be appointed as an authorized insurer for the purposes of the Motor Vehicles (Third Party Insurance) Act. The amendment now proposed to the Transport **Act** will overcome this hurdle and will provide taxicab and private hire car operators with the option of obtaining third party property damage insurance coverage, either from an authorized insurer or from a person or organization approved for this purpose by the Minister for Transport. The Government Insurance Office has indicated it has no objection to the proposal. The bill also contains a number of minor statute law revision amendments, reference to which is made in the following explanation of the clauses. Clause 1 contains the short title of the amending Act. Clause 2 provides that the Act is amended in accordance with schedule 1 of the amending Act. Clause 1 (a) and (b) of schedule 1 deletes the existing provision in section 113 which prohibits appeals against promotion in respect of those offices receiving an annual salary in excess of a prescribed amount.

Item 1 (c) of schedule 1 inserts a new subsection 113 (2) which prohibits appeals against promotion decisions where the salary for the vacant office at the date of the decision exceeds the amount referred to in section 21 (1) (d) of the Government and Related Employees Appeal Tribunal Act, 1980—that is the salary limit for appeals by public service employees generally. Item 2 omits paragraph (d) of section 154 (3B), which is redundant. Item 3 of schedule 1 omits paragraphs (a), (b) and (c) to section 171C (2) and inserts a new paragraph (a), which amends the definition of authorized insurer in section 154 (1), so as to include in the definition, a person who is, for the time being, approved by the Minister for Transport as an authorized insurer, and re-inserts old paragraphs (a) and (c) as new paragraphs (b) and (c), with minor statute law revision amendments. I commend the bill.

The Hon. F. CALABRO [3.5]: The Opposition does not oppose the bill. The proposed measures are timely and non-controversial. The bill has two principal objectives. The first concerns the proposed amendment to section 113 of the Transport Act, which will remove the requirement for the salary limit for promotion appeals by officers of the Department of Motor Transport to be prescribed by regulation. Instead, it will fix permanently the limit to that provided under the Government and Related Employees Appeal Tribunal Act. That brings the matter into line with the provisions that apply to employees of the State Rail Authority and the Urban Transit Authority. The second main objective will allow the commencement of a programme in the taxi industry to provide a scheme of third party property damage insurance. This could turn out to be such a good scheme that it may eventually interest other organizations and be adopted by them. The proposed amendments to section 154 and section 171C of the Transport Act will enable compulsory third party property damage insurance cover for taxicabs and private hire cars to be provided not only by authorized insurers under the Motor Vehicles (Third Party Insurance) Act but also by persons or organizations such as taxi co-operatives approved for this purpose by the Minister for Transport. The Minister has stated clearly that this proposal has not been approved by the Government. One understands that provision has been made to enable any submissions on such a scheme to be made to the Government. The Minister said that before he approves such a scheme he will take expert advice. He said also that if that advice is that such a scheme is feasible and desirable, the Government will adopt it. The Government is to be congratulated on this move. I hope that some other organizations will take advantage of this excellent scheme.

The Hon. D. R. BURTON [3.7]: I support this important piece of legislation, which will benefit unions whose members work for transport authorities. The Government and Related Employees Appeal Tribunal Act eliminated the provision

setting statutory limits in respect of employees who wished to appeal against some promotion. I have had close contact with this branch of activity for some years. I know from experience that one officer was seriously affected in his promotion rights following action by my industrial organization obtaining two substantial increases in salary, virtually one after the other.

The Hon. L. A. Solomons: The honourable member's union was too efficient for its own good.

The Hon. D. R. BURTON: I agree. On that occasion my organization was too efficient. The gains it achieved took the figure over the limit. As a result the person concerned was being paid at a level that put him temporarily over the limit set for such an appeal. The result was that I made a personal appeal to the Hon. M. A. Morris who was then Minister for Transport in the former Government. To his credit that Minister decided to amend the legislation retrospectively. My organization subsequently took the matter on appeal and was successful. The bill seeks to amend the Act to give employees of the Department of Motor Transport the same benefits given to railway employees. It will remove a running sore which has plagued the industry for some years. When salary increases are made as a result of national wage hearings, there should not always be a need to amend the Act or regulations in order to keep open appeal rights. I welcome this bill, which will remove the anomaly to which I have referred.

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. D. P. Landa.

Third Reading

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

PATHOLOGY LABORATORIES ACCREDITATION BILL

Second Reading

The Hon. D. P. LANDA (Minister for Education and Vice-President of the Executive Council) [3.12]: I move:

That this bill be now read a second time.

The object of the bill is to make provision for the accreditation of pathology laboratories. Accordingly, the bill establishes the Pathology Laboratories Accreditation Board and confers on that board certain functions with respect to the granting of accreditation and the control of accredited laboratories. The bill will enable the board to grant either provisional or full accreditation. Full accreditation cannot be obtained until the board is satisfied that a number of specified prerequisites have been met. Each laboratory, once so accredited, will be required to comply with certain specified accreditation standards. The standards, which may be of general or particular application, will be prescribed by regulation and may encompass all facets of laboratory operation. The accreditation scheme will therefore provide a means whereby satisfactory standards in the supply of pathology services may be ensured.

I turn now to the provisions of the bill. Clauses **1, 2** and 3 relate respectively to the short title, commencement dates and arrangement of the bill. Clause 4 defines certain terms including accreditation standards, pathology laboratory and pathology service. Pathology service has been defined so as to enable services to be exempted from the requirements of accreditation. The Government envisages that certain basic screening tests performed by medical practitioners for patients in their general practice will be prescribed as exempt. These are tests now exempt from the approved pathology practitioner scheme operated by the Commonwealth Department of Health. The clause also empowers the board to deem two or more premises used together for the supply of pathology services to be a single laboratory, explains the meaning in the Act of a person who supplies pathology services, specifies how a laboratory is accredited and how that accreditation is suspended or cancelled.

Clause 5 constitutes the Pathology Laboratories Accreditation Board and places that board under ministerial direction and control. Clause 6 provides that the board shall consist of ten members comprising a commissioner or officer of the Health Commission, three pathologists, two scientists, one physician, one medical practitioner, one nominee of the Labor Council of New South Wales and a barrister or solicitor. The clause specifies that the Health Commission representative shall be chairman of the board. Clause 7 gives effect to schedules 1 and 2 which contain provisions relating to the constitution, membership and meetings of the board. Clauses **8,** 9 and **10** relate respectively to the functions of the board, the appointment of officers and temporary employees and the establishment of committees to advise the board.

Clause **11** gives effect to schedule 3, which details the categories in respect of which a pathology laboratory may be accredited. The clause details procedural matters with respect to the amendment or substitution of that schedule. Clause 12 provides that accreditation standards may be prescribed and may relate, in particular, to such matters as the structure and fittings of the laboratory, the manner and methods of supply of pathology services, the recording and reporting of results, the duties of the director of a pathology laboratory and of the persons employed therein, the mode of advertising and the charging of fees. Clauses **13** and 14 relate respectively to the making of application for accreditation and the granting of such accreditation. Clause 15 provides that the board shall not accredit a pathology laboratory unless certain specified prerequisites have been met.

Clause 16 empowers the Health Commission to direct the board to refuse to accredit any pathology laboratory of a particular category or other description within a specified area where the commission is of the opinion that such accreditation would be prejudicial to the economic and efficient delivery of health services. It provides also that the board shall comply with the commission's direction unless it is revoked or an exemption is granted. I emphasize that this power will be exercised only where limitations on the development of new laboratories are essential to avoid uneconomical and inefficient practices in the supply of pathology services. Further, anyone aggrieved by a board refusal resulting from a commission direction may appeal to the District Court. Clause **17** provides that the accreditation of a laboratory remains in force until it is cancelled. Clause **18** makes provision for payment of an annual accreditation fee. Clause 19 enables the board, subject to certain conditions, to alter the class of pathology services that may be supplied in a pathology laboratory. Clause 20 will provide for the transfer of a certificate of accreditation.

Clause **21** empowers the board to cancel the accreditation of a pathology laboratory without holding an inquiry. Clause **22** provides that the board may grant provisional accreditations. Clause 23 defines certain terms for the purposes of part IV of the bill which relate to the supervision of pathology laboratories. Clause 24 authorizes inspectors to enter and inspect certain premises. Clause **25** will enable

the board to require written inspection reports. Clause 26 empowers the board to require action to be taken in respect of a pathology laboratory to secure compliance with accreditation standards. Clause 27 provides that the board may impose restrictions on the supply of pathology services in the laboratory if action is not undertaken as required. Clause 28 requires the board to hold an inquiry if it is of the opinion that the holder of a certificate of accreditation should show cause why the accreditation should not be suspended or cancelled and enables the board to delegate the holding of such an inquiry.

Clauses 29 and 30 detail procedural matters relating to the holding of an inquiry. Clause 31 empowers the board, after an inquiry, to suspend or cancel the accreditation of a laboratory. Clause 32 requires the board to record its findings in the case of a suspension or cancellation and, if required, to furnish **a** copy of its findings to the person thereby aggrieved. Clause 33 provides that **a** person may appeal to the District Court if aggrieved by a decision or determination of the board or by the failure of the board to make a decision in relation to a pathology laboratory. Clause 34 will make it an offence for a person to supply or advertise a preparedness to supply pathology services in a pathology laboratory unless the laboratory is accredited and he is the holder of the certificate of accreditation. Clauses 35 to 38 specify certain offences.

Clause 39 relates to offences committed by corporations. Clause 40 provides that offences shall be dealt with in a summary manner. Clause 41 requires the board to keep a register of accredited pathology laboratories of New South Wales. Clause 42 confers on the board a power to delegate to certain persons. Clauses 43 and 44 contain evidcntiary provisions. Clauses 45 and 46 relate to the service of notices. Clause 47 relates to the costs of administering the proposed Act. Clause 48 enables certain regulations to be made.

Schedule 1 contains provisions relating to the constitution and membership of the board. In particular, it specifies the term of office of board members, the circumstances in which board members shall be deemed to have vacated their office, the filling of casual vacancies, and the protection of board members, officers and employees from certain personal liability. Schedule 2 contains provisions relating to meetings of the board. Schedule 3 details the eight categories of pathology laboratories in respect of which accreditation may be sought. Each person seeking accreditation will be required to specify the category of laboratory in respect of which accreditation is sought. The categories are differentiated primarily on the basis of the qualifications required of the person in charge of the laboratory and the nature and extent of the pathology services supplied. Categorization has been designed to encompass the full ambit of pathology services and to ensure that all existing laboratories can be brought within the scheme. I commend the bill to the House.

The Hon. D. D. FREEMAN [3.18]: The Opposition is pleased to support the legislation, which I understand follows fairly closely the results achieved by the pathology accreditation committee which, on a broad basis, reported to the Health Commission. That committee included representatives of the Royal College of Pathologists, the Royal Australian College of General Practitioners, the Australian Medical Association, the Society of Pathologists in Private Practice, the Australian Association of Clinical Biochemists and the Australian Institute of Medical Technologists. All those groups have looked forward to the legislation and made contributions to it. The bill will bring into line and regularize the rather loose arrangements that have obtained in the past. The measure is not concerned with bringing under control the costs of pathology services, which are among the highest of any segment of health services. I should hope that the legislation will stop any irregular practices that may be occurring, such as inducements offered to doctors and those types of practice! that are

reported from time to time. The bill is a logical way to do that. I am sure that the operation of the legislation will be monitored from time to time to ascertain whether it is working properly and that no anomalies are occurring.

Only one provision in the bill concerns me. I refer to clause 16, which provides that the Health Commission of New South Wales may, if it is of the opinion that the accreditation in a specified area of the State of pathology laboratories of a particular category or other description would be prejudicial to the economic and efficient delivery of health services in the State, direct the board, by an order in writing, to refuse to accredit any such laboratories in that area. I am not satisfied with that provision. The Minister for Health said that the Government was not keen to have competition between pathology services, as it wished to avoid over-servicing. That statement is illogical as the laboratories do not create the over-servicing; it is created by the number of medical references to the laboratories. Most hospitals have their own pathology laboratories.

If clause 16 were followed literally to its logical conclusion and a group of doctors or persons set up a pathology service in the neighbourhood of a hospital, the board could well consider that to be over-servicing which could create some quite stifling competition. It is most unfair to put such an imposition on a section of the medical profession and thus prevent competition. It is as monopolistic a provision as I have ever seen. I could imagine that many hospitals would want such a monopolistic situation to occur because it would enable them to collect the fees payable for pathology services by health funds and governments. That would be one way of channeling Commonwealth funds into the New South Wales hospital system. That is the major complaint I have about this otherwise excellent bill. I should like to hear the Minister's comments on that objection. In other respects, the Opposition supports the bill.

The Hon. D. P. LANDA (Minister for Education and Vice-President of the Executive Council) [3.22], in reply: I thank the Hon. D. D. Freeman for his support of the bill. I assure the honourable member, who expressed concern about the stifling of competition, that the Government is interested in the provision of efficient health services. The public is already subject to unwarranted attacks on the efficient administration of the public hospital system and the cost of health care in New South Wales. It is well known that there has been a correlation between the number of doctors and the cost of health services. This has some reference to self-generation of work by the profession. Moreover, there are countless instances of pathology services being used to excess, and inferences have been drawn about the excessive use of such services being generated by the prescribing doctor and the pathology service operating in a particular locality.

I do not wish to paint all pathologists with the same brush used upon a few persons involved in that field of medicine. However, it is well known that, since the establishment of Medibank, pathology has been one of the most spectacular income earning sections of the medical profession. The income of some pathology practices exceeds $1 million a year. The community has expressed considerable concern about the provision of some services. The Government is seeking the co-operation of the profession, not to stifle competition but to improve the efficiency of what is now an expensive and publicly-assisted health service. The whole purpose of the bill is to limit the ever-increasing cost of those services.

Motion agreed to.

Bill read a second time.

In Committee

The CHAIRMAN: If there is no objection, I propose to put the bill to the Committee by parts, and cite the clauses contained therein. Is there any objection? There being no objection, I shall proceed accordingly.

Part III

The Hon. D. D. FREEMAN [3.27]: I repeat my comment made to the Minister for Education and Vice-President of the Executive Council, whose reply was irrelevant to the issue I raised. I was referring not to doctors over-servicing that branch of the profession, but to free competition and the resultant increased efficiency. How can a monopoly of pathology services by the commission, through its power to direct the board not to accredit particular categories of laboratories, be more efficient than having a choice of pathology laboratories?

The Hon. D. P. LANDA (Minister for Education and Vice-President of the Executive Council) [3.28]: I cannot believe that the Hon. D. D. Freeman who, like myself, has a brother in the medical profession, is so naive as to be blind to what is alleged to be occurring in relation to the provision of this type of service. Grave allegations have been made about self-generation and complicity between doctors to generate this type of work. I do not wish to say more than that. I do not propose to be party to any attempt to denigrate the medical profession as a whole. The overwhelming proportion of doctors do not engage in such practices. However, their public esteem suffers grievously because of the practices of a few of their colleagues. There has been a tremendous cost increase in the provision of pathology services. That cost increase has been funded largely from the public purse. Though I do not wish to be any less cryptic about the matter than that, I shall be if the honourable member compels me to do so. I agree that from time to time exceptional circumstances arise. The Minister for Health has assured me that the provisions of clause 16 are necessary to deal with those exceptional circumstances. It should be remembered that the bill provides the right of appeal to the District Court.

Part agreed to.

Adoption of Report

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

Third Reading

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

LIQUEFIED PETROLEUM GAS (GRANTS) AMENDMENT BILL

Second Reading

The Hon. D. P. LANDA (Minister for Education and Vice-President of the Executive Council) [3.30]: I move:

That this bill be now read a second time.

In April 1980 the Commonwealth Government enacted legislation to introduce a scheme to subsidize the use of liquefied petroleum gas by householders, non-profit residential-type institutions and schools for a period of three years to allow them time to adjust to the rising prices of LPG and, where possible, to convert from LPG to

more readily available alternative fuels such as natural gas and electricity. The New South Wales Government, when introducing the necessary state legislation last year—though basically supporting that scheme—expressed the view that it was not adequate and did not go far enough. The Commonwealth Government has apparently accepted this view, because the bill before the House may be said to represent an attempt by the Commonwealth to alleviate some of the inequities found in the original subsidy scheme.

The purpose of the bill is to amend the Liquefied Petroleum Gas (Grants) Act, 1980, of New South Wales in line with the amendments made to the Commonwealth Act so that the $80 a tonne Commonwealth subsidy payable to users of LPG will be extended to certain commercial and industrial users in areas where natural gas is not readily available. Those consumers who were ineligible under the original scheme will receive the grant as and from 30th September 1980, the date on which the Commonwealth legislation was deemed to have taken effect. This purpose is achieved by extending the definition of "eligible use" in the New South Wales legislation to include any other use of the gas outside a natural gas area, not being use in a prescribed industry or used in the propulsion of a vehicle, other than a works truck. Industry means a primary, secondary or tertiary industry, including a field of government activity, and public or community services including health and education services or services associated with entertainment, sport or recreation.

A natural gas area is defined by reference to the Commonwealth Act, which gives the Minister for Business and Consumer Affairs power to declare areas in which natural gas is available and thus ineligible for subsidy. In his second reading speech the Commonwealth Minister nominated Sydney and Wollongong–Port Kembla as such areas. Also, he stated that the position of householders, non-profit residential-type institutions and schools will not be affected, for they will continue to be eligible for the grant regardless of location. Similarly, "prescribed industry" is defined by reference to the Commonwealth Act, which empowers the Commonwealth Minister to declare a specified industry or a specified part of an industry to be a prescribed industry and therefore ineligible for the subsidy. For example, the petro-chemical industry and users of LPG engaged in oil and gas production and refining will not be eligible for the grant. Automotive use will remain ineligible for the subsidy except for forklift trucks and similar warehouse and factory vehicles that rely on gas propulsion.

The Commonwealth legislation empowers also the federal Minister and, in some instances, an approved person to determine that gas purported to be sold for eligible use is deemed to have been sold otherwise. The addition of proposed sections 3 (2A) and 3 (2B) of the state legislation will prevent a reference to gas sold for eligible use where such a determination has been made. The amendment of section 13 of the state Act is intended to broaden the inspection powers of authorized officers by authorizing the inspection of books, documents and other records. These are the main provisions of the bill, which is based upon a model state bill, prepared and forwarded to the States by the Commonwealth. I commend the bill to the House.

The Hon. P. S. M. PHILIPS [3.32]: The Government is to be congratulated on bringing in this bill. By it the liquid petroleum gas subsidy arrangements are further extended. This will have a settling effect on a portion of the LPG marketing industry, which has been somewhat uncertain since the introduction of the original scheme. Also, it is clearly in the state interest and the national interest. The Minister in another place pointed out that so many anomalies exist as a result of the Commonwealth Government's LPG pricing policy that he has asked the Energy Authority of New South Wales to undertake detailed studies on the short-term and long-term use of LPG in this State, and to produce a policy paper for the Government's consideration.

There has been no question on how the Energy Authority regards LPG as an alternative fuel. Mr Dembecki, Chairman and General Manager of the New South Wales Energy Authority, is quoted in this month's issue of the journal of the Australian Institute of Petroleum Limited AIP ***News*** as assessing the prospects for commercial viability of LPG in the medium term as good. He gave LPG his top reliability assessment award. Specifically, he is reported as giving his assessment of the prospects for the individual alternative fuels available in Australia. On 17th February last when he addressed the annual general meeting of the New South Wales branch of the Australian Institute of Petroleum Limited on the general theme of synthetic fuels. The title of his address was "Prospects for Commercial Viability in the Medium Term". He gave his gradings of alternative fuels. For LPG his assessment was, good. It would be fair to say that it is common ground that in the national and state interest the use of LPG should be encouraged.

In his second reading speech the Minister for Industrial Relations and Minister for Energy said that the intention of the Commonwealth's LPG policy is to channel most of the Australian produced LPG into the automotive industry—in particular, to large fleets of taxis, buses and trucks. He points out, however, that so far only 5 000 vehicles have been converted in New South Wales to use LPG. He correctly states that the conversion industry itself is in the doldrums, and further that this particular subsidy will now be paid on forklift trucks and similar warehouse and factory vehicles that rely on gas propulsion, but not for automotive use generally. The Minister for Education and Vice-President of the Executive Council confirmed that proposition this afternoon. All this is extremely confusing.

I have identified five major reasons—not necessarily in order of precedence—to account for the slow progress in the industry. I concede that some of these reasons are not within the control of the Government. Undoubtedly others are. The reasons are: first, uncertainties about the long-term continuation of the federal Government's fuel pricing policies; second, the failure of the Government to convert a significant portion of its vehicle fleet to LPG; third, the problems associated with the lack of uniform standards between the States for vehicle installations; fourth, the apparent lack of enthusiasm by the major Australian car manufacturers for LPG powered vehicles; and fifth, the lack of a ready supply of gas and a suitable distribution infrastructure in some parts of Australia—in particular, in country areas. Several times recently the responsible federal Minister, Senator J. L. Carrick, has emphasized that federal Government's policy is to maintain approximately the current pricing relativities between LPG and gasoline, which on today's prices represents a saving of about 14c a litre in the Sydney metropolitan area. When I spoke in the debate on the Liquid Petroleum Gas (Grants) Bill on 25th November last I dealt at length with the fifth point. With respect to my third point, it appears that restrictive emission control standards in New South Wales for liquefied petroleum gas for dual fuelled vehicles are peculiar to this State. Also, they seem to be at odds with past statements by the Minister for Industrial Relations and Minister for Energy that LPG has the environmental advantage of having no lead additives and that exhaust emissions are substantially lower than those of petrol powered engines. It appears, however, that all States except New South Wales have exempted dual fuelled vehicles from the requirements of Australian design rules 26 and 27A relating to exhaust emission standards.

New South Wales requires compliance with both modes, even though exhaust emissions are reduced with LPG. The exemptions acknowledge the reduced emissions of LPG and the potential role of automotive LPG in the allocation of national energy resources. Because the prices differential between LPG and gasoline offers a substantial incentive for dual fuelled vehicles to be operated in the LPG mode, the requirement to comply with the standards in both modes is unnecessary. In any event, such

vehicles cannot be optimally tuned. The other States seem to have accepted these arguments; New South Wales has not. A lack of an Australian-wide attitude to Australian design rules 26 and 27A severely inhibits the development of equipment for LPG dual fuelled vehicles. Without a strong demand for these vehicles in Australia this part of the automotive industry will remain a backyard enterprise, with all the associated safety and environmental problems.

In short, my third point clearly relates to an area where the New South Wales Government should act in the national interest so that Australian design rules 26 and 27A are brought into line. The use of LPG as an alternative vehicle fuel is clearly within the realm of the fleet operator, where the lower cost of the fuel and the substantial mileages driven will amortise the cost of conversion fairly quickly. It will be the exception for the average motorist to believe that such a conversion is justified. That sweeping statement may not be completely accurate if the purpose built Datsun 200B is taken in to consideration.

This being the situation, surely it is the responsibility of governments, which are the largest fleet operators in any State or the Commonwealth, to set an example by converting significant portions of their fleets of vehicles to use LPG. Not only will this act as an indication of sincerity to the industrial fleet operators, but also it will significantly reduce fleet operation costs. Such conversions would confer a significant additional advantage, particularly in the highly industrialized areas that suffer the greatest atmospheric pollution from vehicle exhaust emissions. LPG is an unleaded fuel. As well, vehicles using it emit lower levels of other pollutants. It would, therefore, appear that one of the best ways of setting an example in pollution reduction and fuel saving would be for the State Government to act promptly and establish a major conversion programme for all of its vehicles that could economically be converted to the use of LPG. So far as I am aware only two government cars have been converted.

For some time I have attempted to get the Government to expand on its attitude to automotive LPG, particularly as it has encouraged industry to take various initiatives and some firms have relied on the general thrust of what they understand to be the State Government's policy on this issue. For example, in January 1979 the Department of Industrial Development and Decentralisation assisted Rheem Australia Pty Limited to establish a new factory in the Albury–Wodonga area to manufacture automotive LPG tanks. That company has so far invested approximately $4 million in the project. Rheem Australia Pty Limited and other companies are convinced that by the mid to late 1980's LPG can and should represent a gasoline substitute for about 10 per cent of national vehicle fuel needs. Clearly the depressed state of the industry is revealing the Rheem venture to be less than economic at present.

One initiative I took—it was designed to get the Government to clarify its policy—was to place a question on notice concerning the explosion that occurred at Newcastle of an LPG tank in a taxi. At the same time I asked whether the Government had revised its policy of encouraging the use of LPG for automotive purposes. I first raised this question on 28th November, 1979. I raised it again, following prorogation, on 21st May, 1980, and again on 13th August, 1980. To date, however, no reply has been given, notwithstanding the lapse of fourteen months. I ask the Government to provide an answer to this question as a matter of urgency. I should perhaps add that there have been other instances of delays in answering questions upon notice. In this regard I have had schedules prepared for the sessions 1976–1977–78 1978 and 1978–79. I shall be only too pleased to provide the Minister with the details The Opposition awaits with considerable interest the Minister's reply, particularly on the matter of automotive LPG.

The Hon. D. P. LANDA (Minister for Education and Vice-President of the Executive Council) [3.44], in reply: I thank the honourable member for his support of the bill. When speaking of LPG generally he might have said that in New South Wales it is available mainly from the refineries. We do not have naturally occurring LPG, which is better for automotive use. There is no Commonwealth freight equalization scheme covering Bass Strait LPG imported into New South Wales, and this has a serious effect on its pricing and availability. Liquefied petroleum gas for automotive use is not eligible for the subsidy, and the present price of LPG in New South Wales is about 61 per cent of the price of petrol. Senator Carrick has expressly stated his desire to have it at 50 per cent of the price of petrol, but that has not been achieved. This also militates against further use of LPG by fleet owners.

My conscience is clear in this matter. For many years I have been driving in an LPG fuelled vehicle. However, I must admit that the honourable member has raised important matters, especially on the requirements of design rule 27A as it applies to vehicles fuelled with LPG. I shall pass on his comments to the Minister for Planning and Environment in the other place. The conversion of vehicles to LPG is in the doldrums for a number of reasons, including the continuing discounting of petrol and the increasing cost of converting vehicles from petrol to LPG, as a result of alterations to the Australian standards on this matter. The cost is now about $900 a vehicle. I was particularly disappointed recently to learn that the Nissan range of factory-made LPG vehicles has not received much support from fleet owners throughout the nation. Some time ago, when I was trying to advance the cause of the use of LPG in motor vehicles, a large number of conversions were sought. Another campaign for ccnversion of vehicles to LPG use is needed. The concept must be sold. When I was Minister for Planning and Environment I discussed the matter with Rheem Australia Pty Limited, and I have no doubt that the great amount of publicity that was generated in respect of my own vehicle had an effect on the market.

I should like to see many more vehicles converted to the use of LPG, particularly in the urban areas where it should not be difficult to establish refilling points for motorists. From my experience as the owner of an LPG fuelled vehicle 1 should say that the scarcity of refilling points is the greatest impediment to conversion to LPG. At that time it was available at only four or five locations. The use of vehicles which can run on either petrol or LPG overcomes that problem, but causes the difficulties with tuning of the engine to which the Won. P. S. M. Philips referred. The matter needs to be looked at sensibly, for conversion to LPG offers substantial cost savings as well as benefits to the environment. I trust that the comments of the Hon. P. S. M. Philips will be seriously considered by the Minister in the other place.

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. D. P. Landa.

Third Reading

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

SPECIAL ADJOURNMENT

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

That this House at its rising today do adjourn until Tuesday, 28 April, 1981, at 2.30 p.m., *sharp.*

House adjourned, on motion by the Hon. D. P. Landa, at 3.50 p.m.