Legislative Assembly

Tuesday, 12 December, 1978

Forestry Act: Revocation of Dedications—Petitions—Questions without Notice—Police Regulation (Priority Lists and Appeals) Amendment Bill (Int.)—Motor Traffic (Further Amendment) Bill (Int.)—Housing Agreement Bill (Int.)—Cognate Stamp Duties Bills (second reading)--Constitutional Powers (New South Wales) Bill (second reading)--Cognate Superannuation Bills (second reading)—Cognate Government Insurance Bills (second reading)—Bills Returned—Allocation of Time for Discussion—Adjournment (Noise Pollution at Caringbah)—Questions upon Notice.

Mr Speaker (The Hon. Lawrence Borthwick Kelly) took the chair at 2.15 p.m.

Mr Speaker offered the Prayer.

FORESTRY ACT: REVOCATION OF DEDICATIONS

Mr Speaker reported a communication from His Excellency the Governor acknowledging receipt of the resolution adopted by the Legislative Assembly on 5th December regarding the revocation of the dedication of parts of certain state forests.

PETITIONS

The Clerk announced that the following petitions had been lodged for presentation:

Child Pornography

The humble petition of the undersigned citizens of Australia, New South Wales, respectfully sheweth:

That we the undersigned, having great concern at the way in which children are now being used in the production of pornography call upon the Government to introduce immediate legislation:

(1) To prevent the sexual exploitation of children by way of photography for commercial purposes;

(2) To penalize parents/guardians who knowingly allow their children to be used in the production of such pornographic or obscene material depicting children;

(3) To make specifically illegal the publication and distribution and sale of such pornographic child-abuse material in any form whatsoever such as magazines, novels, papers, or films;

(4) To take immediate police action to confiscate and destroy all child pornography in Australia and urgent appropriate legal action against all those involved or profiting from this sordid exploitation of children.

Your Petitioners therefore humbly pray that your honourable House will protect all children and immediately prohibit pornographic child-abuse materials, publications or films.

And your Petitioners, as in duty bound, will every pray.

Petition, lodged by Mr Egan, received.

Electric Omnibuses

The humble petition of the undersigned citizens of New South Wales respectfully sheweth that we, the undersigned, believe:

(1) That the Townobile electric bus, developed in New South Wales, constitutes a unique local solution to the problems of inner city public transportation.

(2) That the Townobile electric bus has demonstrated significant advantages over diesel-powered buses on grounds of economy, environment and efficiency, and has attracted world-wide acclaim.

(3) That local production and use of Townobile electric buses would generate employment for New South Welshmen both in their manufacture and in the coal industry, and would reduce our dependence upon increasingly scarce imported petroleum products.

(4) That use of noiseless pollution-free Townobile electric buses would contribute substantially to the betterment of life within the City of Sydney.

We accordingly urge the Government to act quickly to ensure that the opportunity for local rather than overseas production of Townobile electric buses is not lost, by placing forthwith an order for production of a trial batch of 10 Townobiles.

Your Petitioners therefore humbly pray that your honourable House will add its voice to the growing support for Townobile electric buses and will encourage the placing of an order for a trial batch of such buses.

And your Petitioners, as in duty bound, will ever pray.

Petition, lodged by Mr Cameron, received.

Homosexual Demonstrators

The Petition of the undersigned citizens of Australia, New South Wales, respectfully sheweth:

That we protest the police actions in arresting fifty-three persons on the night of Saturday, June 24, and seven more on the following Monday, June 26. We believe this to be a deliberate attack on the lesbian and male homosexual communities, which are singled out for harassment by the police.

We believe that legal rights have been violated—

(i) at no time were participants in Saturday night's Gay Solidarity Festival informed that their actions were illegal;

(ii) the defendants were imprisoned on Saturday night for up to eight hours before charges were read;

(iii) incidents outside the court on Monday, June 26, could have been avoided had the public been given their right to attend the trials.

In our opinion, the actions of the police on Saturday, June 24, were intended to intimidate all lesbians and homosexual men, and are a threat to everyone's democratic rights.

Your Petitioners therefore humbly pray that your honourable House ensure that all charges arising from the arrest of homosexual demonstrators on the nights of June 24 and 26, 1978, be dropped unconditionally.

And your Petitioners, as in duty bound, will ever pray.

Petitions, lodged by Mr Knott and Mr Petersen, received.

Quality of Education

The humble petition of the undersigned citizens of Australia, New South Wales, respectfully sheweth:

That because there is much concern in the community over the failure of modern education at primary and secondary levels to meet the expectations of many parents, teachers, lecturers, professors, employers and students.

That because there is considerable doubt as to the content and standards, philosophy and moral values of new courses or projects, such as M.A.C.O.S. ("Man—a Course of Study"—ex U.S.A.); "People of the Western Desert" (Aust.); and S.E.M.P. ("Social Education Materials Project"—Aust.) and in view of the fact that M.A.C.O.S. and S.E.M.P. have been withdrawn from Queensland Schools.

Your Petitioners therefore humbly pray that the Parliament of New South Wales will:

(1) Immediately suspend courses and projects such as "M.A.C.O.S.", "People of the Western Desert" and "S.E.M.P." from all N.S.W. primary and secondary schools and Teachers' Colleges, and conduct an independent public inquiry into their suitability and conformity with the provisions of the New South Wales Education Act.

(2) Enforce the following guidelines in relation to all text books, courses. projects, etc., used in State schools and institutions:

(a) They should encourage loyalty and respect for God, Queen and Country, our federal and State Constitutions and observance of the laws of the land;

(b) they should recognize the importance of marriage, family life, motherhood and fatherhood, as well as the privacy of the family and the individual student;

(c) they should avoid profanity, indecency or any encouragement of racial hatred, anti-semitism, sedition or violent revolution against our Australian democratic parliamentary institutions;

(d) they should provide for studies in history and geography (rather than sociology) and show the importance of the Judeo-Christian ethic as our natural Ausralian heritage;

(e) they should teach the 3 R's, that is, the skills of reading, writing and arithmetic, so that all children receive an effective basic education for their future responsibilities.

(3) Implement a system of public preview and approval of all text books, novels, courses and projects with reasonable access for all parents and citizens before they are approved for use in schools in accordance with an approved core cumculum.

(4) Introduce a more meaningful system of the testing and assessing of educational results so as to provide a more equal opportunity for **all** students in New South Wales.

And your Petitioners, as in duty bound will ever pray.

Petition, lodged by Mr Egan, received.

QUESTIONS WITHOUT NOTICE

PRIMA AD ASTRA PTY LIMITED AND OTHER COMPANIES

Mr EINFELD: On 7th December the honourable member for Raleigh asked me a question without notice relating to certain companies. I undertook to make inquiries and give the House some information about those companies. Prima Ad Astra Pty Limited started trading in New South Wales towards the end of 1977. Records held at the Corporate Affairs Commission show that the company was originally known as Hedate Pty Limited, a shelf company incorporated on 3rd August, 1977. The change of name was effected on 4th November, 1977. The directors of Prima Ad Astra Pty Limited are Warren Joseph Goodyer and Gabrielle Goodyer of 46 Brunette Drive, Castle Hill, who also hold the two $1 shares issued by the company. I understand that the company was formed as a breakaway group from Smart Time Pty Limited, a company named in the 1976–77 annual report of the Consumer Affairs Council and Consumer Affairs Bureau. The company's head office was situated at Kirrawee and a number of sales offices were established throughout New South Wales and in South Australia and Queensland. I understand also that the company's agents operated in Victoria and the Australian Capital Territory.

A company by the name of Ad Astra United Pty Limited was set up to handle the operations in Queensland. That company is registered in Queensland and the directors are Peter Robert Hall, formerly a director of Smart Time Pty Limited, Ellen Gwen Ford and Warren Joseph Goodyer. Again the paid up capital of this company was two $1 shares. A typical package offered by the companies would be a 22-piece set of Saladmaster waterless cookware and a 40-piece imported fine china dinner setting which would cost $689. The sales presentation was aimed at young single girls who would be offered additional free **gifts** such as a lace tablecloth or a set of glasses if they could pay cash or a large deposit or provide a list of their friends as sales prospects. A package built around an 18-piece set of saucepans would sell for what was described as a mere $589.

The *modus operandi* is all too familiar to my department. Young people, more often than not unemployed, would be recruited through sales presentations and newspaper advertisements offering high returns for part-time work. They were subjected to a high pressure presentation themselves and turned loose to sell to their relatives or friends. Commissions as high as $85 were offered for an individual's sales and commissions up to *$35* a sale were also payable to the person introducing the agent to the company. The scheme had many of the trappings associated with pyramid selling. The majority of sales people recruited could not be relied on to sell more than one or two packages but the companies were geared to a high turnover of staff and for a time at least the scheme was more than lucrative. The sales presentation material itself is best described as blatantly misleading. Lids would be counted as separate pieces in the set of saucepans and a steamer rack and six cups which would sit inside one of the saucepans would count as seven pieces.

It is difficult to put a value on the Saladmaster cookware as it is imported from the United States of America and is available in Australia only through Prima Ad Astra Pty Limited. However, some idea can be gained when one considers that the landed cost is in the vicinity of $140. The other items which would make up a package are generally from well-known manufacturers. But again price comparisons quoted by sales people are misleading because more often than not these are house brands not available in shops and often of much poorer quality than the manufacturer's own brand. The benefits said to accrue from the use of the saucepans, which include what purport to be savings of up to 20 per cent on food and fuel bills not to mention savings on time, vitamins and minerals, flavour and so on, are difficult to substantiate and one must be naturally sceptical.

Of equal concern is the constant reference in Prima Ad Astra's sales material to its integrity and resources. The company was clearly trading in the name of the Salad Master Corporation, the manufacturer of the saucepans which is alleged to have been established for thirty years, and on its association with the Commonwealth Bank. The majority of buyers paid a deposit on goods and were issued with a booklet containing bank transfer wupons. Instalments were paid by the buyer completing a coupon and making a payment at his or her local bank. The moneys were transferred to the cheque account of Prima Ad Astra Pty Limited and provided the company with working capital. Consumers were told that they had the security of a bank receipt and that this arrangement was something like a target savings account, though it is quite obviously nothing of the sort.

No goods were provided until the purchase price was paid. A term of the agreement was that goods would be delivered within thirty days of finalization. Honourable members will recognize this as a lay-by sale but Prima Ad Astra Pty Limited has seen fit to disregard the provisions of the Lay-by Sales Act, 1943, which offered protection to consumers. I am speaking here about the company's failure to set aside goods for consumers and to hold moneys in trust. These are most serious breaches and, although the company will rely on the fine print of its contracts which talk about options to purchase, my legal officers are looking at the question of initiating proceedings. A similar situation applies in respect of the Door-to-Door Sales Act, 1967, in that consumers were not advised of their statutory ten-day cooling off period. My department has already received more than 300 written complaints. Breaches are evident in almost every case.

Ad Astra United Pty Limited is in provisional liquidation and the fraud squad in Queensland has already brought charges against Peter Robert Hall and Ellen Gwen Ford for conspiring to defraud creditors. I understand that no sooner had Ad Astra United Pty Limited ceased trading than Mr Hall and Ms Ford attempted to set up a similar sales operation in Brisbane. The situation regarding Prima Ad Astra Pty Limited is not quite so clear. The company has ceased trading and appears to have substantial debts and very little by way of tangible assets. The directors of the company have indicated that it is not their intention to go into liquidation but it is too early to say at this stage whether or not the company can be saved. The company is being investigated by the Corporate Affairs Commission and the fraud squad as well as by my own department but, unfortunately at this stage for the many hundreds of people involved, there are no immediate prospects for the return of money or the supply of goods.

I might mention that, by arrangement with the directors of Prima Ad Astra Pty Limited and the Commonwealth Bank, since 17th October, 1978, payments have been held for the time being in a suspense account and will be appropriated only at the specific directions of the consumer. Consumers should not make any further payments and should contact my department and provide details of their dealings with the company. Unfortunately, the problems in the industry are not restricted to Prima Ad Astra Pty Limited. As I mentioned earlier, Smart Time Pty Limited, which also trades under the names of Safe Time Pty Limited, Argus Imports International Pty Limited and House of Grenadier Pty Limited, has been criticized in my department's annual report for 1976–77 and more recently in the press and various current affairs programmes on television. The main criticism of this company concerned misleading sales presentations and failure to comply with the Door-to-Door Sales Act, 1967, and the Lay-by Sales Act, 1943. The company has already been successfully prosecuted for a breach of the Door-to-Door Sales Act, 1967, and proceedings in respect of further apparent breaches are in train.

My department has received a number of complaints concerning the company's failure to supply goods. Inquiries have revealed that as at 3rd November, 1978, the company had approximately 500 finalized orders dating back as far as April 1978 for which goods had not been delivered. It is estimated that there are several thousand orders on which payments are still being made. Smart Time Pty Limited had been sending form letters to consumers advising of shipping delays but the truth of the matter is that the company is in some financial difficulty and various manufacturers have curtailed supplies until outstanding accounts are settled. Other complaints suggest that the company is now providing some consumers with substitute products. Clearly this is an unsatisfactory state of affairs and one that could have been avoided had the company chosen to comply with the Lay-by Sales Act, 1943. At the present time there must be grave doubt as to whether the company will be in a position to fill orders either in the short or longer term.

A number of complaints concerning failure to supply goods have been received against Winston Lords and Co. Pty Limited, a Brisbane based company which also appears to have patterned its operations on Smart Time Pty Limited. The company is not registered with the Corporate Affairs Commission in New South Wales but apparently it ceased trading in Queensland and for a short time set up operations from an office in Church Street, Parramatta. The majority of complaints about this company are from consumers in Queensland, many of whom have been waiting months for their goods. Officers of my department have had difficulty in contacting the principals of the company who are believed to be a Mr D. F. Wells and a Mr J. Fitzpatrick. It is, therefore, difficult to say how many consumers in New South Wales may be involved.

Appletree Linen Pty Limited, which is registered in Victoria and traded from premises at 3 The Boulevarde, Strathfield, is another company giving cause for concern. The company sold manchester and trousseau items door to door, again on a bank savings plan. This company has ceased trading and is apparently in some financial difficulty. A number of complaints have been received concerning its failure to supply goods or supply goods as ordered. A complaint and various inquiries have been received against Castlemain (Manchester) Pty Limited, a company believed to be registered in Victoria, and an associated firm, Yolley Enterprises. The company does not appear to have been trading in New South Wales for any length of time but the information available suggests that it is operating in breach of both the Door-to-Door Sales Act, 1967, and the Lay-by Sales Act, 1943. Investigations into these and other companies are continuing and at this stage it is too early to estimate the number of people or the amount of money involved. I believe that throughout Australia some thousands of young women are involved. If one works on the basis of, say, $500 an order, the potential loss is substantial.

Door-to-door selling continues to pose a major problem for consumers as shown by the disproportionate volume of complaint and prosecutions under the Door-to-Door Sales Act which emanate. My department is reviewing the protection afforded consumers in this area. The problems with these particular companies are not new. I am sure that honourable members will recall the demise some years ago of Carrigan's Pty Limited, a Brisbane based glory-box company. The message to consumers is painfully clear: if you deal with door-to-door salesmen, do not part with your money until you get the goods.

CROWN LAND SUBDIVISIONS

Mr MASON: I address my question without notice to the Minister for Lands and Minister for Services. Has there been a reduction in the amount allocated to fund the subdivision of Crown land in preparation for public sale or lease, particularly in country centres? Is the Minister aware that this reduction will have a severe effect upon contractors and builders who look to these subdivisions to stimulate business and provide employment? Is it true that subdividing and selling Crown land provide a substantial contribution towards Consolidated Revenue? In view of these important factors, will the Minister review the position with a view to obviating the delay in subdividing Crown land in country areas.

Mr CRABTREE: This year the Government will arrange for the release of more than 1 000 blocks of land in the country.

Mr Schipp: Vote catching.

Mr CRABTREE: The honourable member for Wagga Wagga would not know what day it was. Recently I was at Holbrook and reached agreement with the Holbrook shire council in relation to the subdivision of land. That council applauded the Wran Government and its subdivision policy. The Government is putting a capital D into decentralization. It is my duty, as Minister for Lands, to ensure that Crown land is subdivided in an orderly manner. I am aware that there has been a dimunition in funds available for these projects. However, the honourable member may rest assured that the situation is being watched carefully. Should the occasion arise representations will be made to the Treasurer. He has been most generous in providing additional funds for this most important purpose and will, I have no doubt, consider the matter again in the new year.

LITERACY AND NUMERACY

Mr McGOWAN: Is the Minister for Education aware of the editorial in today's edition of the ***Daily Telegraph*** commenting on a Commonwealth report that criticizes the standards of literacy and numeracy among school-leavers? Will the Minister inform the House of the circumstances and nature of that report?

Mr BEDFORD: I thank the honourable member for Gosford for his question. I am aware of the editorial in today's edition of the ***Daily Telegraph*** based on a document, presumably released by the federal Government, on the standards of literacy and numeracy among school-leavers. No State Minister for Education was forwarded a copy of the document. That seems strange, despite the fact that the document was an internal one prepared by the Commonwealth as an evaluation of its education programme for unemployed youth. That report would have been available to the federal Government when the State Ministers for Education met in Melbourne on Friday last at the Australian Education Council. Senator Carrick was present at the meeting but did not bring the report to the attention of the State Ministers.

Following the publication of the editorial today, I contacted the Commonwealth Department of Education in an endeavour to find out what it was all about. The report is not the result of a series of tests, but an evaluation of questionnaires that were filled in by young persons who were involved in EPUY courses. Six or eight months ago the Australian Education Council commissioned the Australian Council for Educational Research to undertake a nationwide survey of standards of literacy and numeracy at that stage and to compare them with tests carried out in 1973. The report on that matter is expected in about April of next year.

Further inquiries reveal that no State Minister has received a copy of the document prepared by the Commonwealth. The ***Daily Telegraph*** editorial went on to point out that the Department of Technical and Further Education in New South Wales had had something to say about this matter. The plain fact is that the technical and further education report that was prepared for the Australian Education Council made no reference to the standards of literacy and numeracy of young persons going into the work force. It said that there was an insufficient knowledge and understanding of the world of work they were about to enter. The fact is that the State education system has been improved by an increase in the number of careers advisers in schools, by an increase in the number of work experience programmes now available in every high school in the State, and by the opportunities available for guidance and counselling through the department controlled by my colleague the Minister for Industrial Relations. All of these programmes are intended to ensure that young persons are better prepared in understanding and in gaining a knowledge of what work is all about.

Recently at one of the seminars on education, "Education and Work", conducted under the auspices of the Government, it was said that the general thrust of thinking has been that school pupils should be better oriented to the world of work. Figures given in the ***Gosford Star*** of 19th November, 1978, are interesting in the light of the damaging sorts of editorials and articles that appear from time to time on the subject of numeracy and literacy among school-leavers. The article in the ***Gosford Star*** points out that a survey had been conducted in twenty-four government schools on the Central Coast. A sample of parents in each of those schools was asked whether reading, arithmetic, oral expression and written expression had improved, remained the same or become worse in the past five, ten or fifteen years. In summary, 47 per cent of the parents held that reading had improved, 49 per cent believed that mathematics had improved, 56 per cent thought that oral expression had improved, and 36 per cent said that written expression had improved. The percentage of the persons holding that standards were the same were, reading 20 per cent, mathematics 25 per cent, oral expression 25 per cent, and written expression 39 per cent. Those believing that standards had become worse were, reading 23 per cent, mathematics 26 per cent, oral expression 19 per cent, and written expression 25 per cent.

None of this gives room for complacency, especially as a minority of people considered that standards had fallen. However, when one examines the total picture it is observed that an overwhelming majority of people believed that standards had improved or were the same as five, ten or fifteen years ago. Another important point to appear from the Gosford survey, which was part of the seminar sponsored by the Government, was that 55 per cent of parents considered that teachers took more interest in children than did teachers of a decade ago. Nine out of ten parents believed that schools provided more interest for children than they did ten years ago. In summary, it will be impossible for Australia to tackle the basic problems of levels of education in literacy, numeracy, oral expression or other areas of education without having an education council which meets regularly on a national level but is not subverted by the actions of the federal Government withholding documents from the Australian Education Council and releasing them to the general press without giving an indication of the statistical basis for the reports.

If the people who responded to the federal Government's questionnaire were drawn from the lower level of ability of the people in Australia, certainly the results would show that their standards and levels of education were in the lower range. The results gained from such questionnaires would be looking at the far end of the distribution curve and not at the whole range of the distribution curve. I assure honourable members that the State will continue to monitor standards in literacy and numeracy and to co-operate with the Commonwealth in this regard. I hope that the Commonwealth will work with the State.

GRAIN ELEVATORS BOARD INDUSTRIAL DISPUTE

Mr PUNCH: I direct my question without notice to the Minister for Industrial Relations, Minister for Technology and Minister for Energy. In view of the grave urgency to settle the strike by the Grain Elevators Board operators, can the Government say what action it is taking to ensure that the silos are immediately opened again should the matter not be resolved at today's hearing before the Industrial Commission?

Mr HILLS: I did ensure that the hearing of this matter came before the Industrial Commission today. I made representations to the president of the Industrial Commission, Sir Alexander Beattie, and he allocated Mr Justice Watson to deal with the matter at 2 p.m. As it is before the court, I do not propose to say any more about it at this time.

SHIPBUILDING INDUSTRY

Mr FLAHERTY: Has the Premier's attention been drawn to reports this morning claiming that the federal Government has decided to let contracts overseas for the construction of a naval fleet oiler? Will the result of this oversea letting of the tender affect New South Wales industry and, if so, how? What can be done to prevent the federal Government from taking this shortsighted action?

Mr WRAN: It is true that this morning's newspapers carry reports that the Minister for Defence has announced that a contract for a replacement for the fleet oiler HMAS Supply will probably go overseas. The report says that Mr Killen, in an address to the Australian Defence Association said that there was no way—and they are his words—that Australian shipbuilders could compete with oversea tenderers for the new ship. This appears to be an unfair and improper statement by the Minister for Defence. Last April the federal Government invited tenders for the new vessel from two firms—Vickers Cockatoo Dockyard Pty Limited in New South Wales and a French company, Direction Technique Des Construction Navals. Tenders close at 2 p.m. on Friday, 15th December. It would seem to be improper and unfair that the federal Minister should make a statement which prejudges tenders before they have been finally considered.

Today Captain Humbley, managing director of Vickers Cockatoo Dockyard Pty Limited, said that his company is confident that it has prepared a most competitive tender with a high Australian content. Me went on to say that the company is capable of building a ship that meets the Navy's technical specifications in every respect. He added that he had contacted the chief of Navy material and had been assured that tenders would be dealt with fairly and in the normal way. Vickers Cockatoo Dockyard Pty Limited does not have sufficient orders to guarantee employment for its existing work force. Indeed, last August the company laid off 200 employees. A policy decision by the federal Government, even before tenders have closed, that an Australian shipbuilding yard will not receive this contract, with a consequential further increase in unemployment in the Australian shipbuilding industry, is consistent with the refusal of the Fraser Government in recent years to recognize the importance of the Australian shipbuilding industry.

In the past two years the Fraser Government did its best to ensure the closure of the Whyalla shipyard in South Australia, with the loss of 2 000 jobs. Also, that Government did nothing to provide contracts that would have prevented the scaling down of shipbuilding at the State dockyard in Newcastle, with a consequential loss of 1 500 jobs. The federal Government does not recognize the cost of rising unemployment and the disruption to local industry when shipbuilding orders are lost. Further, the Commonwealth Government has not taken measures similar to those adopted by governments in other shipbuilding countries to help the shipbuilding industry through the present crisis.

I know that members of the Opposition are interested in this question. No doubt they will be able to take up with their colleagues in Canberra the sort of initiatives that have been taken up by governments in other shipbuilding countries to support their indigenous industries by additional shipbuilding bounties, the allocation of defence contracts to local shipbuilders, and long-term finance at low interest to shipping companies placing orders with local shipyards.

Australia has no reason to be comforted by the performance of oversea shipbuilders, especially in the handling of defence contracts. One illustration is the contract placed by the federal Government with an American shipyard in 1974 frr two FFC-7 frigates. The cost of the vessels has escalated beyond control. In April 1974-the expected cost of the two frigates was $183 million. I understand that as recently as last week the projected cost was said to have risen to $500 million, a rise of 173 per cent. Yet while all this is going on. and Australian money is beinp spent at this rate overseas, hundreds of jobs on the Australian waterfront and in Australian shipyards are being imperilled by policy decisions of the sort enunciated yesterday by the Minister for Defence, Mr Killen. There seems to be only one way in which the Australian people can rid themselves of the malaise generally represented in the employment or unemployment policies of the Fraser Government, and that is to get rid of the Fraser Government.

NEW MANLY FERRY

Mr ARBLASTER: I address my question to the Minister for Transport. I refer to the Government's announcement last April that tenders would be called in May for the construction of a new 1 100-passenger monohull ferry, estimated to cost approximately $8½ million, for the Manly service. Have tenders been called for this new Manly ferry? If not, when will they be called? If a tender is accepted, thus providing jobs in a New South Wales shipyard, when is it expected that the new ferry will come into operation?

Mr COX: It is true that a statement was made in April that the Government was considering a new ferry for the Manly run. Tests of a new hull design have been completed at the Maritime Museum in London. Specifications are being prepared for a new ferry and discussions have been taking place with the unions about the manning of it. Recently the Premier wrote to me about the need for an additional new ferry on the Manly run. Yesterday discussions took place with the Commissioner for Public Transport and the Under Secretary of the Treasury. I hope that in two weeks or so tenders will be called for the vessel.

I inform the honourable member for Mosman and the House that the Newcastle State Dockyard is building for the Government two Lady class ferries. I am extremely pleased with the dockyard's rate of progress in filling the orders. It is to the dockyard's credit and it is a good indication of its efficiency that the ferries will come into service some time next April. The Government's policy of a balanced transport system includes ferries for the Manly area and the provision of adequate ferries to service the public's need. I am grateful to the honourable member for Mosman for asking the question as he will now have got the Government's message on this aspect of government transport. I emphasize that the Government is seriously considering replacing one of the old Manly ferries.

WOMEN'S HEALTH CENTRES

Mr JOHNSON: I direct my question without notice to the Premier. Recently has concern been expressed about the cuts in financial allocations to women's health centres? Will the Premier inform me and the House what action the State Government has taken to ensure the continuation of the women's health centres?

Mr WRAN: I thank the honourable member for Mount Druitt for his question, which relates to cuts in community health programmes, not only in New South Wales but also throughout the rest of Australia. Many people are greatly concerned that cuts in the community health programme have become necessary. Indeed, a demonstration by a number of concerned and dedicated women is now taking place at the New South Wales State office block to highlight the reduced funding for community health programmes in general and women's health centres in particular. In the three years that Mr Fraser has been the Prime Minister severe cuts have been made in federal Government funding of community health programmes. That Government has consistently reduced its share of finance for women's health centres.

From the time the Fraser Government assumed office the history of federal funding of community health, and in particular women's health centres, has been a sorry saga. In 1975–76 the Commonwealth Government fully funded each women's health centre project. In 1976–77, in the Fraser Government's first Budget, the federal share was reduced to 90 per cent. To prevent the closure of recognized women's health and crisis centres the New South Wales Government agreed to gap-fund the centres. Last financial year, which was 1977–78, the federal Government further cut its contribution from 90 per cent to 75 per cent. To prevent the closure of these centres the New South Wales Government agreed again to make up the difference. This financial year the federal Government further cut its share to 50 per cent and the New South Wales Government has come to the rescue with supplementary funding. The history of federal funding of New South Wales community health programmes has been as follows: in 1976–77, $25.6 million; 1977–78, $27.1 million; and for the current financial year the allocation has dropped to $19.1 million. In total, the federal funding for community health programmes in New South Wales has been reduced by 26 per cent over three years.

The Government believes that these community health projects, particularly women's health centres, play a vital role in society. Over the past three years our Government has made enormous funding efforts to avoid the wholesale wind-down of community health programmes following federal funding cuts. In 1976–77 the State contribution to community health funds was $3.7 million. In 1977–1978 that was increased to **$7** million, and in the current financial year our contribution has increased to **$17.5** million. So, over a period of three years, while the Fraser Government contribution has been reduced by 26 per cent the New South Wales Government contribution has increased by 370 per cent. New South Wales has made every effort to offset Commonwealth cuts. Indeed, the New South Wales Government has been obliged to fill the gap caused by federal cuts to a wide range of vital community projects. These include welfare housing, in which the base grant has been cut in half; the hospital building programme has been abolished and, of course, the backlog sewerage programme has also been abolished by the federal Government.

In nearly all areas of specific purpose payments the State Government has been forced to compensate for federal cuts. We have done the best we can; we would like to do more but, unfortunately, there is simply no more money available. I regret that some of the women's health centres have been inconvenienced by the savage cuts of the Fraser Government. I regret more that their supporters have chosen to locate their protest outside the State Office Block. It would have been more suitably located 300 metres down the road, at Chifley Square.

[Interruption from gallery]

Mr SPEAKER: Order! The attendant will remove the offenders.

WOODSREEF ASBESTOS MINE

Mr PARK: I direct a question without notice to the Premier. Is it a fact that on 24th October 1978, an agreement in principle was reached between his Government and the federal Government to assist Woodsreef asbestos mine at Barraba by a loan from each Government of $1.4 million over fifteen months? Is it also a fact that the relevant Commonwealth legislation has been passed by both Houses of Parliament? When will the agreement be finalized, and when can the company expect to receive the first instalment?

Mr WRAN: It is remarkable that the honourable member for Tamworth—

[Interruption]

Mr SPEAKER: Order! I call the honourable member for Northcott to order.

[Interruption]

Mr SPEAKER: Order! I call the honourable member for Northcott to order.

Mr WRAN: The honourable member for Northcott wants to close women's health centres. I do not know where he got that haircut.

[Interruption]

Mr SPEAKER: Order! I call the honourable member for Mosman to order.

Mr WRAN: I think he must be preparing himself for a bit part in "The Sullivans". It is remarkable that the member for Tamworth, a member of the Country Party, should ask this Government where it stands in relation to the Banaba asbestos mine when he knows perfectly well that the Leader of the National Country Party of Australia, Mr Anthony, had to be dragged screaming to the altar to gain any assurance at all in respect of a federal Government contribution, after he had said many times that there would be no money from the federal Government. Only the efforts of this Government resulted in any agreement in principle being arrived at. The honourable member for Tamworth did not mention that it is a four-way agreement, involving the company, the two governments, which have reached agreement, and the bank, which has outstanding many millions of dollars of loan money and interest payments from the asbestos mine.

The honourable member for Tamworth also knows that the company has undertaken to produce evidence to the satisfaction of the bank and of both governments that it has the forward contracts that will justify loans being made by the governments and justify the bank forgoing, for the time being, calling up the moneys due to it. As the honourable member does not live far from Mr Anthony he ought to see him on the weekend and see if Mr Anthony and the bank have completed their part of the deal, because New South Wales does not need any legislation to make its advance of $1.4 million. As soon as the other parties have completed their parts of the agreement, New South Wales stands ready, willing and waiting to assist the Barraba asbestos mine and the 600 or 700 employees who looked like being thrown on the unemployment scrap-heap until this Government took a hand in the matter.

ARNCLIFFE PROFESSIONAL SERVICES CENTRE

Mr BANNON: I address a question without notice to the Minister for Education. Is it a fact that a professional services centre for teachers was recently opened at Amcliffe? Is the purpose of the centre to provide inservice courses to enable teachers to cope with changes in teaching methods and advances in knowledge? Will the Minister advise the House of the Government's plans for the expansion of this type of facility to teachers?

Mr BEDFORD: I thank the honourable member for Rockdale for his question. He was present at the opening of the Amcliffe Professional Services Centre on my behalf. The centre is located in Segenhoe Street, Arncliffe, and has been functioning for some time. The centre was officially opened on 28th November, 1978, following renovations and refurbishing. The centre was previously housed in the grounds of the Sydney Technical High School. Over a period of time the Government has established a number of professional services centres in the regions of New South Wales. Recently I opened a music resources centre in the Liverpool area. Some months ago I opened a multicultural resource centre in the electorate of Granville. Prior to that I visited the sexism resource centre at the Homebush west school which has since been relocated at North Sydney.

Over a period the Government has been developing as many professional resources centres as it can throughout the regions of New South Wales. I am pleased to advise the honourable member for Rockdale and other honourable members that professional services centres are designed to provide regional centres assistance to schools and teachers in regional development that is not generally available in schools. The professional services centres are utilized for regional inservice training and, at the centres, audio visual equipment may be borrowed for use in inservice activities. Professional services centres have been established in every region of New South Wales. Together with the specialized centres, some of which I have mentioned, there are now something like thirty-five professional services centres in New South Wales. It is the intention of the Government to continue to develop these centres until the stage is reached that it feels that sufficient resources are available for the professional development of teachers and for the community to use throughout New South Wales.

CLASS ACTIONS

Mr MADDISON: My question without notice is directed to the Attorney-General and Minister of Justice. Should the law in New South Wales accommodate class actions, and has the Attorney-General made any recommendation to Cabinet that this should be given effect to?

Mr WALKER: All honourable members will be aware from statements I have made from time to time, that both I and my department have been giving a great deal of consideration to the question of class action. The emphasis of our research is more on remedies than on class action. We are coming to the conclusion that the most important thing to achieve, so far as the law is concerned, is to give individuals a remedy which they do not have at the moment. It is a big task and a great deal of research has already been done upon it. I believe it will be some time before I shall be putting legislation before this Parliament in respect of this important problem. Next to legal aid, this is the most important issue in the law at the present time. I thank the honourable member for Ku-ring-gai for his question and for the interest he has taken in this most important matter.

SALE OF CHRISTMAS TREES

Mr ANDERSON: My question without notice is directed to the Minister for Conservation and Minister for Water Resources. Will the Minister tell me and the House if Christmas trees will again be available from the Forestry Commission this year?

Mr GORDON: Forestry Commission Christmas trees will again be available from the commission's nursery at West Pennant Rills. The price for these trees will be the same as last year—it has not been inflated.

Mr Mason: How much are they?

Mr GORDON: The price is $2 for each tree—and the honourable member can buy five trees for the special price of $10. Following the success of last year's Christmas tree venture, the commision has once again organized deliveries of cut trees from its radiata pine plantations in the Bathurst area. The Christmas trees will be available at the commission's nursery selling centre from Friday, 15th December. Trees may be reserved by buying tickets in advance either from the nursery at West Pennant Hills or from the head office of the Forestry Commission at 93 Clarence Street, Sydney, from 11th December. Reserved trees must be picked up by 4.30 p.m. on Sunday, 17th December.

Mr SPEAKER: Order! There is too much audible conversation in the Chamber.

Mr GORDON: The commission's nursery at West Pennant Hills will be open each day, including Saturday and Sunday, from Friday, 15th December, between the hours of 9 a.m. and 4.30 p.m. until all the trees are sold.

EXPLOSIVES COURSE AT CESSNOCK TECHNICAL COLLEGE

Mr FISHER: I direct my question without notice to the Minister for Education. Is the Minister aware that many prisoners at the Cessnock corrective centre are released to undertake courses of instruction at the Cessnock technical college? Is he aware also that recently the Cessnock technical college instituted a course in explosives? Will the Minister take all steps to ensure the safety of citizens in the Hunter Valley? Will he assure me and the House that prisoners at the Cessnock corrective centre will not be enrolled in this course? Further, will he give an assurance that his department will not initiate a course in tunnelling at this centre?

Mr BEDFORD: I am aware that the Cessnock training institution, which is under the control of the Minister for Corrective Services, has an arrangement with the Cessnock technical college to make available a number of courses for inmates of that institution. This is part of an education programme that has been developed over a period of time with the Department of Technical and Further Education. These courses have gone a long way in assisting a number of inmates of this institution to further their education with a view to their rehabilitation. I am not aware of any inmates from the Cessnock training institution undertaking a course in explosives at the Cessnock technical college, but it may well be true that some are undertaking such a course with a view to subsequently obtaining employment in the many mines throughout that area after their release. I shall certainly make inquiries and ascertain whether any inmates are undertaking such a course. At the same time, I shall inquire whether —if any inmate has undertaken this course—he has committed any misdemeanour as a result of it. If any undertakings are necessary, I shall certainly give that information to the honourable member for Upper Hunter.

NEW SOUTH WALES OFFTCIAL YEAR BOOK

Mr BRERETON: Has the 64th edition of the *Official Year Book of New South Wales* been recently released and have members of Parliament been supplied with copies of it during the past two weeks? Does this year book show the ministry in New South Wales as that which held office in January 1976 under the premiership of the Hon. Sir Eric Willis and as such is it completely out of date? In view of the great exnense involved in the preparation of the official vear book and the need for it to contain reasonably up-to-date information, will the Minister make inquiries as to who is responsible for this publication? Will he take steps to ensure that, if the vear book is to be produced in the future. it is relevant rather than three years out of date?

Mr CRABTREE: I thought I would be asked a question like this today. so I havr made some inquiries about the matter The *Official Year Book of New South Wales* is produced by the federal Bureau of Statistics at its New South Wales branch office. The production of this publication is the responsibity of that federal denartment and not that of this Government. Under the Fraser administration anything could happen. Obviously the Prime Minister has not yet got over the shattering defeat his party suffered at the recent State election.

Mr Renshaw: He has probably disowned it.

Mr CRABTRFE: He could not disown the members of his State party because thev look so much like the members of his own partv. I assure the honourable member for Heffron that I am most concerned that the Government Printer. who prints this publication in this State, should have to print such an outmoded, outdated year book. I shall cetainly make inquiries to see whether the federal Government can be made to shoulder its responsibilities and put up-to-date information before the people of this State.

BODY HIRE

Mr SCHIPP: My question without notice is directed to the Minister for Industrial Relations. Minister for Technology and Minister for Energy. Will the Minister elaborate on the short answer he gave me previously in reply to a question about the practice of body hire in the building industry? In particular, can he say whether a threat of industrial disruption hangs over State Government projects such as those proposed for Haymarket and Homebush Bay? Is this due to union claims that body hire is particularly prevalent on government construction sites? Is there a danger of this industrial action spreading throughout the building industry? Has the Minister conferred with the unions and employer groups? Has he discussed the problem with the Deputy Premier, Minister for Public Works and Minister for Ports——

Mr SPEAKER: Order! The honourable member's question is too involved. I shall give the honourable member the opportunity to rephrase his question.

NATURAL GAS

Mr SHEAHAN: My question without notice is directed to the Minister for Industrial Relations, Minister for Technology and Minister for Energy. Is the Minister aware of the details of the Australian Gas Light Company's agreement in principle with the Cootamundra shire and Wagga Wagga city councils for the supply of natural gas? Is the Minister also aware that some versions of the effect of the agreement suggest that it will be detrimental to gas consumers in those areas, in terms of cost? Will the Minister explain to the House the involvement of himself and the Energy Authority in finalizing this agreement?

Mr HILLS: For some time discussions have been proceeding between the Wagga Wagga city council and the Cootarnundra shire council on one hand and the Energy Authority of New South Wales on the other hand, concerning an agreement which those two local government authorities have been negotiating with the Australian Gas Light Company. All honourable members would be aware of the unfortunate situation that was allowed to develop under the previous Government whereby undertakings were given that natural gas would be made available to the city of Wagga Wagga, the town of Cootamundra and other country centres. However, because of the laxity of the coalition administration it did not ensure that the agreement entered into between the national Government and the Australian Gas Light Company included some rights to the Parliament of New South Wales and its Government.

From an examination of the proposal under discussion between the Australian Gas Light Company and the two local government authorities concerned it would appear that the charge for domestic consumed gas in Wagga Wagga and Cootamundra will not be as high as it is for consumers in the Sydney metropolitan area. Therefore, consumers in those two centres will not be disadvantaged as compared with consumers in the Sydney metropolitan area. Now that agreement has been reached between those councils and the Australian Gas Light Company I hope the federal Government will allow the agreement for the building of the pipeline to be triggered off. Honourable members will recall that the agreement between the Commonwealth pipelines authority and Australian Gas Light Company is that if the Australian Gas Light Company desires to trigger off the agreement the national Government will provide funds for the building of the line.

I hope that the federal Minister for National Development, the Ron. K. E. Newman, with whom I have had several discussions about this matter, will be successful in his recommendation to the Prime Minister and the federal Treasurer that funds should be made available for this purpose. I hope, too, that while this line is under construction connecting Young with Cootamundra and Wagga Wagga, the opportunity will be taken to lay a pipe of larger diameter than was originally envisaged. This would allow for delivery of gas to the centres referred to and also for an interconnection between Wagga Wagga and Albury and through into Victoria so that if necessary there might be an interchange of gas with Victoria and not solely with South Australia. In answer to the question posed by the honourable member for Wagga Wagga, consumers will not be disadvantaged. The price of gas under the agreement will be less than it is for domestic use consumers in the Sydney metropolitan area. If the Commonwealth Government will allow the agreement to be triggered off, construction of the pipeline should commence early next year.

EXPLOSIVES COURSE AT CESSNOCK TECHNICAL COLLEGE

Mr BEDFORD: Earlier in question time the honourable member for Upper Hunter asked me a question concerning an explosives course at the Cessnock Technical College. I am pleased to inform the honourable member and the House that a few minutes ago the principal of the Cessnock Technical College informed me that an explosives course has not been offered to or given to corrective services inmates at Cessnock. At the request of the Cessnock city council an explosives course will be conducted at the college. However, there is no intention that any of the inmates of the corrective services establishment at Cessnock will be given access to this course.

POLICE REGULATION (PRIORITY LISTS AND APPEALS) AMENDMENT BILL

Introduction

Mr WRAN (Bass Hill), Premier [3.9]: I move:

> That leave be given to bring in a bill for an Act to amend the Police Regulation Act, 1899, and the Police Regulation (Appeals) Act, 1923, with respect to the preparation of, and appeals relating to, lists of persons qualified for appointment to the rank of inspector or promotion to the rank of sergeant first class.

The principal objects of this bill are as follows: First, to substitute revised provisions for the creation of priority lists of sergeants first class who are to be recommended for appointment as inspectors, and to provide for the creation of similar priority lists of sergeants second class who are to be promoted to the rank of sergeant first class in a period of twelve months. Second, to establish a right of appeal to the Crown Employees Appeal Board for sergeants second class in respect of either their omission from or the order of their placement on the priority list from which the commissioner will make promotions to the rank of sergeant first class. Third, to provide that recommendations for appointment to the rank of inspector and promotions to the rank of sergeant first class will be made only from those whose names are included in the priority lists and to provide for the determination of relative seniority following appointment or promotion to a higher rank. Fourth, to extend the right of appeal of a member of the police force either discharged or refused the grant of leave on full pay so that he may appeal on the question of whether a substantial interruption, deviation or break in a journey during which a wound or injury occurred, materially increased the risk of the wound or injury. The opportunity is being taken to amend both the Police Regulation Act and the Police Regulation (Appeals) Act by way of statute law revision to standardize terminology, and so on. The bill contains transitional and savings provisions to protect existing rights.

The priority list system has operated since 1976 in relation to appointments to the rank of inspector, and revised provisions are now being substituted to remedy some deficiencies that have become apparent. The introduction of a priority list system in regard to promotion by the commissioner of sergeants second class to the rank of sergeant first class is a further step in implementing promotion by merit within the police force. The proposed system has been discussed by senior police and representatives of the New South Wales Police Association and agreement has been reached on its introduction as from January, 1979. Extension of the right of appeal on whether a substantial interruption, deviation or break in a journey materially increased the risk of an injury will bring the Police Regulation (Appeals) Act into line with an amendment made to the Police Regulation (Superannuation) Act in 1974. I commend the motion.

Mr MASON (Dubbo), Leader of the Opposition [3.11]: Members of the Opposition will examine the bill with a great deal of interest when it has been presented. Promotions and appeals in the police force have been matters of concern for a considerable time, particularly promotions from non-commissioned rank to commissioned rank. There is need for some sort of appeal mechanism at that point. It would appear from what the Premier has had to say in seeking leave to introduce the bill that the measure will make a real contribution to an important aspect of police affairs. We on this side of the House will reserve any further comment we wish to make until we have studied the legislation and have heard what the Premier has to say at the second reading stage.

Motion agreed to.

Bill presented and read a first time.

MOTOR TRAFFIC (FURTHER AMENDMENT) BILL

Suspension of Standing Orders

Suspension of so much of the standing orders as would preclude this bill being brought in and read a first time at this sitting agreed to on motion (by leave) by Mr Walker.

HOUSING AGREEMENT BILL

Suspension of Standing Orders

Suspension of so much of the standing orders as would preclude this bill being brought in and read a first time at this sitting agreed to on motion (by leave) by **Mr Walker.**

MOTOR TRAFFIC (FURTHER AMENDMENT) BILL

Introduction

Mr COX (Auburn), Minister for Transport [3.15]: I move:

> That leave be given to bring in a bill for an Act to amend the Motor Traffic Act, 1909, to increase the penalties for certain offences against that Act.

The principal objective of this measure is to achieve a reduction in the incidence of persons driving a motor vehicle while under the influence of alcohol or a drug or with the prescribed concentration of alcohol in the blood and committing other serious traffic breaches, by increasing penalties under the Motor Traffic Act. The Government is deeply concerned about the extent to which alcohol is a contributing factor in the increasing road toll in New South Wales. It regards offences which are likely to end in the injury or death of road users and innocent bystanders as being of a very serious nature warranting much higher monetary penalties than the Act now provides. Moreover, the road toll in New South Wales this year has already exceeded the total fatalities in the State for the whole of last year. Consequently, the need for the action proposed in relation to increased penalties is now urgent. I might add that both the Commissioner for Motor Transport and the Commissioner of Police have studied the position closely and they too support higher monetary penalties for drink-driving and other serious offences.

The existing maximum penalty for the most serious offences under the Act is $400 or six months' imprisonment, or both. In addition, there is a twelve months' automatic disqualification from driving, subject to the court's discretion to fix a shorter or longer period and in the case of subsequent offences within five years, this automatic disqualification period is increased to three years, subject again to the court's discretion. These penalties were fixed in 1961, except for those offences relating to driving with the prescribed concentration of alcohol in the blood, which were fixed in 1968. The bill provides for the existing monetary penalty for these offences to be increased from $400 to $1,000 to restore the deterrent effect they had when they were fixed. It is not proposed, at this stage, to change the imprisonment provisions.

The bill provides also that where the maximum penalty for an offence under the Act is $200, it be increased to $500. These offences relate to refusing to undergo a breath test, the penalty for which was set in 1968, obstruction of the police from entering premises to determine whether they contain stolen vehicles, which was fixed in 1969, negligent driving, offences relating to vehicle engine numbers, and offences under the Act for which no specific penalty is provided. The $200 maximum penalty for these offences was fixed in 1961. The only other matter included in the bill is an increase from $80 to $200 in the maximum penalty for failure of a driver to return a suspended licence. I shall deal with the proposals in more detail at the second reading stage. I commend the motion.

Mr DOWD (Lane Cove) [3.16]: We on this side of the House support the motion for leave to introduce a bill to amend the Motor Traffic Act. It would appear from what the Minister has said that most of the amendments concern adjustments of monetary penalties. I have spoken in this House previously about the number of bills that come forward to effect nothing more than an increase in amounts of money, made necessary by inflation. I know that a provision cannot be put into some Acts for automatic adjustment of amounts of this sort, but it can be done and should be done in others. Members of the Opposition support the move to increase penalties as outlined by the Minister, though I doubt whether the proposed increases will restore the fines to the relative position they had when the legislation was first introduced.

The Minister might give consideration to the wording of the provisions dealing with the suspension of licences. The suspension of a driver's licence is a more salutary penalty than the imposition of a fine. Too often magistrates accede to requests to reduce the automatic disqualification period of twelve months. They do so on behalf of those who are called people of substance in the community, even though those persons are far more irresponsible than the young people who have not had a chance to build up a reputation, and upon whom suspension of licence falls more harshly. We should look again at circumstances in which a magistrate may reduce the period of disqualification from driving. Clearly monetary penalties are not a big enough deterrent. The proposal to increase the fine for failure to take a breathalyser test is appropriate, though we should all realize that in a couple of years' time even that amount will be inadequate. This is exactly the sort of legislation I had in mind when I suggested provision should be made for automatic increases.

We support the motion. We have been hearing about the Government's intentions in this respect for some time. The Minister for Transport has been slow to give effect to them, but they are important and we commend the Government for its decision at this stage to correct an anomaly.

Mr Cox]

Mr COX (Auburn), Minister for Transport [3.18], in reply: I shall deal at the second reading stage with the matters raised by the honourable member for Lane Cove, namely, provision for automatic increases in monetary amounts and the suspension of drivers' licences. I thank the honourable gentleman for his support for the motion.

Motion agreed to.

Bill presented and read a first time.

HOUSING AGREEMENT BILL

Introduction

Mr EINFELD (Waverley), Minister for Consumer Affairs, Minister for Housing and Minister for Co-operative Societies [3.19]: I move:

> That leave be given to bring in a bill for an Act to authorise the execution by or on behalf of the State of New South Wales of an agreement between the Commonwealth and the States in relation to housing, and of agreements varying that agreement.

The object of the proposed bill is to authorize the execution of a Commonwealth–State housing agreement that will operate for the three financial years commencing on 1st July, 1978, 1979 and 1980. The 1973 housing agreement expired on 30th June, 1978. The objective stated in the agreement is to provide rental housing for those in need of government assistance and to facilitate home ownership for those not able to gain it through the private market. The agreement provides that, in consultation with the State Minister, the Commonwealth Minister shall determine the allocation of the total advances made between rental housing assistance and home purchase assistance. It stipulates that the amount of home purchase assistance in the third year of the agreement is to be not less than 40 per cent of the total advances to be made in that year. Under the agreement, which is set out as a schedule to the bill, repayable advances will be made to the States during the three years at favourable interest rates.

The main provision of the agreement concerning rental housing assistance relates to the level of rents payable by tenants of Housing Commission accommodation. In determining the level, the State is required to have regard to a policy of relating rents to those obtained on the open market. Rental rebates are to be granted to tenants who cannot afford rents based on market levels. Any sales of rental housing, including housing provided under previous housing agreements, are to be made on the basis of a cash transaction with the purchase price being determined at market value or replacement cost. The advances for home purchase assistance may be used for making loans to terminating building societies and other approved agencies for on-lending to eligible home purchasers, providing an interest subsidy to eligible home purchasers or lending institutions, or financing the construction or purchase of dwellings for sale to eligible applicants.

Honourable members will note that these provisions are significantly different in certain respects from those obtaining in earlier agreements. Funds from what is now called the home purchase assistance account, formerly the home builders account, can now be extended for home loan purposes to a lending agency of the State as approved by the State Minister. For example, they can be used for making loans for on-lending to registered co-operative organizations, as approved by the State Minister, and to such other bodies or organizations, including permanent building societies, as are from time to time agreed to by the Commonwealth and the State Minister. Clearly, such provisions in the new agreement could materially affect the structure of assistance given to lower income borrowers.

Another change that the agreement makes to the system of home purchase assistance concerns the rate of interest to be charged on loans. Funds for the home purchase assistance account will continue to be lent to the States by the Commonwealth at an interest rate of 4½ per cent. But the rate charged by the State to terminating building societies and other lending agencies commences at 5 per cent and must be increased by one half of 1 per cent a year, starting with the completion of the first full year after the money has been made available, until the rate is 1 per cent below the long-term bond rate. This means that the escalation process will take effect from 30th June, 1980.

The provisions of the previous housing agreement listed in a schedule to the new agreement, with respect to rental housing and home purchase assistance, are superseded and the provisions of the new agreement will prevail. To put it mildly, the Government is unhappy about several provisions in the new agreement, about the system and the level of funding for the current financial year and about the failure of the Commonwealth to make any commitments on funding for the remainder of the period of the new agreement. These problems have placed severe restraints on the capacity of all the States to embark on new building in the current financial year and to plan for the year ahead. I shall explain the reasons for this concern and give full details of the bill at the second reading stage. I commend the motion to the House.

Mr DOWD (Lane Cove) [3.24]: The Opposition supports the granting of leave for the introduction of the bill. The Minister has given reasonable details of the provisions of the agreement. The Opposition is concerned at the downturn in the housing industry and the availability of accommodation in New South Wales. Housing is becoming one of the overriding problems in the State and this agreement should be brought into effect as soon as possible to avoid any further delay. I hope the Minister gives the House some guidance as to what he meant when recently he suggested that the older terminating building societies should increase the interest on instalments and the amount of instalments. I suspect that the Minister has not thought through what he said. The pious hopes that he expressed to the societies will do little to solve the problem. The terms of the agreement must be executed with the approval of the Parliament. The Opposition supports the introduction of the bill but is surprised that it had to be done on such short notice. The Minister obviously has known that the measure would be introduced for longer than the time between the giving of notice and the placing of the matter before the House today.

Motion agreed to.

Bill presented and read a first time.

STAMP DUTIES (AMENDMENT) BILL

COMPANIES (DEATH DUTIES) AMENDMENT BILL

Second Reading

Mr RENSHAW (Castlereagh), Treasurer [3.26]: I move:

That these bills be now read a second time.

The main purpose of the bills is to implement the first stage of the Government's undertaking to phase out death duty over the next three years. The Stamp Duties (Amendment) Bill also provides for the closing of two stamp duty loopholes and the extending of time for the lodgment of appeals. The first major step in substantially reducing the impact of death duty was taken by this Government in 1976, when, in accordance with its election undertaking, duty on property passing between spouses was eliminated. As announced in the Budget Speech, the Government now intends to abolish death duty over a three year period, with the duty to be entirely removed as from 1st January, 1981. The bills provide for the first of three successive reductions to take place from 1st January in each year. In keeping with the practice in respect of other State taxes, legislation for the reduction to take place in subsequent years will be introduced in the budget session of those years.

A great deal of thought has been given to the way in which the duty might be phased out. A number of plans were canvassed, including the possibility of phasing in an exemption in relation to lineal issue and postponing other exemptions until a later stage. The overall budgetary situation was of necessity an important factor. Finally, it was considered that the best solution having regard to all factors would be to apply a progressive reduction in respect of all estates. This will ensure that an immediate benefit will accrue to all beneficiaries and cushion the impact over the next three budgets. Accordingly, where death occurs on or after 1st January, 1979 and duty is payable on the final balance of the estate, the assessment will be reduced by one-third. All dutiable estates will benefit regardless of the domicile of the deceased or the relationship of the beneficiary to the deceased.

The reduction will also apply to the shares of mining and pastoral companies subject to the Companies (Death Duties) Act. The object of that Act, when introduced in 1899, was to make those people who were drawing dividends out of the State from companies which were incorporated out of New South Wales pay the same duties as those who lived here. The particular companies covered were those engaged in mining, pastoral, agricultural or timber-getting industries and whose deceased shareholders were registered on registers outside New South Wales although the company's operations were within this State. The duty was not charged if the shareholding was included in a return lodged and duty paid under the Stamp Duties Act. Provision has been made in the Companies (Death Duties) Amendment Bill for the reduction of the duty charged by one-third, in line with the reduction in death duty generally. This will affect any duty charged in respect of a deceased shareholder dying on or after 1st January 1979. Revenue received from death duty is in the vicinity of $90 million per annum. The annual cost of the first year's reduction is therefore of the order of $30 million per annum. However, in the current year the cost is not expected to be significant since very few assessments will be issued in 1978–79 in relation to estates of persons who die on or after 1st January, 1979.

It has also been decided to increase the general exemption limit from $2,000 to $10,000, effective also from 1st January, 1979. This change is the first made to this particular concession since 1952, and on the most recent statistics available should benefit about 3 500 estates at a revenue cost of approximately $1¼ million a year. A Treasurer does not often introduce legislation that results in such a substantial loss of revenue. I am sure, however, that all honourable members would agree that this measure reflects a ground swell of public opinion that began to emerge several years ago.

The measures relating to death duty are covered in schedule 1 and in item (4) of schedule 2. Schedule 1 will insert a new section 123A to provide that nothwithstanding any other provision of this part of the Act, the amount of death duty payable in respect of the final balance of the estate of a person who dies on or after 1st January, 1979, shall be two-thirds of the amount of death duty that would, but for this section, be payable under the Act. Item (4) of schedule 2 provides for the increase in the general exemption from $2,000 to $10,000 in respect of persons who die on and after 1st January, 1979, and were domiciled in New South Wales.

I turn now to the provisions designed to overcome certain stamp duty avoidance schemes. The stamp duty on conveyances is levied on a sliding scale with the highest rate of duty, $2.50 in each $100, applicable to contracts in excess of $250,000. There is clear evidence that increasing use is being made of contract splitting to avoid the full duty charge. The loss of duty involved has been assessed at a minimum of $1 million annually and the use of the device is growing. The scheme operates in the following way: the purchaser of a property, with the co-operation of the vendor, enters into and executes a number of agreements for proportionate parts of the property being purchased, each part being of an amount that attracts the lower rate of duty. For example, A agrees to purchase a property from B for $104,000 and by arrangement between the parties eight contracts are drawn up and executed, each for one eighth part with a consideration of $13,000. Each agreement would be subject to approximately $162 stamp duty making $1,300 in all. However, if only one agreement had been executed to buy the property—which legally is all the documentation required—the duty would have been $2,340. The resultant loss to revenue as a consequence of the arrangement would have been $1,040. In one case recently, seventy-two contracts were submitted for one transaction, resulting in a loss to revenue of $17,000.

To meet this situation new subsections (3A) and (3B) are to be added to section 41 of the principal Act to provide that two or more agreements relative to the one property purchase between the same parties executed within twelve months of each other are to be regarded as the one transaction for duty assessment purposes. The amendment allows the commissioner to exclude certain agreements where the circumstances justify. The new provisions, which are set out in items (1) and (2) of schedule 2 of the bill, will come into effect from the date of assent of the legislation. The bill also contains in schedule 3 special provisions to cover situations where, in a series of contracts, some may be drawn before and some after the date of commencement of the amendment. In these cases only those contracts executed after the date of commencement will be aggregated. I cannot condemn too strongly the abuse of a provision which was intended to insulate smaller property transactions from the higher rates of duty. I am sure all honourable members will support the amendments.

The second revenue avoidance problem arises as a result of the recent High Court decision in Finemore's case. In that case, the court ruled that, in view of the terms of section 92 of the Constitution which provides for free trade between the States, stamp duty could not be charged on certificates of registration of vehicles used solely for interstate trade. Stamp duty is payable at the rate of $2 on each $100 of purchase price on new and transferred certificates of registration. In respect of the road haulage industry the duty will now be applicable only to vehicles used in intrastate trade. Section 84G (1) of the Act excludes from duty a new registration certificate in the name of the person who is already the registered owner of the vehicle. The subsection was included to avoid a second charge being incurred when for some reason a second certificate of registration had to be issued.

As the Act stands it would be possible for a road haulier to register his truck for interstate use without payment of duty because of the High Court decision and then transfer the vehicle for use within the State without having paid duty. Obviously this would operate unfairly in relation to other hauliers whose vehicles had been registered for intrastate use. Victoria has also taken action to close this loophole. The amendment set out in item (3) of schedule 2 will have the effect that an exemption will apply only if duty has been paid at some stage of registration in the present owner's name, either here or in any other State or territory of the Commonwealth. This will ensure that exempt interstate truckowners will become liable for duty if the vehicle is transferred to intrastate use. It will also remove an anomaly under which vehicles could be registered in the Australian Capital Territory, where this stamp duty is not levied, and subsequently transferred to New South Wales free of duty.

The final amendment is of a machinery nature. Section 124 of the Stamp Duties Act lays down the procedure to be followed where it is desired to object to an assessment. One of the requirements is for the appellant to commence court proceedings within seven days of receiving a stated case prepared by the Crown Solicitor for the commissioner. It has been claimed that this time is too restrictive and it has been decided to extend it to twenty-eight days. Item (5) of schedule 2 contains the necessary amendment. This completes my review of the bills, which I commend to the House.

Mr McDONALD (Kirribilli), Deputy Leader of the Opposition [3.38]: The introduction at last of the Stamp Duties (Amendment) Bill and the cognate Companies (Death Duties) Amendment Bill stems from the Budget Speech of the Treasurer in September this year in relation to death duties. Publicly described as the main concession in the Budget of 1978–79, this legislation is a prime example of a back down by the Government in order to appear to be politically pragmatic. The concept of the abolition of death duties represents a great about-face by the Premier and is contrary to all doctrinaire socialist philosophy and general Australian Labor Party policy, which I propose to outline and highlight. The Stamp Duties (Amendment) Bill is clearly a case of too little too late but, more important, it does not even bind the Government to its pre-budget promises to phase out all death duties over a three-year period.

Schedule 1 to the bill deals principally with reducing death duty by one-third where a death occurs after 1st January, 1979. Schedule 2 then covers a series of miscellaneous amendments to the Stamp Duties Act, 1920, to which the Opposition has no particular objection, but to which I shall refer later. Schedule 1 of the bill fails to commit the Government to honouring its promise to phase out death duties over the remaining two years. The legislation does not bind the Government. In view of the Government's past performances, the Opposition cannot accept as truthful the Premier's many recent statements on this subject. At the Committee stage the Opposition proposes to move an amendment to proposed section 123A by deleting all words after the word "person" and to make the provision read:

> Notwithstanding any other provision of this Part of this Act, the amount of death duty payable under this Act in respect of the final balance of the estate of a person
>
> (a) who dies on or after 1st January, 1979, but before 1st January, 1980, shall be two-thirds of the amount of death duty that would, but for this section, be payable under this Act; or
>
> (b) who dies on or after 1st January, 1980, but before 1st January, 1981, shall be one-third of the amount of death duty that would, but for this section, be payable under this Act; or
>
> (c) who dies on or after 1st January, 1981, shall be nil.

The Opposition will move also a similar amendment to clause 2 of the Companies (Death Duties) Amendment Bill to ensure that the Government is kept honest in respect of both bills. However, the Opposition does not in any way resile from the pledge given on 24th November, 1976, by the former Deputy Leader of the Opposition, the honourable member for Ku-ring-gai, when during the debate on a Stamp Duties (Amendment) Bill he said:

> The Liberal and Country parties therefore undertake that within their first term on return to government they will abolish all death duties in this State.

The Treasurer in his second reading speech referred to a ground swell in the public arena. I wish now to traverse the evolution of that ground swell over the past several years and to highlight what the Opposition believes the Government should have done. It failed to respond to the Opposition's commitment, particularly when from 1st January, 1977, Queensland abolished all death duties. This action by the Queensland Government created a death duties haven which has attracted enormous amounts of capital investment away from New South Wales. It was responsible also for a significant population shift to Queensland.

The Opposition remains resolutely committed to the total abolition of death duties. The legislation before the House is deficient and will be of continuing economic detriment to New South Wales. The Government even at this late stage should have totally abolished all death duties from 1st January, 1979. In his Budget Speech to the House on 5th September, the Treasurer finally made particular reference to the abolition of death duties and gave notice in a reasonably defined way about what would take place. The Treasurer stated that the three-year time table to take effect from January 1979 was the most appropriate, given the need for continued responsible management of the State's financial resources. The Treasurer said also that if death duties were immediately abolished the Government would have no choice other than to introduce alternative new taxes.

Today the Premier affirmed that the estimated revenue from death duties for 1978–79 was some $90 million, which represents only 2½ per cent of a total budget of $3,508 million. Yesterday by way of comment the Premier said that for the first total year of operation the cost to revenue would be $30 million but for the current financial year it would not be a great cost to revenue. Why does the abolition have to be partial and gradual? In areas such as public transport and education the Government cries poor. It has no way of satisfactorily determining the State of New South Wales finances. I trust that the joint Parliamentary Committee on Public Accounts and Financial Accounts of Statutory Authorities will remedy that position. In order to curry favour with the electorate, when speaking on 27th October last year on the Appropriation Bill, the Premier said:

> As sure as night meets the day, under this Government death duties will be abolished altogether.

Although these words flowed from the Premier's lips, there has been a non-performanct: on his part. It is a continuing example of broken promises and commitments. For these reasons the Government cannot be trusted to honour its promise. The amendments sought by the Opposition should be accepted by the Government so that the people of New South Wales can be assured that the Government will honour its promises to abolish death duties over three years. Failure to accept the amendments will demonstrate to the public that the Premier's word cannot be accepted.

Following the bitter debate that occurred late in 1976 in this Chamber and in another place when the Government first introduced its amending legislation in relation to death duties, the Premier has been forced into making the comment to the media regularly throughout 1977 that death duties will be abolished in New South Wales. Newspaper headlines throughout that year attest to that fact. They made reference also to the significant shift in population from New South Wales and to the growth of Queensland and other States. To set the scene to what the Treasurer described as a ground swell I refer the House to some of the headlines that appeared in the news media. In January 1977 the ***Daily Telegraph*** when referring to Queensland had the headline. "Rush to invest as death duty goes." On 6th February, 1977, the ***Sun-Herald*** carried the headline, "Duty-Free Qld gets NSW cash bonanza". In March 1977 the ***Sunday Telegraph*** had the headline, "Thousands quit NSW in search

Mr McDonald]

of a better deal". On 20th June, 1977, the honourable member for Ku-ring-gai, when Deputy Leader of the Opposition, was reported as saying, "Wran could stop death duties now".

In August, 1977, the news media referred again to a statement by the Premier that death duties would go. On 28th October, 1977, the ***Sydney Morning Herald*** carried this headline about death duties, "Promise on death duties." The Premier was reported then as saying, "The New South Wales Government intends to abolish death duties as sure as night follows day." I seem to recall a similar reference about casino legislation. My final reference is to a headline that appeared in the ***Sunday Telegraph*** on 3rd November, 1978, in these terms: "Death duty cuts push up land prices." It is interesting to note that in one of his few references to death duties the Treasurer is reported as saying at that time, "The abolition of death duties in Queensland had not proved to be the kind of boon many people expected." The stupidity of the Treasurer's statement should be contrasted with the comments of Senator Georges when speaking in the federal Parliament on 11th May, 1978, on the Estate Duty Assessment Bill, when he said:

> Make no mistake about it, the New South Wales Government was forced to follow the Premier's decision because, as the New South Wales Premier said, there was a flow of moneys from New South Wales into Queensland.

In an article in the ***Sunday Telegraph*** of 13th November, 1977, the Treasurer affirmed that the Government was committed to removing death duties and that he would indicate a date for the abolition in the 1978–79 Budget. Later in November the Premier was somewhat caught with his pants down by the announcement of the federal Government that it would abolish death duties and gift duty. In an attempt to pre-empt national recognition of the federal Governmect's initiatives and as they would affect the people of New South Wales, on 22nd November last year the Premier was virtually forced to announce that death duties in New South Wales would commence to be phased out late in 1978 and would be completely abolished three years later.

This aspect was particularly detailed in the ***Daily Mirror*** of 22nd November under the heading "Wran to drop death duties" and the subheading "three-year scheme". To continue the deception, just before Christmas 1977 a statement attributable to the Premier and the Treasurer, which was reported in the ***Daily Mirror*** of 22nd December, under the heading "$40 million death duties to go next year" said:

> Death duties on estates staying within families will be dropped by the State Government in next year's Budget—at a cost of more than $40 million a year.

The media report went on to say that legislation would be drawn up for the 1978 Budget session but exemption from the stamp duties tax would be retrospective to 1st July. 1977. There was no further reference to that in the news media. so one can assume either that this leaked reference was perhaps incorrect or the Government thought better of it. The report in the ***Daily Mirror*** of 22nd December, 1977, went on to say:

> All money, land, homes or general assets passing within a family on death will be exempt.
>
> One senior public servant said today the Government would offset the loss of $100 million a year—from abolition of all death duties—"simply through good housekeeping of government".
>
> But other sources said the State Government was confident legal casinos would more than supplement the loss "if and when" the Government introduces them.

The Government has not denied that the legislation was to be made retrospective to 1st July last year in order that it could get the money for the abolition of death duties —in fact, for the abolition of all death duties—and that it would offset it by legalizing casinos. Perhaps the Treasurer might comment on that in reply. During the early part of this year it became quite clear that the best places to die, if one wanted to pass on one's estate to one's family, were Queensland, Victoria or a Commonwealth Territory. An examination of death and gift duty provisions in the various States indicates that in 1978 a person living in New South Wales was by far and away worse off from an estate point of view.

In the federal Territories, for people dying on or after 21st November, 1977, federal estate duty is not payable on property passing to a surviving spouse, child or parent, nor is any federal duty payable on gifts made on or after that date. During this year the federal Treasurer in honouring a promise made by the Prime Minister in November 1977, to which I referred earlier, provided for the abolition of all gift and death duties on estates of people dying on or after 1st July, 1979. In Victoria, for people dying on or after 1st October, 1976, no duty is payable on any part of the estate passing to the surviving spouse. From 1st January this year the exemption was extended to include any part of the estate passing to children of the deceased who died on or after that date. Gift duty is levied on amounts over $10,000. In Queensland, from 1st January, 1977, both State death duty and gift duty were abolished. In South Australia since 1st July, 1976, no duty has been payable on property passing to the surviving spouse. Children must pay death duties on their combined amount. Gift duty is levied on amounts over $4,000.

In Western Australia, for deaths on or after 1st July, 1977, no duty is payable on property passing to the surviving spouse. Children pay combined death duties. There is no formal gift duty on cash gifts, but stamp duty is levied on any documents involved. The Western Australian Government has already announced its intention to abolish all remaining death duties by 1st January, 1980. In Tasmania, since 30th November, 1977, no duty has been payable on property passing to the surviving spouse. Children pay combined death duty and gift duty as in Western Australia. That sets the scene as to the situation in all of the other States and it has had a lot to do with the pragamtic approach that was finally developed by this Government.

The action being taken is in marked contrast with many statements made recently, particularly in the federal Parliament in May of this year when the Government introduced its Estate Duty Assessment Bill.

True to the socialist colours of the Australian Labor Party, the federal shadow treasurer, Mr Willis, stressed that the federal Australian Labor Party would not support the bill and indeed, even though the bill was an election commitment, moved an amendment that it be withdrawn until such time as an alternative form of tax on capital is introduced. He went further and said:

> The Labor Party insists that a society concerned with equity in both the tax system and the distribution of wealth must support the application of some form of tax on capital. By this we do not mean the ordinary people who pay tax on their small capital accumulations but that the wealthy should pay by estate or gift duties or by some other form of tax on capital.

In typical Australian Labor Party jargon the shadow treasurer said:

> Estate duty is a means of taxing the estates of persons who have acquired wealth through tax evasion and avoidance. So one gets them in the end through estate duty.

Lest the honourable members of this Parliament or the public believe the utterances of the Premier in relation to death duty, let it be recorded what some members of his party have had to say recently on this subject and also on capital gains or wealth tax, secondary profit taxes and other primary redistributive policies. Again referring to the debate in the federal House on the Estate Duty Assessment Bill it is interesting to make some brief reference to some of the comments of members of the federal Labor Party. On 31st May, 1978, Senator Wheeldon said:

> It is the view of the Australian Labor Party—I would have thought that this is a view which is held not only by socialists but by a number of people who believe in the equality of opportunity and in a more egalitarian society—that there should not be an unrestricted flow of capital from one member of a family to another member of a family.

In the same debate, Senator Button said:

> . . . abolition of these duties, I understand, will leave the Australian Taxation Office in a relatively deprived position as it will not be able to obtain information about aggregations of wealth in this country compared with its present situation.

He went on to say:

> The fact that State governments regard it as fashionable to abolish death duties, the fact that schmaltzy sorts of cases can be made out about it by individual groups in this community, is not a reason for doing it when one considers the principles involved.

Senator Walsh said:

> The introduction of this legislation

Mr Walker: On a point of order. I accept that the honourable member is entitled to refer briefly to other Acts and debates in other Parliaments. but he is trying to continue a debate in the federal House on an entirely different bill. I submit that he should be allowed to make only brief reference to such matters; he should not labour them.

Mr Punch: On the point of order. Surely the Deputy Leader of the Opposition on a bill relating to death duties should be allowed to refer to the policy of the Labor Party in this State and its supreme body in the federal sphere, for motions have been carried at times by the federal colleagues of the honourable member opposing the abolition of death duties. Therefore I submit that the Deputy Leader of the Opposition is entitled to touch on the matters he has raised.

Mr DEPUTY-SPEAKER: The question before the House is that the Stamp Duties (Amendment) Bill and the Companies (Death Duties) Amendment Bill be now read a second time. Brief reference may be made to the policy of the Australian Labor Party but I do not think that the Deputy Leader of the Opposition should dwell on it. By the same token if he wishes to discuss the policies of the Australian Labor Party he could discuss also the policies of Labor parties in other countries. That would not be permissible under the standing orders so I ask him to return to the bill.

Mr McDONALD: It is clear that the Attorney-General does not want to hear the rest of the truth. For the benefit of him and his colleagues both here and in another place——

Mr Renshaw: It has nothing to do with the bill.

Mr McDONALD: The Treasurer says it has nothing to do with the bill but the fundamental point I made was that the Opposition seeks an amendment to bind the Government to the commitment it has made, namely that death duties will be waived not just for the one year as contained in the bill but for the second and third years. There is no way that honourable members can be guaranteed from statements made by members of the Labor Party in the federal Parliament and in other places that the Treasurer will honour the commitment and promise he made and which the Premier has endorsed. It is fundamental and critical to the amendment to he moved by the Opposition at the Committee stage that the intention be properly set out in the bill.

What has been said in other places clearly indicates that the Australian Labor Party, of which the Attorney-General is a sienificant member, cannot be trusted. Its total policy with regard to death duties is such that it would lead one to expect that unless the public can be certain that a reference to the second and third years is written into the proposed legislation there is no guarantee of the final waiving of death duties other than the word of the Treasurer and of the Premier. Honourable members have seen the Government resile from things and the Opposition has been left in a position where it must have on record statements made by members of the Australian Labor Party. In true fashion the Attorney-General does not want to hear the truth and does not want to see it recorded.

In case the Premier and Treasurer have forgotten, they are the principal representatives in this State of a socialist party. even though they decry the use of that word. In that connection a reference to the Australian Labor Party platform in New South Wales and a statement of its principles is worth while. The Australian Labor Party, New South Wales Branch, seeks to develop socialist policies by an expansion of the public sector and nationalization, where necessary by the establishment of government economic enterprises. The socialist thrust is clearly there despite statements to the contrary. The members of the Labor Party are members of a socialist party. The Premier remained silent during the first half of 1978 about death duties as did the Treasurer.

Mr Walker: Good.

Mr McDONALD: The Attorney-General said good. He was glad the Premier was silent. He, being part of the socialist left, was probably appalled by the statements the Premier made during 1977. It will be interesting to see whether the Attorney-General speaks on the bill, which is probably anathema to him. The bill before the House——

Mr Walker: I am its strongest supporter.

Mr McDONALD: If the Attorney-General is its strongest suoporter he should not have any objection to the amendment that the Opposition intends to move at the Committee stage. I hope he does that, in order to make sure that he is bound by it in the same way as the Government is.

Mr Walker: The Government runs the show.

Mr McDONALD: Then let the Government come forward and agree to the amendment. Not wanting to be caught out, the Premier said that the Government was committed to the abolition of death duties during the life of the next Parliament. The Premier was desperate to obtain the rural vote. He was reported at the Livestock and Grain Producers' Association annual conference on 5th July, again to the 400 farmers who were present, as saying that he intended to abolish all death duties—but not just yet. Subsequent media statements ignored the Opposition's comments. The

Treasurer referred to the ground swell from November 1976. The Opposition said it would seek to abolish death duties entirely as from the beginning of 1977 or from such time as it was returned to government. The fact that the Liberal Party and Country Farty does not hold office is beyond the point.

The Premier has been reluctantly pushed into a situation because of what has happened in the other States. For political expediency the Premier sought to curry favour with the rural voter. In ignoring the statements by his federal colleagues and the views of many of his party the Premier has chosen to take what was described by one writer to the ***Sydney Morning Herald*** in September 1978 in this way:

> It is a particularly significant political ploy on the part of the New South Wales Labor Government, which should be against the abolition of death duty on ideological grounds but which is using it as purely a vote catching exercise.

The proposal was being used by the Premier to try to sell the line to country people, as evidenced by his stage-managed appearance at the annual conference of the Livestock and Grain Producers' Association. Working class people without dutiable estates to leave should well wonder why a Labor government should have projected itself to be as eager as the Liberal Party and Country Party in New South Wales were to follow the Queensland proposal of relieving property entirely of this impost. Or, as another writer to the ***Sydney Morning Herald*** said in September of this year:

> How can the State Premier justify this widening gap between rich and poor by such abolition, albeit over a period of years? Could anybody imagine such a step being taken by such Labor stalwarts of yesteryear as Ben Chifley and John Curtin?

The writer continued:

> Can it be that modern Labor is led by pseudo-capitalists promising the unattainable to the gullible?

At the start of my speech I said that the Opposition has no objection to schedule 2. I shall deal with schedule 1. It is important that the Government recognize its responsibility for commitments made externally and makes certain that the legislation properly represents its promises and commitments. That is why the Opposition will move amendments at the Committee stage. The bill increases the general exemption from payment of death duty chargeable under the Act from $2,000 to $10,000 for anybody domiciled within New South Wales who dies on or after 1st January, 1979. The bill deals also with two tax avoidance schemes, contract splitting and motor vehicle certificates. It is interesting to note that the Treasurer referred to a device described as contract splitting and the abolition of tax avoidance by way of motor vehicle certificates, referred to as the Finemore case. That has the concurrence of the Opposition. The Opposition has no objection to those matters.

The bill provides also for an increase in the time, from 7 days to 28 days, for an appellant to commence proceedings in the Supreme Court if dissatisfied with an assessment. The Opposition regards that as an improvement to the legislation. The Opposition makes its position quite clear to the Government: in principle it accepts the legislation with the reservation that the Government should bind itself to the commitment made, that is, the promise to phase out death duties. That promise should be written into the bill. It should not be left to possible subsequent alteration by socialists in the Labor Party if they decide to change their minds in subsequent years.

Mr RYAN (Hurstville) [4.9]: The House has been listening to a perfect example of the old aphorism that empty vessels make the most noise. It took the Deputy Leader of the Opposition half an hour or more to tell honourable members that he wants a short amendment to section 123A of the Stamp Duties Act, and a corresponding amendment to the cognate bill, to ensure that phasing out of death duties over three years is written into the Acts. Both the Premier and the Treasurer have said that that will happen. What more do we need? The rest of his speech was just so much waffle. I shall not pretend that, philosophically, the contents of the bill are a palatable move for me personally.

No douht $90 million a year that will eventually be lost to New South Wales will have to be made up in some way or other. Unfortunately, the alternatives may turn out to be some indirect or regressive form of taxation. I hope not. Practical and political considerations may make the results of this measure a little more palatable because over the years the death duty legislation has become largely ineffectual. The great State of New South Wales now expects to receive only about $90 million a pear from death duties. That sum is quite insubstantial compared with what it should be. The money that should have been coming into the State coffers over the years from death duties has been whittled away by a number of court decisions, most of which have been sympathetic to the wealthy. This revenue has also been whittled away by a practice of many people setting up family trusts and establishing a number of involved assortment of companies which. over the years, have led to a huge reduction in death duties.

Also. it might be easier to accept this measure because we shall be playing the Premier of Queensland at his own dishonest game. A lot is said about our federal system being based on trust and co-operation. However, for every dollar Queensland puts into the central taxation pool it receives back several dollars. On the other hand, the State of New South Wales receives back only a percentage of each dollar that it pays into the same taxation pool. Although New South Wales and other States are. in effect, giving a great deal of financial assistance to Queensland, the Premier of that State completely denies this alleged trust and co-operation on which the federal system is built. He has completely resiled from a tacit agreement that his State would abolish death duties only if the step were taken in conjunction with other States. The Premier of Queensland, by abolishing death duties in his State, took unilaterial action in an attempt to entice business to his State. Perhaps the benefits are apparent rather than real.

The Treasurer has announced that the level of exemption from death duty on estates will he lifted from $2,000 to $10.000. It is worth pondering whether perhaps the desired result could have been achieved in this State by a combination of abolishing death duties as between spouses, together with setting a higher exemption figure. a more realistic exemption figure of perhaps $100,000 or more. The people who should be paying death duties, but who largely have not been doing so because of a number of court decisions over the years, could have contributed more to the common pool of taxation. Honourable members will remember that in 1976, when this Government attempted to close some of the loopholes in death duty legislation, which would have resulted in the people who should be paying; but who were escaping almost completely free. the Opposition used its numbers in the upper House to prevent the passage of that measure. Although I do not support the legislation with a great deal of pleasure, in the pragmatic situation of politics, and realizing that we are dealing with dishonest, untrustworthy people like the Premier of Queensland, aided and abetted by people of the same ilk in this State, I believe that, unfortunately, measures like this have to be adopted.

Mr PUNCH (Gloucester), Leader of the Country Party [4.15]: I shall make a few brief comments on the bill. The Country Party supports the contribution made by the Deputy Leader of the Opposition. It has always been the policy of the Country Party—and this was stated clearly at the introductory stage—that we support the abolition of death duties. We believe that this State has lost a great deal in the past not only in terms of people but also in terms of money, industry and employment opportunities as a result of death duties being abolished in Queensland. As a result of Queensland abolishing death duties, many industries and people were enticed to that State. Queensland has a lot of attraction and many resources. It is a State of great potential. The Government of Queensland has proved itself willing to use all of its natural attractions for the benefit of the people of that State. It is fair enough to attract to a State the people who believe that death duties is a retrogressive form of taxation that should be abolished. The amendments proposed by the Deputy Leader of the Opposition will at least try to keep the Government honest—and I know that is a tough task. The honourable member for Hurstville said that, as the Premier had made a certain statement, what more do we want?

Mr Ryan: The Premier is an honest man.

Mr PUNCH: I remember the Premier making statements about casinos, and I remember him talking to church leaders and telling them all sorts of things.

Mr Ryan: You have misinterpreted or misunderstood what he said.

Mr PUNCH: I have not misinterpreted him, and you know it. The Premier's word is not worth the paper it is written on.

Mr McDonald: What about caucus decisions?

Mr PUNCH: Caucus changes its views quite often. The Premier's word is not worth a thing. He gets up in this House, day after day, and carries on about government policy, but he forgets all the small details. Honourable members saw another example of this today when he wrongly blamed the federal Government about the position of the shipbuilding industry. The former federal Labor Government damaged the shipbuilding industry. Let us get the facts right about the Premier's undertakings in respect of this bill. I propose to set the record right. The Country Party believes that death duties should be abolished completely, as they have been in the federal sphere and in some other States. The Government has announced clearly that it will not abolish death duties at this stage. The Opposition cannot move two amendments in respect of the one provision. So, as the Government will not abolish death duties immediately, the Country Party wants to ensure that the Government keeps to its word on this rare occasion. The Government has promised that this tax will be abolished over the next two years. For that reason, the amendment proposed by the Deputy Leader of the Opposition is fair. I propose to refer to one point made by the Attorney-General and Minister of Justice, who in his usual grudging way said that he supported the bill. It seems strange to see him sitting on the opposite side of the House, with a smug look on his face——

Mr Walker: What did I say?

Mr PUNCH: You said, by interjection, that you supported the legislation. He does not know what he said. Does the Attorney-General and Minister of Justice admit he said that?

Mr Walker: I admit it.

Mr PUNCH: If he apologizes, I will accept his apology on this occasion.

Mr Walker: I apologize.

Mr PUNCH: The Attorney-General and Minister of Justice and the Premier were the original architects of the legislation introduced into this Parliament two years ago. The Treasurer will remember that they introduced a bill that would have virtually abolished inheritance in this State.

Mr Renshaw: That is rubbish.

Mr PUNCH: It is not rubbish. The Treasurer should read his own legislation; perhaps he did not read it at that time. The previous measure was put together by the whiz kids, the Premier and the Attorney-General and Minister of Justice, who mislead the people about death duties.

Mr Walker: Like the trusts you have.

Mr PUNCH: Which ones are they? The Attorney-General and Minister of Justice seems to have been going into some records, as he has done in the past. I remember him saying that he would go through a number of records; perhaps he is doing that now, as he has gone through other records before. He might leak out that type of information. I take strong objection to the manner in which he carries out his responsibilities and the dishonest way in which he carries on continually in this House and outside the House, disclosing confidential information, as he did in the Sinclair matter.

[Interruption]

Mr SPEAKER: Order! I call the honourable member for Hurstville to order. The Leader of the Country Party will come back to the question before the Chair.

Mr PUNCH: It seems strange that anyone could change his mind as much as the Attorney-General has with regard to this legislation. It is only through pressure brought about by Queensland, Victoria and the Commonwealth enacting this sort of legislation that this Government has brought in a bill, in contrast to a measure it introduced earlier. Time and time again it has been said that Labor Party policy favours death duties and wealth taxes. I am concerned that on this occasion the Government will not honour its promise and abolish these taxes. I am concerned that it may reintroduce them in some other form and perhaps at a higher rate.

Labor spokesmen in the federal sphere have clearly laid down their party's attitude towards this type of taxation. Dr N. Blewett, Mr R. Willis and Senator S. M. Ryan have gone on record as saying that these taxes must be maintained. In fact. one Labor spokesman said, "I am certain that a tax on capital and the reimposition of death duties will be introduced." The Government has somersaulted. This is a welcome measure. I hope that for once the Government will keep its word and stick to the principles included in the measure before the House. Indeed, I hone it will go further. As much as the Country Party would like to see death duties abolished forthwith, it supports the amendments moved by the Leader of the Opposition.

Mr RENSHAW (Castlereagh), Treasurer [4.24], in reply: The House has just seen a perfect somersault. At the introductory stage the Leader of the Countrv Party intimated to the House and to the public that abolition of death duties forthwith was Country Party policy.

Mr Punch: I said that today.

Mr RENSHAW: That is not so. The honourable member changed his policy from that espoused last week, and today said he supports the proposal put forward by the Deputy Leader of the Opposition.

Mr Punch: I support the legislation. The Treasurer should listen.

Mr RENSHAW: Then why did you not move an amendment in line with your party's policy?

Mr Punch: I explained why in my contribution to the debate.

Mr Ryan: You have completely somersaulted.

Mr SPEAKER: Order! The Treasurer is replying to the debate. I ask honourable members not to interject.

Mr RENSHAW: The Leader of the Country Party has a suspicious mind. It would appear that the Country Party in opposition has a policy different from that which it supports when in government. On many occasions the Country Party has indicated to the public that it supported the abolition of death duties. At its annual conferences it has promised the complete abolition of death duties. The Country Party's representatives have made similar statements when the coalition parties have been in office. Labor has implemented its policy of easing out death duty, and the Country Party is endeavouring to claim credit as the formulators of the proposal. The Leader of the Country Party suggests that what Labor is doing is unconstitutional. He says that some member of the party has made a statement contrary to the provisions of this bill.

One wonders whether the Leader of the Country Party will ever grow up and learn. Will he always adopt this juvenile attitude of formulating something around general statements, the authenticity of which is not checked? Today he has sought to make a case against the abolition of death duties, and says he is fearful of the Government's intentions. He has relied on general statements published in the press about the movement of capital and people from one State to another. He has not checked the accuracy of those reports. The latest figures available reveal that in Queensland unemployment is substantially above the average for Australia. We all know that Queenslanders are rapidly losing their civil liberties. Though Queensland abolished death duties about two years ago, it has substantially more unemployment than New South Wales. When Queensland abolished death duties the price of land in the southern part of the State went up by about *25* per cent. The difference is that people lose their money while they are still alive instead of it being divided up when they have passed on.

The honourable member for Kirribilli said that Queensland has everything. I should like to inform him that in that State 6.49 per cent of the workforce is unemployed compared to 6.14 per cent in New South Wales and 6.3 per cent average for the Commonwealth. Those figures show New South Wales below the Australian average and Queensland above it. The true test of the Government in relation to these matters is not what has been said in Canberra or anywhere else or what has been published in the press. It is not what might be a figment of imagination of people who put up an Aunt Sally and bowl it over. That is an old technique. It is not logic. I remind the honourable member for Kirribilli that the Wran Government has met its commitments in three successive budgets.

Labor's first budget fulfilled the promise of the abolition of death duties on estates passing to spouses. That legislation was introduced soon after the 1976 Budget. The Opposition parties when in government had plenty of time to introduce such a measure. Death duties charged to spouses were regarded as a great hardship, and Labor abolished them as its first opportunity. Labor promised other concessions such as payroll tax. Concessions in that regard allowed development of industry in country areas. The Government has adopted a humane approach towards death duties and has intimated that it will ease them out over three years. That is what it is doing. The Government has offered relief in poker machine taxation also. The Government has honoured each promise by introducing appropriate legislation.

Neither the Leader of the Country Party nor the Deputy Leader of the Opposition can assert that Labor has not honoured its promises. Until they can do so the Government is unlikely to take their argument seriously. These measures are forward-going concessions that will have their full effect over three years through legislation to be brought forward in the same manner as the measures with which we are dealing today. I do not accept the contention that this Government has dishonoured the promise made either in its policy or its Budget. What has been said at public meetings by a party supporter might be quite different from Government policy. The true test is the policy speech of the Government and the fulfilment of any promises made.

I have had a long time in this Parliament and during that time Labor has been in office for the best part of thirty years. Labor has taken great pride in the fact that policy speeches delivered by respective leaders were honoured by the ensuing governments. Probably without exception Labor has the proud history of honouring all promises made in its leaders' policy speeches. It is not a matter of what someone else has said, what has been said in another place or what is in the rule books. If members of the Opposition were to look at some of the rule books of the Liberal Party and see what some of the young Liberals have had to say they will know that they are young people expressing an opinion. Members opposite believe that the argument they have put forward in this debate is logic. It is not; it is humbug and hypocrisy. The Government does not countenance that argument and will not accept any of the amendments proposed.

Motion agreed to.

Bills read a second time together.

In Committee

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

Schedule 1

Page 3

(2) Section 123A—

After section 123, insert :—

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

Mr McDONALD (Kirribilli), Deputy Leader of the Opposition [4.31]: I indicated during the second reading debate that the Opposition proposed to **move** in Committee an amendment to proposed new section 123A, to keep the Government honest, putting it quite bluntly. I therefore move:

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

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

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

(c) who dies on or after 1st January, 1981, shall be nil.

The Opposition believes the amendment is a simple one that should create no problem for the Government if it is fair dinkum about promises it has made and its commitments to abolishing death duty on estates. I cannot accept the Treasurer's statements in his reply to the second reading debate. I have no qualms about his veracity, and if there were some certainty that he would be Treasurer for the next three years the Opposition would not be moving this amendment. However, there is no assurance that the proposals contained in the Budget Speech and promises made previously will not be reversed by other members of the Labor Party with different tendencies and attitudes. In caucus they may decide, for expediency or other reasons, to amend the promises and commitments made by the Premier. The proposed amendment writes into the legislation certainty of that commitment. Why should the Government not be willing to accept the certainty of promises that it has made? The public has the right to have the amendment incorpoarted in the bill, otherwise people will be left with continuing doubts about whether the Government will honour its commitments.

Question—That the words stand—put.

The Committee divided.

Ayes, 61

Mr Akister
Mr Anderson
Mr Bannon
Mr Barnier
Mr Bedford
Mr Booth
Mr Brereton
Mr Britt
Mr R. J. Brown
Mr Cavalier
Mr Cleary
Mr R. J. Clough
Mr Cox
Mr Crabtree
Mr Day
Mr Degen
Mr Durick
Mr Einfeld
Mr Face
Mr Ferguson
Mr Flaherty
Mr Gabb
Mr Gordon
Mr Haigh
Mr Hatton
Mr Hills
Mr Hunter
Mr Jackson
Mr Jensen
Mr Johnstone
Mr Jones
Mr Keane
Mr Kearns
Mr Knott
Mr McCarthy
Mr McGowan
Mr Maher
Mr Mair
Mr Mallam
Mr Mulock
Mr O'Connell
Mr O'Neill
Mr Paciullo
Mr Petersen
Mr Quinn
Mr Ramsay
Mr Renshaw
Mr Robb
Mr Rogan
Mr Ryan
Mr Sheahan
Mr A. G. Stewart
Mr K. J. Stewart
Mr Wade
Mr Walker
Mr Webster
Mr Whelan
Mr Wilde
Mr Wran

Tellers,
Mr Johnson
Mr McIlwaine

Noes, 32

Mr Arblaster
Mr Barraclough
Mr Boyd
Mr Brewer
Mr J. H. Brown
Mr Bruxner
Mr Cameron
Mr Caterson
Mr J. A. Clough
Mr Cowan
Mr Dowd
Mr Duncan
Mr Fischer
Mr Fisher
Mrs Foot
Mr Freudenstein
Mr Healey
Mr McDonald

Mr Maddison
Mr Mason
Mr Morris
Mr Murray
Mr Osborne
Mr Punch
Mr Rozzoli
Mr Schipp
Mr Singleton
Mr Taylor
Mr West
Mr Wotton

Tellers,
Mr Moore
Mr Smith

Question so resolved in the affirmative.

Amendment negatived.

Schedule agreed to.

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

Clause **2**

Page 2

2. The Companies (Death Duties) Act, 1901, is amended by inserting after section 11B the following section :—

11c. Notwithstanding any other provision of this Act, the amount of duty payable in accordance with this Act by a company consequent upon the death of a member of the company shall be, where the member dies on or after 1st January, 1979, two-thirds of the amount of duty that would, but for this section, be payable in accordance with this Act.

Mr **McDONALD (Kirribilli),** Deputy Leader of the Opposition [4.45]: I move:

That at page 2, all words after "be" on line 12 be left out and there be inserted in lieu thereof **the** words

(a) where the member dies on or after 1st January, 1979. but before 1st January, 1980, two-thirds of the amount of duty that would, but for this section, be payable under this Act; or

(b) where the member dies on or after 1st January, 1980, but before 1st January, 1981, one-third of the amount of duty that would but for this section, be payable under this Act; or

(c) where the member dies on or after 1st January, 1981, shall be nil.

Because the Companies (Death Duties) Amendment Bill is a bill cognate with the Stamp Duties (Amendment) Bill, it is necessary for this amendment to be inserted in this bill. I gave the reasons for the amendment on the Stamp Duties (Amendment) Bill and I do not wish to repeat them now.

Question — That the words stand — put.

The Committee divided.

Ayes, 61

Mr Akister
Mr Anderson
Mr Bannon
Mr Barnier
Mr Bedford
Mr Booth
Mr Brereton
Mr Britt
Mr R. J. Brown
Mr Cavalier
Mr R. J. Clough
Mr Cox
Mr Crabtree
Mr Day
Mr Degen
Mr Durick
Mr Einfeld
Mr Face

Mr Ferguson
Mr Flaherty
Mr Gabb
Mr Gordon
Mr Haigh
Mr Hatton
Mr Hills
Mr Hunter
Mr Jackson
Mr Jensen
Mr Johnson
Mr Johnstone
Mr Jones
Mr Keane
Mr Kearns
Mr Knott
Mr McCarthy
Mr McGowan
Mr McIlwaine
Mr Maher
Mr Mair
Mr Mallam
Mr Mulock
Mr O'Connell
Mr Paciullo
Mr Petersen
Mr Quinn
Mr Ramsay
Mr Renshaw
Mr Robb
Mr Rogan
Mr Ryan
Mr Sheahan
Mr A. G. Stewart
Mr K. J. Stewart
Mr Wade
Mr Walker
Mr Webster
Mr Whelan
Mr Wilde
Mr Wran

Tellers,
Mr Cleary
Mr O'Neill

Noes, 33

Mr Arblaster
Mr Barraclough
Mr Boyd
Mr Brewer
Mr J. H. Brown
Mr Bruxner
Mr Cameron
Mr Caterson
Mr J. A. Clough
Mr Cowan
Mr Dowd
Mr Duncan
Mr Fischer
Mr Fisher
Mr Freudenstein
Mr Healey
Mr McDonald
Mr Maddison
Mr Mason
Mr Moore
Mr Morris
Mr Murray
Mr Osborne
Mr Park
Mr Punch
Mr Schipp
Mr Singleton
Mr Smith
Mr Taylor
Mr West
Mr Wotton

Tellers,
Mrs Foot
Mr Rozzoli

Question so resolved in the affirmative.

Amendment negatived.

Clause agreed to.

Adoption of Report

Bills reported from Committee without amendment, and report adopted on motion by Mr Walker on behalf of Mr Renshaw.

Third Reading

Bills read a third time, on motion by Mr Walker on behalf of Mr Renshaw.

CONSTITUTIONAL POWERS (NEW SOUTH WALES) BILL

Second Reading

Mr WALKER (Georges River), Attorney-General and Minister of Justice [4.57]: I move:

> That this bill be now read a second time.

In my introductory speech I delivered a little potted history of the constitutionally important milestones on the road taken by New South Wales to the point where some semblance of responsible, representative government was achieved. I mentioned that in 1855 the colony finally acquired a written constitution by courtesy of an Act of the Imperial Parliament. It was around the same time that events in South Australia were weighing heavily on the shoulders of the Colonial Secretary in London. His office was, it seems, in something approaching a state of siege as it was called on to resolve in quick succession a series of knotty constitutional problems thrown up by an uncompromising dogmatist, the Honourable Mr Justice Benjamin Boothby, a judge of the Supreme Court of the province of South Australia.

It has been said of the good judge that he saw himself as the lone custodian of the imperial law against defilement by colonial legislatures. If this were his own self-estimation, he must have been disappointed to find that the Colonial Office was more than willing to let his particular immature colonial legislature look after its own affairs and quite simply was not interested in his activities other than to be annoyed by them. In Boothby's court quite a large number of local laws were held invalid for their purported repugnancy to the laws of England. These included the Constitution Act, the pioneering real property Acts, two electoral Acts, legislation establishing the court of appeal and the appointment of his own Chief Justice. According to Boothby, they were all void.

If the Colonial Office's civil servants were depressed by the work-load given them by Boothby, so too was the South Australian Legislature. Both Houses of the South Australian Parliament sent messages to the Queen complaining of Boothby's actions and seeking intervention. The Colonial Office wanted none of that but Boothby succeeded so well in confusing the extent to which the powers of colonial legislatures had been set that the Colonial Laws Validity Act was passed by the Imperial Parliament in 1865. The degree of annoyance Boothby caused and of the determination felt by the British that they would not in future be dragged into what they saw as problems for the colonies to solve for themselves, is reflected in the Act. The Colonial Laws Validity Act is described in its own preamble as "an Act to remove doubts as to the validity of colonial laws."

Not only did the Act make special provision for the express validation of South Australian Acts, the validity of which Boothby had thrown into doubt, the Act applied as well to all the Crown's possessions abroad excepting the Channel Islands, the Isle of Man and India. This might be seen by some to have been an overreaction to a relatively minor problem and there might also be grounds for thinking that the Colonial Laws Validity Act is an Act which is patronizing in both basic thrust and title and one which has caused no end of trouble since its enactment. All these things are true to an extent and there is no doubt we have nothing to thank Mr Justice Boothby for, but it must be borne in mind that in its day the Act was benevolently patronizing and was imposed by a patron well disposed towards the colonies with the intention that it would help them stand free of the United Kingdom. With the passage of the Act the colonies acquired a much larger and more independent control of their own affairs than had previously been possible.

The vital sections of the Colonial Laws Validity Act were, and are for that matter, sections 2 and 3, for they are the sections concerned with formalizing the concept of repugnancy. The effect of sections 2 and 3 was double-edged and primarily concerned with putting beyond doubt what was meant by repugnancy. Prior to the passing of the Act the word repugnant was frequently used to impose restrictions upon colonial legislatures and the phrase "repugnant to the laws of England" had no precise meaning. Colonial preoccupation with the meaning of repugnancy led one under secretary of the colonies, Sir James Stephen, to say with some exasperation: "Whatever is tyrannical or very foolish you may safely call repugnant . . . but whatever is necessary for the comfort and good government of the colony you may very safely assume to be in perfect harmony with English law."

Mr Walker]

One can hardly say there was much strict legalism in that attitude and if Boothby had left well enough alone the course of colonial constitutional history would have been different. Section 2 of the Act preserved the operation, by paramount force, of imperial legislation when extended to the colonies. To such paramount legislation the colonies could not pass repugnant laws. Section 3 stated the reverse proposition that no colonial law should be or be deemed to have been void or inoperative because of repugnancy to the law of England, as distinct from repugnancy to the statute law of England, extending to the colony in question. The colonies welcomed the Act for its clarification of the powers of their legislatures, and life, particularly in South Australia one imagines, proceeded much as before.

When Federation took place at the turn of the century the attitude of the British Government to the Australian colonies was again thrown into sharp relief. The British were of the opinion that Federation, virtually once and for all, put an end to involvement in the affairs of the six separate States. They were relieved to find they could now insist they deal with one sovereign power instead of six. Chamberlain's view was stated this way:

> The Constitution has in fact placed the Commonwealth as an intermediary between the Imperial Government and the States in regard to the matters assigned to it.

The States protested this attitude though to no real effect. The Commonwealth continued, like the States, to be bound by the Colonial Laws Validity Act and by its incapacity to enact laws having an extraterritorial operation. The Statute of Westminster was duly proffered by the Imperial Parliament to the members of the British Commonwealth of Nations, including Australia. Sadly, as I recounted at the introductory stage, the States failed to have the statute extended to themselves, and we remain to this day in Sawyer's legal status of dependent colonialism. Since then the question of severing our persistent colonial ties has been one the States have resignedly assumed they could not answer. But the problems have surfaced from time to time and will not simply go away when ignored.

The Standing Committee of Attorneys-General, a body which has been graced throughout its existence with figures of impressive legal stature, has from time to time grappled with the problems of the Imperial Merchant Shipping Act, the abolition of Privy Council appeals and the like. Apparently out of frustration at not being able to resolve these problems, in 1971 the standing committee determined that it should have some advice and the offer was made and accepted that the New South Wales Law Reform Commission might prepare a working paper on legislative powers and that this might serve as a basis for policy consideration by the members of the standing committee. The working paper was duly produced and delivered among other things to a special committee founded by the standing committee and known as the Solicitor Generals Committee.

This committee duly reported in 1973 with the suggestion that the State governments and the Commonwealth make an approach to the United Kingdom Parliament for the enactment by that Parliament of legislation that would confer similar benefits to the States as are enjoyed by the Commonwealth and which flow from the Statute of Westminster. This suggestion foundered because of the political bun-fight between some of the States and the federal Labor Government over the timetable for abolition of Privy Council appeals. Political events then overtook several of the main protagonists and consideration of the problems was discontinued. However, in June 1976 the Solicitor General's Committee was reactivated and consideration began to be given to the achievement of a local solution to the problem.

Placitum **38** of section 51 of the Commonwealth Constitution came under scrutiny for the first time in a long time since Federation. That section provides, in short, that the Commonwealth has power to legislate for the exercise within the Commonwealth, at the request or with the concurrence of the Parliaments of the States, of any power exercisable by the United Kingdom Parliament at the time of establishment of the Constitution. The Solicitors General are of the opinion that this section provides a way in which the States can request, and the Commonwealth can enact, legislation conferring on the individual States powers possessed of the Imperial Parliament at the time of establishment of the Commonwealth Constitution. This opinion it must be said is qualified by the fact that, never having been used before, there is no precedent upon which the Solicitors General can rely to support their opinion that the section can be used in this way.

The honourable member for Ku-ring-gai has already indicated he is in possession of an opinion to the effect that placitum 38 of section 51 is not capable of being used in the way the Solicitors General say it can be. To that I can say only that the States have obtained the best legal advice available to them and have resolved to place their faith in that advice.

I come now to the bill. The substantive portion of it is brief and of itself accamplishes not much—it is simply a legislative request that the Commonwealth Parliament enact an Act substantially in the terms set out in the schedule to this bill. This Parliament therefore finds itself in the position of debating the virtues or otherwise of what is to be Commonwealth legislation. I hope the Commonwealth Parliament finds our debate a source of worthwhile reference material.

The preamble, short title and commencement provisions of the proposed Commonwealth Act—to be called the State Powers (New South Wales) Act—are unexceptionable. Section 3 of the proposed Act concerns itself with interpretation. The only comment I need make about any of the definitions included there is made in respect of the rather wide fashion in which the term "the Parliament of the United Kingdom" is drawn. The term is defined to include any parliament that at any time has or had general power to enact laws having force in England. The definition has been framed in this way so as to obviate any need to have English parliamentary history examined every time one considers the application to the State of some old imperial enactment.

Section 4 of the proposed Commonwealth Act is the historic provision that says it all. The drafting of this legislation has been the responsibility of both State and federal parliamentary counsel and naturally they have been careful to be as precise and thorough as possible because of the constitutional implications of the scheme. Section 4 (1) of the proposed Act would provide that notwithstanding the repugnancy provisions of the Colonial Laws Validity Act or any principle or rule of the common law, first, no State law or part thereof made after the date of commencement of the Commonwealth Act shall be void or inoperative because of repugnancy to any legislation of the United Kingdom Parliament, and second, the powers of this Parliament shall include the power to repeal or amend any such legislation applying to the State. Section 4 (2) of the proposed Commonwealth Act qualifies subsection (1) of that measure by providing that the principal thrust of section **3** of the Colonial Laws Validity Act is to be preserved but the proviso to the section to the effect that a law of the State is void and inoperative if repugnant to the statute law of England is, however, to be overborne.

Subsection **(3)** of section 4 of the proposed Act adds two further provisos. First, section 4 (1) does not operate so as to give the State Parliament power to abrogate section 5 of the Colonial Laws Validity Act in so far as that section requires an Act of the State Parliament respecting the constitution, powers or procedure of the Parliament

Mr Walker]

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

One can quickly see the wisdom of these provisos. First, the manner and form provision of the Colonial Laws Validity Act is a built-in deterrent to the exercise of arbitrary or capricious parliamentary muscle by an unscrupulous government. The retention of manner and form provisions will lead occasionally to the expense of a referendum on a question to which the answer was always a foregone conclusion—like reform of the upper House of this Parliament—but that is a relatively minor inconvenience and the price is worth paying. Second, it is quite obvious that no State parliament should have a power to amend the Commonwealth Constitution, the Imperial Act from which it derives its power or the Statute of Westminster. from which the Commonwealth derives the characteristics of sovereignty. This is historic legislation and all honourable members will, I am sure, be conscious of a sense of history for having participated in the debates and the votes on this motion. I commend the bill to the House.

Mr MADDISON (Ku-ring-gai) [5.10]: It is true that the purpose of this historic legislation is to remedy a difficulty that has exercised the minds of constitutional lawyers for a long period. As the Attorney-General has stated, the Standing Committee of Attorneys-General has had the problem under consideration for probably a little more than ten years. On the face of it the problem will be resolved by this bill. It is, as the Attorney-General says, a small piece of legislation as bills go in this House consisting of $2\frac{1}{8}$ pages of actual legislative matter. Although the bill is of small dimension it is of wide import and of great constitutional legal significance to the State of New South Wales.

The bill finds its base in placitum 38 of section 51 of the Australian Constitution. That placitum provides the Commonwealth Parliament with power to make laws with respect to the exercise within the Commonwealth, at the request or concurrence of the Parliaments of all the States directly concerned, of any power which at the establishment of the Constitution can be exercised only by the Parliament of the United Kingdom or by the federal Council of Australasia. We need not worry about the latter body. So placitum 38 of section 51 of the Commonwealth Constitution provides a technique whereby a State government can go to the Commonwealth Government of the day—and thereby the Commonwealth Parliament—and seek from that Parliament legislation concerned with a power that at the time of Federation could be exercised only by the Parliament of the United Kingdom.

This bill consists of two clauses and a schedule, the schedule containing a suggested measure that ultimately the Parliament of New South Wales will request the Commonwealth Parliament to pass. Even when this bill is passed by both Houses of this Parliament it will have no effect on our constitutional law until the Commonwealth Government takes up the request contained in the schedule and passes that legislation through the Commonwealth Parliament. If, as the Attorney-General says, and I have no reason to doubt him, this exercise in drafting was embarked upon by the Solicitors General of the States of the Commonwealth and of the Commonwealth following their consideration of the constitutional legal problems, I should imagine it comes as no shock to the present Commonwealth Government that this legislation is coming forward.

The Attorney-General, neither at the introductory stage nor at the second reading stage, has mentioned whether or not an approach has been made to the Commonwealth Government to anticipate that this legislation will be sent to it. Let me at once say that I trust that no impediment is placed in the way of the Commonwealth Parliament in dealing with this matter. It is clear that the Commonwealth gained the protection and advantages of the Statute of Westminster, which was passed in 1931. Virtually what this legislation seeks to do is to have the Statute of Westminster apply to the State of New South Wales.

I do not expect the Commonwealth Government to adopt a difficult attitude on this legislation. Certainly, I hope it will not and I will do all I can to ensure that the legislation goes forward in accordance with our wishes. I do not want to speak at length for the position has been fairly and objectively outlined by the Attorney-General already. At the introductory stage I expressed some reservations on the possible effectiveness of what is proposed in order that we in New South Wales may gain the benefits of the Statute of Westminster. I suppose that there are some doubts whether by this method a vesting of complete sovereignity in the State of New South Wales can be achieved. It is to be noted that we are talking about passing laws at Commonwealth level for the exercise within the Commonwealth of a power that can be exercised only by the Parliament of the United Kingdom. Certainly this legislation, when it truly becomes effective, will not give to the State of New South Wales extraterritorial powers. I should imagine that this will be an area about which there will be great doubt. I should like to express the view that we would not have full power to make laws having extraterritorial operation and, in any event, that those laws would be beyond any legislative powers conferred by placitum 38 of section 51 of the Commonweath Constitution.

I make no apology for being one who believes that although Australia continues to have very close ties with the United Kingdom—as it ought for those ties form the basis of this nation—with the coming of Federation, the colonies came together and a statute of the United Kingdom Parliament was passed which provided for our federal Constitution.

In 1931 the United Kingdom Parliament passed the Statute of Westminster which applied to all of the then non-British dominions. That statute did not apply to the States. The Colonial Laws Validity Act passed by the United Kingdom Parliament in 1865 provides that any law of New South Wales which is in any respect repugnant to the provisions of an Act of the United Kingdom Parliament extending to New South Wales a paramount force shall be, to the extent of the repugnancy. of no effect. When one talks in the parliamentary sense of laws having a paramount force one is using a phrase which is not of significance or understanding to most honourable members in this House or, indeed, to the community. But an Act of the United Kingdom Parliament which has paramount force is an Act which expressly or by necessary implication applies to New South Wales. There is obviously a restraint on the sovereignty of this Parliament as a result of the Colonial Laws Validity Act. It is a restraint that in the year 1978 should be removed by whatever legally constitutional means are at the command of the Parliament. As a nation and as a State we have grown up. Impediments to legislating to the full extent should be removed.

I hope there is no delay in completing all formalities attached to achieving the ends sought. As the Attorney-General said, the abolition of appeals to the Privy Council depends on the outcome of this legislation. The bill, dealing with that matter, which has been read a first time and which will be lying on the table for some time, can proceed only if the formalities incorporated in this legislation are completed. A further problem with that legislation might not be completely solved by this measure. Even when this House has done its best to achieve these ends there may be litigation at some stage to test the constitutionality of what this House is doing. The Opposition

Mr Maddison]

supports what the bill purports to do and looks forward to the day when all doubts can be resolved and the House can proceed with the other legislation which is probably of greater importance than this bill in the effects that it has on the citizens of New South Wales. The bill before the House is preparatory to the day when we face up to the complete removal of all vestige of appeals from the courts of the State to the Privy Council.

Mr RYAN (Hurstville) [5.25]: The bill is an important piece of enabling legislation which in itself would not amount to much, but in the future will be the rock on which the State will go forward legislatively. It seems incredible that in **1978,** some forty-seven years after the passage of the Statute of Westminster in Great Britain, the Parliament of New South Wales is introducing legislation that boils down to adopting the provisions of the Statute of Westminster. That is an indication of the apathy of Australians. Even after participating in two world wars nothing seems to enliven us. At least the momentous events of **1975** have made us realize that we must stand on our two feet. As has been pointed out by the Attorney-General in one of his speeches, when the Statute of Westminster was adopted in Canada its provisions were extended to all of that country's Provinces. In Australia it was only in **1942,** when a federal Labor Government was in office and was faced with the exigencies of war, that this statute was adopted. After two previous abortive attempts the federal Government adopted the Statute of Westminster Act, **1942,** but it was not extended to the States.

Since then the States have been labouring under the restrictions and fetters imposed on legislative power by the Colonial Laws Validity Act. It is interesting to note that Quick and Garran in their original annotated version of the Constitution in relation to placitum **38** of section **51** saw it **as** an attempt at dragnet provisions but could not see how it could give power to the Commonwealth to grant extra powers to the States inconsistent with their constitutions at the time. Since Quick and Garran committed their thoughts to writing the New Souh Wales Constitution was re-enacted in **1902.** That is relevant to the interpretation of placitum **38.** It is only recently that constitutional writers and practitioners have begun to think of this placitum as capable of being used to overcome the repugnancy provisions of the Colonial Laws Validity Act. One writer, Nettheim, goes further and suggests that if passed by the Commonwealth it would give powers to the States to legislate extraterritorially.

The immediate objectives of the legislation before the House are to throw off the shackles and fetters of the Colonial Laws Validity Act. What this Parliament can do as a whole is minimal. The real action that the Government seeks is from the federal Government. Whether the federal Parliament will do what is sought, or will let the matter lie and hope that with the passage of time the urgency to have the measure passed will fade away, remains to be seen. Proposed section **4** of the schedule which incorporates the bill that this Parliament is asking the federal Parliament to pass purports to remove the Colonial Laws Validity Act restrictions in respect to repugnancy. It appears to go further and to give the State Government the power to repeal any Act that is so repugnant. The Act is not repealed by this section, but is set aside and may not apply to New South Wales legislation.

By subsection **(2)** of proposed section **4** the power of section **3** of the Colonial Laws Validity Act is retained except in respect of the proviso, which deals with an extension of repugnant legislation to New South Wales. This probably could have been done in another way. Section 4 could have dealt with section **2** of the Act and left section 3 intact. Provision could then have been made that the proviso to section **3** would not extend to New South Wales. Subsection **(3)** of section **4** appears to retain the manner and form rule that was first spelt out, at least in terms of New South Wales law, in Trethowan's case and other cases. The Attorney-General intimated that that would mean that laws requiring the Queen's assent or a referendum would still have to abide by the manner and form restrictions, notwithstanding that it may have been wasteful of the time and finances of the people of New South Wales. Paragraph (b) of subsection **(3)** of proposed section 4 deals with the savings provisions in respect of the Commonwealth of Australia Constitution Act and the Act known as the Statute of Westminster.

I commend the Attorney-General and Minister of Justice for taking a brave step. He has put the ball in the court of the federal Parliament. Time will show the bona fides of the federal Government's so-called new federalism policy aimed at having the States stand on their own feet. One day we may see this legislation come into effect, when the States will be without its present shackles and may have even extraterritorial power. The recent legislation brought before the House by the Minister for Transport concerning straw transport companies may be defeated by off-shore straw companies. If that were to occur, reciprocal legislation with other States may overcome the problems associated with off-shore straw companies. Government supporters wish the legislation well. It will enable the federal Government to demonstrate its bona fides.

Motion agreed to.

Bill read a second time.

Third Reading

By leave, bill read a third time, on motion by Mr Walker.

SUPERANNUATION (AMENDMENT) BILL

STATUTORY AND OTHER OFFICES REMUNERATION (SUPERANNUATION) AMENDMENT BILL

Second Reading

Mr HILLS (Phillip), Minister for Industrial Relations, Minister for Technology and Minister for Energy [5.33]: I move:

That these bills be now read a second time.

At the introductory stage, I indicated that the Superannuation (Amendment) Bill incorporates a number of important changes to the Superannuation Act, 1916, as well as certain minor amendments to that Act. The cognate Statutory and Other Offices Remuneration (Superannuation) Amendment Bill merely provides for the determination of the rate of salary applying to the new office of full-time elected member of the State Superannuation Board. This office is established under the amendments contained in schedule 4 of the Superannuation (Amendment) Bill. The provisions of the remuneration bill are in accordance with the usual practice regarding determination of statutory appointees' salaries and that bill needs no further explanation.

I propose to deal with the provisions contained in the Superannuation (Amendment) Bill in the order in which they appear in the schedules of that bill. Schedule 1 provides for increases in pensions payable under the Superannuation Act, 1916, where the fund member concerned ceased to be employed before 30th June, 1971. Before describing the nature of the increases, I should explain the reasons for their being provided. Pensions payable from the State Superannuation Fund are automatically adjusted in October each year in line with movements in the consumer price index for the year ended on the preceding 30th June. The first increase under this system was paid in October 1974. Special increases were also paid in December 1973, which applied to pensions that had been in payment before 1st April, 1973.

The combined effect of the 1973 increases and the system of automatic annual adjustment of pensions has been to compensate fully for movement in the cost of living since July 1971. The full cost of all these increases is met by employers. There has been considerable discussion whether pensions to a contributor ceasing to be employed before 1st July, 1971, should receive some additional increase to compensate for movements in the cost of living which occurred before the September quarter of 1971. Such movement was not fully offset by the pension increases paid in earlier years. The various unions involved, and particularly their retired officers associate groups, have made strong representations on this matter during the past three to four years. The increases proposed ensure that those pensions are now adjusted to take account of cost of living erosion not previously compensated for.

The increases to be paid range from 33.6 per cent, where the fund member ceased to be employed prior to 1st July, 1948, to an increase of 3 per cent, where retirement or death occurred in the period 1st April, 1971, to 30th June, 1971. The cost of providing these increases is considerable and the Government has decided that they should be phased in over a period of three years. The higher increases for pensions longer in payment are already being paid in full. The smaller increases for the more recent pensions are to be paid in two or three stages, depending on the case, up to July 1980. I should emphasize the fact that some of the increases provided for in these amendments have already commenced to be paid, under ministerial authority, and in those instances the legislation validates payments already made. There have been several occasions in the past when superannuation increases have been paid in anticipation of validating legislation. Those entitled to an increase of more than 5.1 per cent were paid with effect from April 1978, and most other pensioners received their full increase, or the first instalment of their full increase, on the first pension pay day in October this year.

Details of the increases payable in respect of pensions commencing during various periods are set out in the table which will be found in schedule 1 of the bill. As in the case of the automatic annual adjustment of pensions and the special 1973 increase, the full cost of the increase is to be met by employers. On the basis of the most recent actuarial valuation of the State Superannuation Fund, which was made as at 30th June, 1975, and completed late in 1977, it is clear that there is no capacity in the fund to meet the cost of any additional benefit. The cost to the Government in the first full year of operation, if all the increases had commenced to be paid in full on the same date, would have been almost $3 million. In view of the Government's other budgetary commitments, the phasing in of the increases over three financial years was considered necessary, as I have said. In 1977–78 the increases in payment were only from March 1978 onwards and the cost to 30th June, 1978, was approximately $500,000. The estimated cost for 1978–79 is approximately $2 million.

There are several details of the arrangement for the increase which I should mention. The first is the manner in which the size of the increase for a widow's pension is calculated. I have already referred to the size of each increase being based upon the date on which the contributor concerned ceases to be employed. In the case of a widow's pension, the effect of this principle is that the amount of her increase is determined by the date of commencement of her husband's pension, where he retired before his death. This practice ensures that the widow is compensated for inflation that eroded her husband's pension and, consequently, her pension, which represents two-thirds of the deceased husband's entitlement.

Provision is also made for the State Superannuation Board to withhold a part of any increase payable under these amendments in cases where payment of the full increase would prejudicially affect the pensioner in regard to other benefits which he or she receives, for example, the fringe benefits associated with social security payments. This is in line with the practice under the fund's system of automatic annual adjustment of pensions. In the case of the long-standing pensions, which are generally to receive increases greater than 5.1 per cent, a special provision applies if those pensions were increased under the 1970 legislation. In affected cases, the increases now paid may be less than those shown in the table, because of the additional pension payable under the 1970 legislation. In any such case, however, the increase now paid would be at least 5.1 per cent. Pensions under the police superannuation scheme are also being increased in a manner similar to that provided for in these amendments. The police increases are being dealt with in a separate bill. Following payment of these increases, all pensions paid from the fund will have been adjusted to compensate for inflation during the period of payment.

Schedule 2 of the bill introduces into the State Superannuation Fund an interim system of benefits for eligible children of deceased women fund members and, where dependency is established, for their widowers. The Government has undertaken to provide family benefits for women members of the fund on the same basis as they are available to male members. However, because of the cost involved in providing family benefits for women on that basis, which I shall outline in a moment, the Government has necessarily had to approach implementation of the undertaking in stages. Children's and widowers' benefits payable under the interim system are to be financed wholly by the Government and statutory employers involved in the scheme. The benefits to be paid under the system are as follows.

Eligible children of a deceased female contributor, or of a deceased female pensioner who was formerly a contributor, will be entitled to pension at one of two levels. Children's pensions are payable automatically to the child's eighteenth birthday and many continue to the child's twenty-fifth birthday while he or she is a full-time student. The higher rate of child's pension, currently $35.97 a fortnight, is payable if the child's father is deceased or was divorced from the deceased mother. The lower rate of a child's pension, at present $14.38 a fortnight, is payable to all other children. These rates of pension are adjusted annually in line with movements in the consumer price index. These pension benefits are identical with those available in respect of eligible children following the death of a male fund member.

Where the woman was unmarried at death, the fund's withdrawal benefit may be paid, without pension. Alternatively, children's pensions at the higher rate and a refund of her contributions to her estate may be determined to be payable. The decision in this regard must consider the best interests of the children. Where the woman was married at death and her husband later dies while pension is still payable to the children under age 18 years, a refund of her contributions, less any widower's pension paid, is made to her estate, and children's pensions increase to the higher rate.

Pensions will be payable to widowers of deceased women contributors, and deceased women pensioners who were former contributors, if certain conditions can be satisfied by the widower. To be eligible to receive a pension it will be necessary for a widower to meet two conditions. First, it is required that he be unable to earn an adequate income in his own right in the long term. The most widely understood tests of inability to earn income are found in the social security system. It is intended to use those tests for the fund's purpose. Regulations to be made under the legislation will provide that a widower will be treated as having satisfied this requirement if he is of an age where he would be eligible for social security age pension; or if his

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health is such that he would be eligible for social security invalidity pension; or if he is left to support children and would be eligible to claim a social security supporting parent's benefit. A discretion will also be provided under the regulations for the State Superannuation Board to treat a widower as having satisfied this requirement if, in the board's opinion, his circumstances are the same, in all appropriate respects, as those of a widower who falls in one of the three specific categories I have mentioned.

The second requirement is that a widower be able to demonstrate that his total income from all sources, other than benefits in respect of children he supports, is less than a specified level to be prescribed by regulation. The level prescribed will be the adult minimum wage for New South Wales, which is currently $116.30 a week and is adjusted regularly by the courts. A widower who meets the inability to work and income criteria will be eligible for pension from the fund. That pension could be as high as two-thirds of his wife's entitlement, which is the same proportion of a deceased husband's entitlement as a widow receives. However, if payment of that two-thirds pension would cause the widower's total income from the fund and other sources to rise above the adult minimum wage, his fund pension will be reduced so that total income is equal to the adult minimum wage. Benefits payable in respect of children will be excluded from the calculation of total income.

The amount payable to a widower will be adjusted regularly in line with movement in the adult minimum wage, changes in the widower's other income, particularly social security income, and increases in the fund pension under the system of automatic annual adjustment of pensions. Such adjustments will be subject to the condition that the widower's total income does not exceed the adult minimum wage as prescribed from time to time.

I have mentioned that under the interim system the benefits for the families of women vary from those available to families of male fund members. Two of those variations are of major importance. The first is the test to be applied to widowers to determine whether they are able financially to provide for their own support and the limitation on the amount of widower pension that may be paid. The purpose of this variation is to distribute, in the most practical way, the limited resources which the Government is able to allocate in this area at the present time. It must be remembered that benefits in respect of widowers and children payable in terms of the interim system are being financed wholly by the Government and statutory employers.

The Government has already stated its commitment to uniform treatment of men and women fund members in regard to the benefits available to their families. However, the Government has had to face the fact that the costs of achieving such uniform treatment at the present time are considerable. The current contributions payable by employers under a full system of family benefits for women have been estimated to be in excess of $4 million in the first year. That cost is exclusive of pension subsidies payable on benefit emergence. That amount would rise significantly, particularly in the early years of operation of the system. Pension subsidies payable by employers whenever a widower or child's pension actually commenced to be paid would be additional.

The cost of the interim system during the period 1st January, 1979, to 30th June, 1979, is not expected to exceed $50,000. The cost for the year 1st July, 1979, to 30th June, 1980, is expected to be less than $150,000. The costs would rise for some years if the interim system continued in operation, but would ultimately stabilize. In the present situation, where available resources require that expenditure be limited, the Government is satisfied that the most equitable method of allocating those resources is as proposed in the bill.

The second variation is that where the children and the widower would be best served by being treated as if these amendments had not been made, the State Superannuation Board can cause these amendments not to apply in their case. In that event, a benefit would be payable to the estate of the deceased woman contributor, as is the case under the legislation now in force, as if the woman had resigned on the date of her death. That benefit would be the fund's withdrawal benefit, consisting of a refund of the woman's own contributions and, depending upon her length of fund membership, an interest payment and an additional payment provided by the fund.

The remaining two variations are comparatively minor. One is that the pension payable to a widower is not to be commuted to a lump sum. Widows' pensions payable from the fund can be commuted but there are two principal reasons for requiring that the widower's pension not be commuted. First, the whole of the benefit is financed by employers as the pension is paid. No part of the widower's pension is financed by reserves built up in the fund by the contributions of employees or employers. The principle is well established in the State Superannuation Fund that, where a particular type of benefit is fully financed by the employer, particularly on a pension subsidy basis, that pension is not to be commuted to a lump sum. This principle applies at present in the case of cost of living adjustments to pensions and reduced-value-unit pension.

The second reason is that the continuing payment of a widower's pension is dependent on the widower satisfying the various criteria I have mentioned. The commutation arrangements in the fund are based on the principle that the pensioner exchanges a lifetime right to pension for a lump-sum payment. Of the types of pension that can be commuted, the only exception to the rule that a life entitlement apply is the widow's pension, which ceases on remarriage. However, the probability of remarriage occurring is a factor which the actuaries are able to take into account statistically when determining the lump-sum value of the pension which is to be forgone. Because the widower's pension is paid subject to financial circumstances and ability to work, it cannot be regarded as a lifetime right. It would be virtually impossible to estimate the capital value of such a future widower's pension, as there is no way of knowing how long it will continue to be paid. In any event, it is regarded as appropriate that the widower's pension be paid on a fortnightly basis in view of the fact that its purpose is to alleviate financial hardship.

The final variation provides for the State Superannuation Board to reduce the amount of a widower's pension where that would be in the widower's best interests. Reduction in the pension may be appropriate if, as a result, the widower could gain or retain access to other forms of benefits, such as social security fringe benefits, which had greater value for him than the fund pension withheld. The basic pension payable to a widow cannot be reduced in this way, although some components of all pensions payable from the fund, namely cost of living adjustments and reduced-value-unit pension may be withheld by the board for the reasons mentioned.

There are several minor aspects of the widower pension arrangements introduced by the bill which are identical to the arrangements for widow's pension. These include suspension of the widower's pension during any period of remarriage and non-payment of pension where the woman married after her retirement. The provisions of the bill in regard to family benefits for women commence to operate from 1st January, 1979. The widowers and the children of women who die on or after that date will receive benefits as I have described.

It has been considered appropriate also to provide benefits from 1st January, 1979, for the widowers and children of women who died before that date. Eligibility for these benefits would be determined as though the interim system of family benefits for women had always been in operation. In the case of a widower, the effect of this

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arrangement is that the widower would be eligible for pension as irom 1st January, 1979, provided he was able to satisfy the various requirements incorporated in the legislation and the regulations continuously from the time of his wife's death until 1st January, 1979. I emphasize, however, that no payment will be made in respect of a period earlier than 1st January, 1979. I am confident that this interim system of family benefits for women represents a significant improvement in the scheme and will assist the families of deceased women fund members until the full system is introduced.

[Mr Speaker left the chair at 5.58 *p.m. The House resumed at* 7.30 *p.m.*]

Mr HILLS: Schedule **3** to the bill provides for the discontinuation of the payment of increased pension rates from the fund where a contributor retires or dies at age 62 years or later. Provision for this payment resides in section 28B of the principal Act. Normal retirement in the State Superannuation Fund occurs at or after the age of 60 years, except for women who elect, at fund entry, to contribute for retirement on full pension at age 55 years. Section 28B was introduced with effect from 1st July, 1972. It provides for an increase in the basic rate of fund pension where a contributor retires at or after age 62 years and has continuous fund membership of eleven years or more. Two-thirds of such additional pension is also payable to the widow of a male contributor or pensioner who had an entitlement under the section. The maximum benefit under section 28B occurs where the contributor has completed forty years of continuous fund membership. In such a case, the normal pension on retirement is increased by 10 per cent where retirement or death occurs at age 62 years; 20 per cent where retirement or death occurs at age 63 years; and 30 per cent where retirement or death occurs at age 64 years or later. Persons retiring at these ages with continuous fund membership between eleven and forty years receive proportionately reduced percentage increases.

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

There are several reasons for the Government's decision to phase out the operation of section 28B. The original reasons for the introduction of these provisions lack force in the current environment. Considerations which, I believe, influenced the establishment of the provisions included the wish to offset the trend toward earlier retirement, which was thought to be developing following introduction of the lump-sum option in 1970; the desire to compensate fund members for pension forgone as a result of their continued service after age 60 years; and the need to offset staff shortages in certain areas of Government employment.

The overriding consideration in regard to employment at present is, of course, the prevailing high level of unemployment. Provisions of a superannuation scheme which even tend to encourage later retirement are out of phase with action being taken in other areas by this Government toward mitigating the disastrous effects of that unemployment. It is not expected that the removal of the section 28B provisions will necessarily result in any significant movement toward earlier retirement. However, any small gain in that area would be of some value.

Regarding the question of compensating fund members for pension foregone by later retirement, it does seem that other provisions of the legislation allow the individual certain options of which he can take advantage. I refer to the continuing access to additional pension, based on additional units, attracted by salary increases for as long as the contributor remains in employment after age 60, and the contributor's right to elect to commute and take a lump sum. This lump sum is in no way reduced by the contributor's later age at date of commutation. In any event, it is apparent that although the provisions of section 28B confer an advantage on certain fund members retiring or dying after normal age, the advantage does not extend to all members, and in so far as it does not, it is anomalous. To vary the benefit so that all persons retiring or dying after age 60 years could take additional pension, irrespective of length of fund membership, would place an intolerable burden on both the fund and the Government. The additional costs could certainly not be justified, having regard for other more significant features of the fund that currently require attention and are likely to result in additional costs.

I point out also that the section 28B provisions have been opposed by employee associations since their introduction. Members of the present Government, including the Premier, spoke against the benefit in 1972, and there has been no reversal of our attitude since that time. Recently the State Superannuation Board and the Public Service Board have considered the matter and have agreed that the continued operation of the benefit is not warranted in present circumstances. In removing these provisions at this time, the Government recognizes the reasonable expectations that fund members may hold in regard to the existing arrangement.

The Government has decided, therefore, that fund members who would reach age 62 years before 1st July, 1979, and would have access to the additional pension if they were to retire or die after that date, require particular consideration. However, it would be unreasonable for that group of contributors to continue to accumulate an additional percentage increase under the existing legislation as they continued to work after 1st July, 1979, while contributors reaching age 62 years after that date no longer had access to any additional benefit at all. The bill, therefore, provides that contributors who are eligible to receive the additional pension on or after 1st July, 1979, will receive a percentage increase in pension calculated as though they had retired on 1st July, 1979. This percentage will be applied to all the units of pension they hold at the time of their retirement or death.

The choice of 1st July, 1979, as the date on which entitlement to additional pension under the existing legislation is to be frozen is regarded as providing adequate notice of the action being taken. An announcement of the Government's intentions has already been made. The bill makes provision also for employers to be required to pay to the fund additional moneys should the discontinuation of the section 28B provisions result in an increased fund liability which, in the opinion of the actuaries valuing the fund in terms of section 10 (3) of the principal Act, warrants the making of such payment. The payment would be made under a regulation to the principal Act, but only on the recommendation of the Minister responsible for superannuation matters, and with the concurrence of the Treasurer, and on the basis of a report by the valuing actuaries to the effect that the additional payment was warranted.

The need to provide the fund with this additional protection arises from the degree of uncertainty that inevitably surrounds a forecast of the financial consequences of discontinuing this benefit. The fund's actual liabilities for payment of its share of the additional benefit represent only a small fraction of its total liabilities. However, if discontinuation of the additional benefit were to result in contributors bringing forward their retirement to a significant extent, the fund's liabilities would increase due to pensions generally being paid over a longer period. These increases in liabilities could outweigh the savings resulting from removal of the section 28B provisions.

Schedule 4 of the bill will reconstitute the State Superannuation Board so that in future the board will consist of five members, two of whom are to be elected by fund members. At present the board consists of a president and three members, of whom one must be an actuary and one a contributor. The president and one other member are full-time executives of the board. The actuary and the contributor are part-time members. Since the fund commenced operations, board members have—so far as can be established—been members of the fund. All of the present members are appointed by the Governor. The appointment of the contributor member is made after consultation between the Minister and employee organizations. With the exception of the contributor member, who is appointed for three years, the term of office of the board members is seven years. The office of contributor member is to be abolished by this bill and replaced by an office of full-time elected member and an office of part-time elected member. The other existing offices are to be retained.

For some time members of the State Superannuation Fund, through representations by the Combined Public Service Unions of New South Wales, have sought an increase in their direct representation on the board. Although all present members of the board are contributors and the board is not seen as representing sectional interests within the fund, nevertheless the Government believes it is appropriate that contributors and pensioners should directly elect certain members of the board. It is the view of the Government that amendments to this effect contained in the bill are the most appropriate method of achieving additional fund member participation on the board. The machinery for election of members of the board will broadly follow precedents existing in elections for offices in other statutory bodies. However, there are several specific details of the elections that will be of interest. The bill provides that elections for both elected offices will be held jointly every three years.

Where an extraordinary vacancy occurs in one office of elected board member, before the three-year term of office expires, a person may be appointed to fill the vacancy until the joint elections are due. Such an appointment would be made after consultation by the Minister with employee and pensioner organizations. Should both offices fall vacant prematurely, the joint elections would be held immediately the second office became vacant. Only a fund contributor is eligible to be nominated for the position of full-time elected member. **A** person who is either a fund contributor or fund pensioner is eligible for nomination for the position of part-time elected member. It is to be necessary that any contributor nominating for the full-time or part-time position be a member of a union. The requirement of union membership does not apply to a pensioner nominating for the part-time position. Nominations for either position must be endorsed by thirty fund members, who need not be members of unions.

Honourable members will recall that, at the introductory stage I intimated that it was originally suggested that nominations for these positions on the board could only be made by a registered union which included amongst its members contributors to the fund. The Government's view, however, is that such basis for nomination is not appropriate and the Government has determined that any fund member, subject to the qualifications to which I have just referred, should be able to nominate. Before seeking agreement to the second reading of the bill I interviewed members of the Combined Public Service Unions of New South Wales. They indicated their disappointment at the Government's decision to provide that any person who was to be a contributor should be able to nominate and also that a pensioner could nominate without having the nomination of the union. The representatives voiced strong disapproval of the Government's change of attitude, but I intimated on behalf of the Government that the most democratic way of dealing with the situation was to allow people to be able to nominate freely provided that thirty persons signed the nomination paper. Although they expressed dissatisfaction with the Government's decision I intimated that the Government's view was firm. There was insufficient time prior to the introductory stage fully to incorporate in the bill provisions effecting this change in the nomination basis. I propose, therefore, to move at the Committee stage that the bill be appropriately amended to ensure that this aspect is suitably covered.

This variation to the basis of nomination of the new members to the board necessitates my seeking at the Committee stage two other amendments that may be described as consequential. First, every contributor nominating for election must declare one and only one union for the purpose of his nomination — in other words that he belongs to a union for the purpose of his nomination — notwithstanding that, in fact, he may be a member of more than one union. It is possible for a person to be a member of two unions. Such a person would therefore be asked at the time of nomination to indicate one union for the purpose of his nomination. Second, two persons who have both declared membership of the same union cannot be elected to both positions at an election. As the bill is at present drafted a provision covering this aspect in part is included, but certain modifications are necessary.

Schedule 5 of the bill contains a number of important amendments concerning the nianner in which the fund may be invested. The principal Act sets out, in some detail, the forms of investment which can be undertaken. Briefly they are: securities of the Government of New South Wales, loans to local government bodies and building societies, approved trustee investments, shares, debentures and unsecured notes, loans to the Crown with security over land or other assets. mortgages over land and buildings, and purchase or lease of land and buildings. The principal Act prescribes a number of requirements governing such investments.

The investment powers of the State Superannuation Board have reached their present form through numerous amendments to the Act, particularly over the past decade or so. Although such amendments have to some extent enabled the board to adapt its investment strategy to changes in economic and investment conditions, unnecessary restraints are imposed on the way in which the fund may be invested. These make it difficult for the board effectively to discharge its investment responsibilities at optimum levels. I shall explain briefly the nature of each of the investment amendments proposed. The provisions of the bill will enable the board to acquire personal or real assets either alone or jointly with other parties with the objective of providing investment income from the sale, lease, hire or other utilization of these assets by the Government of New South Wales or its agencies; and to make loans on the security of any form of promissory note, bill of exchange, letter of credit. guarantee or other security of or by the Government of New South Wales or its agencies.

These amendments will extend and clarifv the present authority of the board to invest in areas of Government interest, other than by way of direct loans to semi-government authorities. The board has already been involved in leveraged lease investments with Government authorities — for example, in connection with the supply of buses to the Public Transport Commission. It is considered, however, that the legislation requires clarification in certain respects and that the relevant power should be extended to facilitate similar investments. Substantial investment opportunities are seen to exist in leasing and associated areas where the Government or its agencies are involved. Such investments will aid in the development of the State while retaining maximum security and an acceptable financial return to the fund.

The bill contains a specific provision covering sale and buy-back arrangements affecting investments in semi-government and local government securities. The board, on the basis of advice from the Crown Solicitor, has been engaged in transactions of a type covered by this amendment. The amendment is sought only because it is considered that the authority should be explicit in the statute, rather than left to be inferred. The bill provides also that the board may invest in building societies registered or incorporated under the law of New South Wales whether by way of loans to such societies or by the acquisition of shares therein. As is well known, the board already provides substantial housing finance to members of the fund. This is done through loans to terminating building societies.

A further amendment would enable the board to invest in bills of exchange, promissory notes, and other forms of security that are endorsed or accepted by a major trading bank. The authority to invest in this area would have the protection afforded by the requirement that the particular instrument of investment must be endorsed or accepted by a major trading bank. The bill contains two amendments in relation to the board's investments in real estate and have as their object the generation of an improved return. The first amendment relates to the board's authority to invest by way of improvement, alteration or maintenance of real or personal property in which it has an interest. Already the board has certain powers in relation to these matters but the powers are not complete. In terms of the legislation as it stands, it appears that the board may not have the authority to improve property that it acquires through foreclosure of mortgage. This is an anomaly and the absence of such authority places the board in the untenable situation of having ownership of a property that it is required to manage toward an optimum return, but without the right to engage in expenditure necessary to achieve that return.

The second amendment in respect of property investments will enable the board to purchase and install, or to take security over by way of mortgage or other charge, plant, furniture, and so on, in premises in which it has an interest. There are also provisions that will enable the board to make loans to or lodge deposits with, or invest in any other form of security of the major trading banks. The board already has the power to invest in the shares of banks where their capital structure and profitability satisfy the requirements of the legislation. In certain circumstances the board can also deposit funds with banks but it cannot take advantage of all investment opportunities provided by the bank, even if the bank has liability for repayment. Again, the extension of power is seen to be warranted, having regard for the desirability of the board to be enabled to spread its investments, subject to the investments being sound and justified by returns.

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

The final amendment will increase the board's overdraft limit from $2 million to $5 million. This amendment merely reflects the increase in the scale of the board's investment activities since 1969 when the present limit was fixed. The feature of these amendments that I would particularly like to emphasize is that they increase the flexibility with which the fund may be invested. The new types of investment contemplated do not entail greater risks than are involved in the present investment powers. In fact, certain of the amendments will enable the board to invest with greater security, but without diminishment of return.

Before concluding my comment on this investment amendment, I mention that, apart from three amendments which clarify or expand existing powers, it is not proposed to extend the new powers of investment to other government financial institutions at this time. There are several such institutions the investment powers of which are established by reference to the Superannuation Act, 1916, such as the Local Government Superannuation Board and the New South Wales Retirement Board. The new investment powers in question have been specifically sought by the State Superannuation Board, having regard to its investment policy and the needs which it has identified in regard to effective investment performance. Should any of the other organizations in question consider that it should have similar powers, it would, of course, be open to that organization to seek them at the appropriate time.

Schedule 6 of the bill provides for an extension of the existing financial guarantee of the fund under section 9c of the Superannuation Act, 1916. There are several consequential and minor amendments in regard to those provisions. The schedule provides also for the waiving of a specific payment which, but for the amendment, would be due by employers. In connection with these amendments I should like initially to comment briefly on the report of the twelfth valuation of the fund which gives rise to them. Section 10 of the principal Act requires that an investigation as to the state and sufficiency of the fund shall be made each three years by no fewer than two actuaries. The twelfth valuation of the fund required as at 30th June. 1975, was completed in December last year. The report and the board's letter setting out its views on the significant findings of the valuation, were tabled on 28th February, 1978.

As honourable members know, that report disclosed a deficiency of $59 million. The purpose of these amendments is to remove that deficiency. The report draws attention to the fact that when regard is had for the surplus of assets over liabilities amounting to $25,585,000, which the 1972 valuation disclosed, the present deficiency of $58,849,000 indicates a "net deterioration of some $84,434,000 in the financial condition of the fund during the intervening three years". The actuaries advise that more than half of that deterioration results from certain additional benefits provided by the 1972 legislation to apply on resignation and death after five years' contributory service. They point out that these benefits were provided without there being any concurrent provision for additional contributions or guarantees of a type that could be valued in the course of an actuarial valuation.

The actuaries have estimated the value of those additional benefits as at June 1975 to be $46,272,000 in respect of then existing units. They state that the causes of the remaining net deterioration of $38,162,000 include a general tendency to earlier retirement, improved longevity among pensioners who do not commute part pension to a lump sum compared with those who largely commute, and inadequate contribution rates.

It is not the intention of the Government at this time to increase contribution rates. The State Superannuation Board is examining the general findings of the valuation report and, in conjunction with the Government Actuary, is considering action that it may be desirable to take to protect the fund. The question of variation of contribution rates is to be considered following the valuation of the fund as at 30th June, 1978, which is at present being undertaken. The action proposed to be taken at this time, in response to the results of the valuation, is to amend the Act as I have briefly outlined at the introductory stage. I stated at that time that the principal amendment involved an extension of the guarantee given by the Government and the statutory authorities involved in the scheme in regard to certain fund liabilities. I undertook to explain the guarantee at this second reading. Section 9C of the Superannuation Act, 1916, provides that if, in any year, the fund is unable to meet the costs of certain liabilities from its earnings in excess of $5\frac{1}{2}$ per cent per annum, the employers will meet the shortfall. However, the guarantee is qualified to the effect that it may not be invoked in any year until the earnings above $5\frac{1}{2}$ per cent per annum that are surplus to the liability costs of previous years since 1971 have all been used. The bill before the House extends that guarantee with effect from 1st July, 1975. No additional Government expenditure is involved at this time in the extension of the guarantee. The valuation report contains this statement:

> There will be no call upon the employers' guarantee while the average rate of interest earned by the Fund maintains its present level (and the immediate prospect is for some further limited increase in that rate).

That statement by the valuing actuaries assumes a certain course of action being taken in response to their findings, which the present proposal covers. The bill goes slightly beyond the extension of the guarantee sought by the valuing actuaries for correction of the deficiency. This is done in order to achieve some simplicity of the financial structure of the guarantee in question. The extension is minimal, being less than 3c a week of a widow's pension. The second amendment contained in this schedule has the effect of relieving the Government and statutory authorities involved in the scheme of an immediate payment.

Broadly speaking, section 38A of the principal Act states that where a valuation of the fund discloses a deficiency employers are to make a payment to the fund. The payment relates to that part of withdrawal benefits paid during the three-year period subject of the valuation which is in excess of personal contributions and interest on those contributions. The three-year period in question is 1st July, 1972, to 30th June, 1975. The amount that the Government and statutory authorities would have to pay, if such payment were not to be waived by this amendment, is in the region of $2 million.

When the guarantee contained in section 9C of the principal Act is extended, as proposed in this bill, the deficiency is removed as from 1st July, 1975. That is the date to which the guarantee extension is made retrospective. It is considered, therefore, that it is reasonable to waive the requirement for payment of the amount under section 38A. The State Superannuation Board has advised to that effect. It is emphasized that the general liability which section 38A imposes on the Government and statutory authorities is not being waived in this bill. Only the need for payment of the particular amount arising as a result of the deficiency disclosed as at 30th June, 1975, is waived.

The remaining amendment contained in this schedule corrects an error that occurred when section 9C was amended in 1972. That amendment extended the guarantee to cover the fund's liability in respect of the additional pension payable on retirement at age 62 years or later. As the legislation stands, it requires that employers shall deduct from any payment due by them under the guarantee provisions payments they have made under the section which are not in any way related to the operation of the guarantee. This, as the valuing actuaries pointed out, largely negates the intended guarantee. The position is being corrected by this amendment. The guarantee has not been in the past invoked and, as I have previously said, it is not expected to be invoked in the foreseeable future.

As this explanation indicates, the guarantee provisions of the legislation are indeed complex. Put briefly and simply, the position could be described in this way. The valuation of the fund as at 30th June, 1975, discloses a deficiency of approximately $59 million that is somewhat technical in nature and is certainly not a reflection of any inability on the part of the fund to meet current obligations. As recommended by the valuing actuaries and endorsed by the State Superannuation Board, the principal amendment contained in this schedule will remove the deficiency on and from 1st July, 1975, by extending an existing guarantee provided by the Government and statutory authorities involved in the scheme. The guarantee extension goes slightly further than is necessary merely to remove the deficiency, and it covers an additional amount of less than 3c a unit a week of widow's benefit. No additional Government expenditure will result from the amendment at this stage. The valuing actuaries have stated that the guarantee is not likely to be invoked for as long as the present earning rate of the fund holds. They add that present expectation is for a limited increase in that rate. As the deficiency is being removed from July 1975, it is thought reasonable to waive the payment to the funds by employers that otherwise would result from the disclosure of the deficiency. The bill effects an amendment in that regard also.

Finally, a defect in the present wording of section 9C is being corrected to remove an error that resulted from a 1972 amendment. The general amendments contained in this schedule will have retrospective effect to 1st July, 1975, and operate so that the valuation of the fund as at 30th June, 1978, can take account of them. The amendment correcting the error that resulted from the 1972 amendment is to be effective from the date of commencement of the 1972 legislation.

Schedule 7 of the bill deals with a variety of amendments, some of which are of a consequential nature and do not require comment. However, I shall mention three amendments specifically. The first of these revises to a minor extent the language of those provisions of the prinicpal Act which require the medical examination and assessment of persons who become eligible to enter the State Superannuation Fund. The present legislation in this area was introduced by the Superannuation (Amendment) Act, 1977. Under the Act the State Superannuation Board was given discretion to reject from fund membership a person who fails to satisfy the requirements of the prescribed medical examination. The effect of the discretion is to permit the rejection of persons who cannot satisfy the basic health standard for permanent appointment. The discretion is necessary, of course, to protect the fund against health risks which are too great.

It has been suggested that there may be some ambiguity about the use of the words "fails to satisfy the requirements of the examination". The amendment now made seeks to clarify the legislation by stating that a person may be rejected from membership if he or she fails to pass the examination. The amendment will have retrospective effect to 13th January, 1978, the date of commencement of the current legislation in regard to medical examination and assessment. I emphasize that the change in language is for greater clarity only and will not alter the rights of any potential fund member.

The second amendment that I wish to mention also relates to the legislation concerning the rejection of potential fund contributors on medical grounds. At present the Act is not specific in regard to the manner in which a person previously rejected from membership may enter the fund after passing a further medical examination at a later date. The intent of the legislation is that this should be possible. The amendment contained in this schedule merely specifies that the time at which such a person may become a contributor is the occasion of passing the subsequent examination. The amendment is retrospective to 13th January, 1978. To date, no fund member has been affected by this aspect of the legislation.

The final amendment of significance, contained in schedule 7, concerns the level of benefits under the system of common breakdown and death benefits introduced by the Superannuation (Amendment) Act, 1977. Under that system a formula provides for a reduced benefit on breakdown or death in the early years of fund membership. This formula would operate incorrectly should a case arise where a person enters the fund during the year before reaching the minimum age for normal retirement, but retires on breakdown pension or dies before reaching that age. Although such an occurrence is extremely unlikely, correction is obviously necessary and the amendment contained in this bill effects the correction as from 13th January, 1978, when the relevant legislation commenced.

In addition to these three amendments and the consequential amendments already mentioned, schedule 7 includes four amendments which correct other minor errors and omissions in earlier legislation. These minor deficiencies have not affected the rights and obligations of any fund member under the Act. The amendments complete the implementation of the Cabinet approvals on which the earlier legislation was based. Schedule 8 of the bill provides savings and transitional provisions relating to the reconstitution of the board. The main functions of these provisions are to ensure that the present structure of the board continues until the new members take office, to ensure that the new board will have continuity with the existing one and to provide for the first elections to be held before the board itself is reconstituted. The amendments contained in the bill have been discussed with unions representing fund members. Apart from the matter to which I referred when dealing with schedule 4 of the bill, which schedule covers the additional membership on the State Superannuation Board, the amendments are fully supported.

The Superannuation (Amendment) Bill introduces a number of significant changes to the State superannuation scheme, notably an interim system of family benefits for women; the reconstitution of the board to include a full-time member elected by contributors and pensioners; the extension of the board's investment powers; and finally provisions increasing pensions which emerged before July 1971. I am satisfied that, subject to the amendments that I shall move at the Committee stage, the measures contained in the bill will result in considerable improvement of the scheme. I am pleased to commend the two bills.

Mr SCHIPP (Wagga Wagga) [8.10]: I congratulate the Minister on his expansive explanation of the measures contained in these rather extensive amendments. It has not been an easy task for him to be on his feet for more than an hour reading into *Hansard* these detailed explanations. However, when dealing with complicated amendments of this nature I think it necessary to explain them in full so that people reading the parliamentary debates will be able to understand exactly what is proposed. These amendments are of a complex nature. It has become almost an annual event that voluminous amendments to superannuation statutes come before the House. It is rather unfortunate that usually they are dealt with at a late stage of the year. The Opposition understands the reasons for some of these amendments being brought fonvard in a hurry. However, others might have been dealt with in a more relaxed way so that the Opposition might have had more opportunity to study carefully their ramifications and perhaps seek advice as to their effect.

I do not pretend to be an expert on this subject. It has been a rather difficult weekend for me, boning up on it as far as I have gone. Perhaps we should adopt the South Australian procedure of the Minister reading his second reading speech into Hansard and further consideration of the matter being delayed so that all and sundry might study the speech, analyze it and properly prepare their submission or contribution to the debate. This would be helpful, particularly with regard to amendments that cover such a broad range of matters as these proposed amendments to the State Superannuation Act.

Perhaps these amendments could have been dealt with in two categories. First, the benefit increase provision might have been brought forward at this stage to fulfil promises made by the Government. The Opposition has called upon the Government to bring up to date pensions paid to people who retired before 1971 so that they might meet today's costs. Pensions paid to these people should be brought into line so that indexation means something to them. We have heard highlighted the difficulties faced by about 10 000 superannuees who retired prior to 1971. We have heard examples of people who receive pensions as low as $4 a week. The example brought to my attention specifically was a pension of $21 a week. The second category is the investment provisions, which open up a different field entirely. This could have been dealt with in a more relaxed way by bringing it forward at a later stage and dealing with it separately.

In considering any matter relating to superannuation one must look at what is occurring elsewhere in the world. Differing superannuation benefits are developing a two-class society. Pressure is put upon the authorities and superannuation funds to lift benefits for employees. This creates a push on wages which, in turn, creates a push on industrial situations. What is happening in the public service sector has an effect upon the private sector. No matter what the Government does it becomes a trend-setter for the private sector. The Government must be careful not to crush people out of business through over-liberal superannuation benefits. One hears much talk of bankruptcy and all sorts of problems faced by the Government through guarantees, though it has not been called upon to contribute more. This highlights the difficulties that may arise. The Government should not lightly bring forward additional benefits without relating them to the stronger push that will occur in the private sector, which may not have the ability to match government proposals.

At one time security of employment was regarded as the principal attraction for people to join the public service. Wages and other benefits were of secondary consideration. The situation has changed dramatically. With the wage escalation that had taken place consideration must be given to whether benefits can be continued at the rate they have been flowing. The public service offers retirement at 55 years for women and 60 years for men. The private sector offers retirement at 60 years for women and 65 for men. State employees have a five-year benefit over private sector employees.

If earlier retiring ages were brought into effect in the private sector funding problems would be enormous. Most of the financing arrangements and responsibilities fall on the employers. Any consideration of expanding superannuation benefits must be looked at in the total context. Superannuation is one of the biggest issues facing that has taken place consideration must be given to whether benefits can be continued all governments in Australia. I have read reports which reveal that the combined Commonwealth and State government annual liability to superannuation schemes runs to almost $4,750 million. If that trend continues it will become an enormous load around the neck of taxpayers who are, in effect, the employers of public servants. It has been calculated that every worker who pays income tax contributes $16 out of his weekly pay packet to support State and Commonwealth superannuation schemes. That

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is a huge sum and it is growing all the time. The Opposition has supported updating of retirement benefits. Some time ago the Opposition made a call on the Government to do this. On 16th February the ***Daily Telegraph*** reported the former Leader of the Opposition, Mr Peter Coleman, as saying that:

> . . . indexation payments for more than 10 000 public servants who retired before 1971 were based on their original pensions.
>
> For people who left work many years ago, indexation payments add only a few cents a week to their pensions . . .
>
> In one case, a 97-year-old pensioner is receiving only $21 a week, while many others are receiving less than half the average weekly earnings.

The Minister said this legislation was fulfilling a commitment made by the Government at the time it took office in 1976. Many people have had a long wait to enjoy the benefits from it. The Opposition does not argue against the purposes of these increases. However, where an employer must honour extra benefits granted to his employees by the Government the Government must consider how far further increases in benefits may go. On 25th June the Sun ***Herald*** reported:

> The New South Wales Government is anxiously wondering if it can pay up to 1 500 railway employees who become eligible for generous retirement benefits next year. So far there is about $44 million in kitty, about $26 million short of what could be needed by this time in 1979.

If one takes into account the tremendous deficit of almost $500 million in the Public Transport Commission and adds to that the traditional cost thrust upon that authority by what is referred to as generous retirement benefits, the folly of going too far becomes obvious. Private sector employers are looking at benefits offered by the State superannuation scheme and wondering just how they might retain their top employees or attract capable young persons into their service. When a comparison is made between wages and superannuation schemes in the public service and the private sector, their task will be difficult.

More and more people are planning for their retirement. We are told that people will be retiring earlier and that they are looking to see where they will get the maximum benefit. Many are obviously attracted to the public service. We read volumes of documents put out by employer groups which say that one of their great worries of the future is how they can match these benefits. Obviously, they are going to be under pressure to match them if they are to get the right type of people. They are warning the Government. Honourable members must take these warnings very much to heart.

This leads to the proposition I mentioned earlier, the two classes of society. What happens to the other group? Do we now go for the national superannuation scheme. which is proving a tremendous burden around the necks of other countries? New Zealand is starting to run into trouble with its national superannuation scheme, under which employees retire on 70 per cent of their most recent wage. In Canada there is a real move to opt out of many of its public service superannuation schemes. The warning is that that country is taking on the agonizing task of withdrawing some of the benefits now available to public servants. We all know that when one gives something and then tries to take it back, that is when one runs into trouble. The Canadian Government faces what it deems to be a veritable bankruptcy situation that is developing there because of the enormous load that superannuation schemes are placing on its finances.

We all know of the position in New York where the risk of bankruptcy arose not long ago, again through government employee superannuation schemes. In the United States of America there has been a tax revolt by the people, who know that the burden of these schemes falls on their shoulders. They are the ones who pay and they are revolting against having to meet these commitments. The Canadian Government has introduced legislation to stop automatic indexation of pensions of retired public servants and other pensions. In this country we can heed a warning that anything to do with automatic indexation has a built-in inflation that goes on and on, as we see in our national wage decisions every time full indexation is met. This puts another burden on the economy. It is like the dog chasing its tail. As I say, automatic indexation of pensions is being stopped in Canada because of the cost involved. I believe the Canadian Government has taken a reasonable stand. That Government is committed to the principle that in future public service pension arrangements must be just and fair to pensioners and also in terms of their impact on taxpayers.

These amendments deal with the status of women and bring into effect the recommendations of the Anti-Discrimination Board. Although the Opposition recognizes the social change in female employment and, in essence, does not oppose the introduction of similiar superannuation provisions for both males and females, it again issues a warning about the cost involved. The Minister has announced an interim measure that phases in the benefits so that it can be afforded in the early stages. However, there are to be on-going costs for quite a number of years and we must be warned by the report of the Anti-Discrimination Board about the possibility that the male benefits may have to be reduced rather than the female benefits raised, because of the cost involved in taking the latter course.

Females retire earlier, and therefore pay in to a fund for a shorter period. Women live longer, and therefore take out a pension for a longer period. Some are not in the work force as long and have not paid in nearly as much. If they are to qualify for equal benefits, someone has to meet the cost. The male contributor is the one who will eventually have to meet the cost. Therefore, it is being suggested through the report of the Anti-Discrimination Board, and elsewhere that if females are to get equal rights, all contributors will have to accept lower benefits or pay more. This is the option now, and it will apply some pressure. Perhaps one should pay into a fund in proportion to what one receives from it. If a man takes out an insurance policy and wants it to mature at an earlier age, he pays premiums in proportion to the term over which he expects to be paying. After all, superannuation is a form of insurance for later life. If an older person wants to enter an insurance scheme, he has less time to pay in. If he wants to get the same benefit as a younger person, he pays higher premiums. We might have to look at that type of arrangement for superannuation funds. Lump-sum payments probably do this in a way, but the trend today is towards pension schemes.

The pressure today is for a general retirement age of 55 years This is inherent in these provisions and recommendations from the Anti-Discrimination Board. At present female contributors have an optional retirement age of 55 years on full pension and the pressure is to reduce the male optional retirement age of 60 years to 55 years, with the same benefits. That will have an enormous effect. It has been estimated that it would cost $100 million. I guess that was a shot in the dark; when everything is taken into account, it could be much higher.

As I have said, there is a possibility that male benefits may have to be reduced rather than female benefits increased. The final result will depend very much on the total financial implications of the change and even the board has had difficulty in quantifying the amount. I might just add there that the board also warned against retrospectivity. The bulk of the amendments do not enter into that field and we can be pleased about that fact. The basis of the report of the Anti-Discrimination Board is that there should be no discrimination on the grounds of sex or marital status and no retrospectivity of amendments to give effect to equal rights.

The report recommended that there be a three-year transitional phasing in period. It has been suggested that this period should be longer, parti'cularly for the private sector. The report dealt principally with the private sector and resulted in headlines such as that which appeared in the ***Sun-Herald*** on 27th August, **1978,** "Super for women, Battle looms". That brought to mind the change of attitude by the State Superannuation Board. It was reported that a spokesman for the board described the proposals as "repugnant to a pension scheme of this sort". That was a reference to the recommendations of the Anti-Discrimination Board in relation to the removal of discrimination in superannuation. According to the report the other major superannuation funds in New South Wales seem to endorse that response. The reason for the resistance is that the employers fear that they will have to meet the cost.

If that is a reliable report by a mystery spokesman why has it not been emphasized that the board had some doubts about the implementation of the provisions? Several reports have suggested that women live longer and therefore take a greater amount from the scheme in retirement years. One of the changes in the social pattern in Australia has occurred in the employment of females. The short stop-and-start type of employment was once part and parcel of female employment, but now career women are entering the work force and they stay working for longer periods. It has been suggested that women will work for an average of thirty years, although some of the evidence given to the Anti-Discrimination Board substantiated that to an extent they were subject to more frequent health problems and therefore sought earlier retirement. It is well known that women have a longer life expectancy than men, although recent studies tend to show that women who work for the greater part of their life are coming back to the field in relation to longevity. The stress of work is shortening their lives. Mr David Moore, the chairman of the Anti-Discrimination Board, stated that it is a most complex issue and one that should not be taken lightly. He said:

> We have listened to the actuarial arguments as well as the legal, and it is a very complex issue. But we have decided that the fairest way is for superannuation funds to operate on the simple basis of equal payments for equal gains.

The board's recommendations would mean a choice for employers in situations where actuarial differences affect benefits. Either they would have to foot the bill for the extra costs, scale down benefits for all members or have some compromise between the two. Another compromise is involved. The rates of payment will have to be increased and the benefits reduced. The definition of marriage and the acceptance of de facto relationshi'ps is questioned because of the benefits that can accrue under the Superannuation Act. That is again a matter of design that needs attention before the provisions of the bill go too far. It is worthwhile to look at the purpose of superannuation, which was fairly summed up in one of the paragraphs of the board's report in this way:

> The basic purpose of superannuation schemes today is to provide members with benefits which should be, ideally adequate and comprehensive (to the extent that the contributions payable will allow) and be understood and accepted by the members. This basic purpose should be reflected by the design of superannuation schemes.

When we talk about the adequacy and comprehensiveness of contributions, we get back to part of the problem that is created when the employer—really the public—funds additional benefits. Recognition should be given to the generous age pension and social welfare benefits available in Australia that, were not available when many of the superannuation schemes were first mooted. A recommendation has been made that legislation be prepared. Part of that recommendation involves the amendments now before the House. Benefits paid through age pensions and social welfare benefits should be calculated in the total payment to the superannuated person. For example, a married man whose wife had not been working might before retirement be receiving an annual salary of $12,000. A two-thirds pension would yield him annually $8,000. However, family income when he and his wife reached the age for national pension entitlement would exceed $12,000, including the $4,000 for the combined age pension at the married rate. That income would then represent 100 per cent of that man's salary at date of his retirement.

The board's report also points out that legislation should be prepared to take into account the continuation of discriminatory qualifying ages for social service benefits. Instead of talking about two retiring ages—60 and 65 years—there should be a uniform qualifying age for pension benefits, and social service benefits should be taken into account as an offset to benefits otherwise provided. Superannuation benefits should be primarily in the form of pensions with a small supplementary lump-sum benefit, and account should be taken of continuing changes in the pattern of employment. There is a long way to go before legislation is introduced to put the board's recommendations into effect. The board commended legislative uniformity throughout Australia because of the various attitudes in State and federal governments. That aspect should be pursued and a scheme implemented in New South Wales to cover private employees as well as government employees.

I turn now to a part of the bill that causes some doubts in the minds of members of the Opposition, namely the amendment covering employees of 62 years and above. One wonders about some of the moralistic aspects involved in cutting short the expectations of public servants who had made decisions prior to the introduction of this legislation. They will not now be able to put their plans into effect. People are told that they should plan for retirement otherwise it will come upon them suddenly and they will then be left in a difficult situation. Some public servants who studied the Superannuation Act took into account the benefits that would accrue, undertook health checks and then sought permission to continue in employment. Their employer welcomed their decision to stay on in the work force. Now the mat is being pulled from beneath their feet. The phasing out period should be extended. I shall move appropriate amendments in Committee to achieve this end.

It could be said that some employees feel they have been let down by their unions. Since these provisions were introduced in 1972 it has been union policy to oppose the incentive for people to remain on in the public service. Despite that the Government becomes moralistic when considering female contributors and how they should be looked after. The amendments as they relate to females can be put aside if they have any adverse effect upon particular employers or employees who do not come within the provisions of the bill, if it is felt by the board they would be better to go under the previous provisions.

The Opposition is not saying that the Government's policy of getting rid of this concept of incentive to work beyond age 60 should not be implemented in time but rather that there should be a further phasing in period so that the people who have made their decision and planned their lives, may put into effect those plans. I understand that last year only 166 persons came under section 28B of the Act. This year it is expected that perhaps 100 will be affected. When one considers the total

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superannuation scheme not a big amount is involved. We should assist those people who have made a decision.

Those people who have negotiated with their employer at the stage of exercising their option to continue in employment may be considered to be under a contractual arrangement. I suggest an agreement was reached that they would continue. An employer having agreed that they were welcome to continue in employment in effect guaranteed that they would be employed under the conditions of that time. Those who turned 62 years of age on 30th June, 1979, are eligible for the additional benefits but those who turned 62 on the following day are to be ineligible. That is too fine a line when one is talking about people who made decisions nearly eighteen months ago. A person, who may have made a decision some fourteen months ago and is that much closer to age 62, is denied the benefit. The person who may have gone seventeen months, or even a shorter period, toward reaching age 62 will receive the benefit.

It must be acknowledged that most people do not suddenly plan for their retirement. They start to do that when they are approaching the age when they have the option. People of 57 or 58 years make decisions and plan their later years by making various investments to come to fruition at a selected time. Part of their planning may have been on the basis that they would continue in employment. Those people should be taken into account so that their expectations are not unduly dampened. Those people have been let down by their union. The Public Service Association stated that it may be a bit of bad luck for those who will be hurt by the scheme, That does not demonstrate that the union has an interest in those who may have been its lifetime members. It is about the only part of the Minister's speech that is probably a little exaggerated, notwithstanding that the Minister qualified it later by saying that it was not expected that additional jobs would become available by moving some people out of their positions.

Active people will not remain idle in their retirement. They are usually in big demand and return to the work force. They will be offered jobs in preference to young people as they are more mature, experienced and reliable. These are all attributes of those who have served the State well for many years. They do not seek to work an extra three, four or five years through greed. Rather they find fulfilment in their work; they are motivated towards it and wish to continue in the public service with which they are familiar. Those who are so motivated will not merely retire to a life of gardening, housepainting or similar tasks. They return to the work force in some worthwhile capacity. Thus very few jobs will become available as a consequence of this bill. Some younger employees further down the seniority list who do not think ahead to their later years are pushing to get rid of the elderly people in the mistaken belief that jobs in a higher position will become available. They believe also that they will receive quicker promotion.

There may be a lesson to be learned from the staff redundancies occurring in various government departments. I have information that some departments are pleading with their employees not to retire or to move out. That is probably contrary to what the Government is trying to achieve by schedule 3 of the bill. The job that they occupy may be dispensed with. The Government's proposal may create further redundancies and young people will be denied promotion to the positions that become redundant. The fact that experienced people retire from senior positions gives no guarantee that job opportunities will be created for those further down the line. Not too many employees elect to continue working to the age of 65 years. In 1972 the average retiring age was 62f years. That means a substantial number retired below that age. About 80 per cent of those who elect to carry on make a further decision later to retire at age 61 rather than at age 62. They realize that by commuting their superanuation to a lump-sum, investing it or doing things with it, they can do just as well by retiring.

The Government should not be carried away with the belief that a lot more jobs will be created. The Government should not pull the mat from under those who have served the State well and have continued in the service in the expectation that they will be able to bring to fruition the plans they made by extending their working life a little longer. As I said earlier, this could be another thrust towards a retirement age of 55 years. At the introductory stage this matter was said to be of some concern to the Combined Public Service Unions. The Government's proposals would increase the retiring age rather than bring it down to 55 years of age. One must remember that some of the great nations of the world are increasing the retiring age rather than reducing it. In some States of the United States of America there is a move to lift the retiring age to 70 years. Older people have a value.

Mr Caterson: It is to keep people alive.

Mr SCHIPP: That is right. Some people who retire in good health suffer such a change to their life style that they live for only a month or two. Retirement does not suit their temperaments. I said earlier that the Government must be careful in regard to the proposed schemes. One remembers the experience of Mr Clyde Cameron in the federal Parliament who used the public service as a trend-setter for wages. That concept began in about 1972. A little later Mr Cameron regretted having done that. He referred to some public servants as fat cats. He said also that one man's pay rise could cost another man's job. However, it was Mr Cameron who opened the door. The Government must not fall for that trap. The removal of the option to continue working to 65 years of age is the first step towards a retiring age of 55. I remind the House also that some time ago Mr Bob Hawke said that the unions would increase their wage demands by selling their labour at the highest possible cost. This trend-setting has caused the nation considerable trouble. If superannuation schemes are indexed to a higher inflation rate the employer must pay the cost. Although the Government has been somewhat moralistic towards the proposed amendments to the operations of the superannuation fund, the Opposition is not objecting, provided the costs are kept to a manageable degree. The Opposition does not wish to see next a move to have men match the retiring age of women.

One should consider what might happen five or six years hence. I do not think it would place too great a burden on the Government to do what I have suggested for the people about whom I have spoken. It is intended to phase out of the public service some of the wiser heads who could be retained to give sound advice to the Government and future governments. The Opposition is gravely concerned that as a consequence of another proposed amendment there could be improper direction of investments. It is acknowledged that funds should be used to the best advantage of contributors and also allocated to the advantage of the State. The fear is whether the proposal in the bill might lead to backdoor nationalization. The Minister has an interest in the development of national resources. Honourable members saw his attitude to the Warkworth coal deposits. He backed off from a 51 per cent equity in the project to 49 per cent.

The Premier is going to Paris to talk to the Total people about their shareholding in a new refinery. That could lead to the Government widening its activities in many other developments and eventually seeking more finance. It should be remembered that approximately $200 million is invested annually by the State Superannuation Board. That money is disbursed broadly. It would be a pity if all that money were channelled into the one avenue to the disadvantage of the building industry. Contributors to the fund are now able to draw loans from terminating building societies that have received advances from the State Superannuation Fund. A former Minister for Housing has made public his pride in the large sums allocated from the State Superannuation Fund for housing. In the past financial year $40 million-odd went in this way to housing. That has been of advantage to the contributor and also to the housing industry which is in need of all the finance it can get.

If the Government proposes to back giant developments in national resources it could easily swallow up the $200 million that is available annually for investment by the fund. One can be carried away by such grand schemes. I shall not say much more about this aspect, except to add that the Government should exercise great care in the way it invests funds.

Mr Hills: What about setting funds aside for the Wagga Wagga gas pipeline?

Mr SCHIPP: That would not be a bad idea. I am pleased that some of the money went to the country. I understand that the State Superannuation Board invested $8.4 million in government office buildings that were constructed by the Department of Public Works in Bathurst, Orange and Dubbo. It is good that some of the money has been spent outside the Sydney metropolitan area. I issue a warning to the Government to watch where the money goes and to ensure that it is invested wisely. The Government should not lean on the State Superannuation Board and try to direct where funds should be allocated. The temptation to do so could well arise.

I am led to speculate a little on the change of portfolios. At one stage the Minister of Justice had responsibility for the State Superannuation Board. Doubtless that was to keep it apart from the Treasury. Then, for reasons unknown, the State Superannuation Board was transferred to the portfolio of the Minister for Industrial Relations, Minister for Technology and Minister for Energy. One must ask whether that was a move to get the funds directly under the charge of the Minister with responsibility for natural resources and energy. The Minister laughs. It seems to be a trait of the Minister to laugh when he has something to hide. It seems that my remark is close to the bone. The Minister realizes that he had better be careful.

I shall refer now to the guarantee provisions. The question that arises is how far the Government can go in guaranteeing funds. The guarantee provisions have been honoured at great cost to the taxpayer. Mention has been made in the media of a deficiency of $58 million in the New South Wales State Superannuation Board. That sort of headline must be avoided. It causes considerable loss of confidence in the superannuation scheme and it could have grave repercussions on all sorts of investments in Government securities. It could cause people to have a general loss of confidence in the way the Government is handling its funds. On 1st March ***The*** Australian reported a $58 million deficiency in the fund. The article said it was a technicality. The guarantee provisions do not go far enough to square with commitments. By the same token one day such an alleged deficiency may not be a technicality because the Government may not be able to carry the burden. The cost will have to be borne by future taxpayers. It may lead to a tax revolt. People might say that they have had enough when called upon to pay even more. Doubtless the Government will reply that it cannot do without the extra tax money because it is so heavily committed with its superannuation scheme. It is all very well to say that it is only a guarantee but that guarantee will have to be met in due course. Though I am not fully familiar with the figures I believe that the Government contributes about five-eighths of its commitment. That amount plus the employees' contributions is available for investment. The remaining three-eighths of the Government's commitment is left swinging but eventually it will have to be paid.

The Minister said that schedules 7 and 8 clarify the language used in the Act. It is always appreciated when ambiguity is removed from legislation. As I said earlier, I applaud the way in which the Minister's speech was framed. It could be understood by people not fully acquainted with superannuation matters. When the Minister's speech on this bill is read fifty years hence there will be no doubt what was meant by the amendments in these bills.

Superannuation is one of the great issues facing all governments in Australia. The effects of superannuation benefits are being felt dramatically in the United Kingdom. They are causing problems in New Zealand and already Canada is backing off from its liberal provisions. Australia cannot idly ignore problems that are being encountered in other countries. Extra benefits to public employees cannot continue at a rate unable to be financed out of the public purse. The Government must look for ways to meet these commitments or contain their costs.

Mr MASON (Dubbo), Leader of the Opposition [9.1]: At the outset I wish to say that any provision in these bills for superannuation parity for persons previously disadvantaged in regard to their pension payments has the full support of the Opposition. We all know the invidious position in which people on fixed incomes, especially superannuees, find themselves during a period of economic inflation. Over the years the real value of their income is eroded and their position becomes progressively worse because incremental increases in their incomes are calculatd upon amounts that are worth less and less in real terms. I reiterate: the Opposition fully supports the principle of improving the financial well-being of pensioners and superanuees. However, there are fundamental economic questions that must be faced in any proper discussion of these bills.

The profound fact is that public sector superannuation schemes have already exceeded governments' capacities to meet them from existing reserves. It is essential that this Parliament come to grips with the gravity of this position. Let me take one simple example. We have consistently argued on this side of the House that the Public Transport Commission deficit has regularly been understated by the Government, if for no reason other than that its current reserves could not provide for its liability to superannuation schemes. Page 51 of the Auditor-General's Report makes specific reference to this:

> The balance of the reserve for long service leave at the 30th June, 1978 was $42.7 million.

But, here is the rider:

> The contingent liability for such leave has not been determined by the commission but is considered to be substantially higher.

The truth is that the Government is practising what is described on page 249 of the Auditor-General's Report. In the revenue statement for one of the major superannuation funds—the New South Wales Retirement Fund—which at 30th June, 1977, had 50 286 contributors, employees' contributions are recorded as $22.4 million. As a general rule, the lowest rate of contributions is at the ratio of three employers' units to two employees' units. However, the statement on page 247 of the Auditor-General's Report shows employers' contributions at a lowly $5.1 million, though on the ratio already stated it should be $38.6 million. Of course, if the employer contribution component is greater than 3:2 the indebtedness of the Government is even higher than $38.6 million. In fact the Auditor-General's Report, in a sense, acknowledges that the Government does not keep its reserves up to the mark. The report says at page 249, "Employers' contributions . . . are related to actual benefits paid out during the year . . ." In other words, no account whatsoever is taken of contingent liability, even though it is a sure and certain government debt. The extent of this debt can be gauged from further references in the Auditor-General's Report. On page 260, in relation to the Police Superannuation Fund, it says:

> Costs are borne in greater part by Consolidated Revenue Fund, which, for the year, provided more than twice the amount contributed by the police force.

So, without any doubt at all in respect of the New South Wales Retirement Fund, the Government's unstated liability is at least $50 million, of which only $5.1 million has been spoken for. The State Superannuation Fund, with something like 90 000 contributors, is the largest of at least fourteen government superannuation funds. Figures available for the past two financial years indicate an extraordinary escalation in employer contributions—from $103 million in 1975–76 to $132 million in 1977–78. This is an increase in two years of 28 per cent. What the accounts show also is that although the employers' contribution—that is, the Government's contribution—increased by 28 per cent in the two years, this amount is only a token of what it ought to be.

I have already said that the worst ratio is three units of the employers' contribution to two units of the employees' contribution. I am told, however, that most arrangements are much better. If the ratio were 2:1 the employers' contributions in the account should be in the vicinity of $180 million. But they are stated as being only $132.2 million. So here, too, is another shortfall of at least $50 million, and probably much more. And this is the case with only one government scheme, albeit the largest. What I am saying is that in the name of justice, equity and social welfare, we are running up enormous debts that must eventually be met by the taxpayers.

I should like to quote a recent article from the ***Bulletin*** in which significant commentators clearly spelt out the extent of this debt. The president of the Queensland Confederation of Industry, Mr A. J. Willis, is quoted as estimating that every taxpayer is now contributing about $16 a week to help pay for State and federal public service superannuation payments. He added what seems obvious: that it was time these schemes were reviewed and brought into line with what the community can afford. Mr Nick Renton, the executive director of the Life Officers' Association of Australia, confirmed my own views. He was reported as saying that there is no way of assessing governments' real deficits since their full eventual superannuation liability was never disclosed. He said, "It would fall heavily on future generations". The debt is further exacerbated by the fact that most superannuation schemes offer indexed pension benefits. Yet the consumer price index in the five years from 1973 to 1977 increased by 87.6 per cent. The consequences upon the Government's increasing commitment is surely obvious. The ***Bulletin,*** in the same article, says:

> The question is whether the various governments can afford these schemes.

It says further:

> Renton has publicly branded the generosity of superannuation schemes as excessive. It was in the interests of the country as a whole for extravagant, public service superannuation benefits to be scaled down, he said.

The article further quotes a consulting actuary as saying:

> "Sooner or later these (that is, these unfunded liabilities) will hit the taxpayer."

The same article quotes Mr Renton as saying:

> "The Federal Government's budget deficit is currently being understated by about $4,700 million each year because this was the amount which Federal and State Governments were not setting aside to cover the true costs of their superannuation schemes."

The report on discrimination in superannuation—the Moore Report—which was tabled in State Parliament just six months ago, at page 20 says:

> With an increasing range of Commonwealth benefits and a graduated means test, the design of superannuation arrangements can and should be reviewed; even the purpose of superannuation should be reconsidered.

What I want to do is to place on record serious concern about the future funding of superannuation schemes in this country. It is a matter that this Parliament will have to take seriously. Already other governments round the world are feeling the effect on their economies. In particular I draw honourable members' attention to the situation in Canada. Indeed, one of the contributing factors, commentators assert, to the bankruptcy of the city of New York, was its involvement in superannuation schemes. The New Zealand Government is facing difficulties also and I want to place on record that this is a matter which we ought not set aside lightly, but which this Parliament must take seriously. I do not want to have this particular situation summarily pushed aside by some rejoinder—and I think the Minister was wont to do that a moment ago---that the same situation applied when we were in government and that this was partly the result of some decisions made then. That may well be so, but the fact is that the present situation is real, it is mounting, and it must be faced in a realistic way by this Parliament.

Let me give a final word regarding this aspect of the bill. Lest anyone would want to turn my words in any other direction, let me clearly state once more that it is the responsibility of any government to include in its provision for its employees some adequate provision for their retirement years. I do not want anyone to twist my words to imply any other proposition. However, the time is ripe for a review. The situation is serious, it will get worse, and I urge the Government to face up to its responsibilities. Incorporated in the bill before us, more particularly in schedule 5, are issues of basic philosophic concern about which I want to make specific comments.

What I have already said shows that when we speak about moneys accumulated in the fund, we are speaking predominantly of employees' contributions, that is, public servants' contributions. Yet schedule 5 purports to give the Government a blank cheque to deal with the moneys—the employees' moneys—virtually as it sees fit. It empowers the board to acquire property, to lend money, to purchase debts, and to enter into virtually any other income-producing arrangements it wishes, so that Labor governments can move into equity control of essential industries. Of course the Minister did not spell out the potential scope of these powers—not to mention the potential risk, in his second reading speech. He merely said that present investment conditions are limited by unnecessary restraints, but he did not make any attempt to say why they were unnecessary.

The Minister asserted that the new types of investment contemplated in the bill do not entail greater risks, but he did not tell us how he came to that conclusion. He further asserted that the amendments will enable the board to invest with greater security, but he did not tell us what criteria enabled him to make this determination. Yet again, he asserts, that it is plainly desirable that the board should be able so to invest from the point of view of advantage to both the State and to the fund itself, but he does not tell us what criteria have determined this conclusion. Let me say on this point that the Minister's investment guidelines are not plainly desirable to the private sector, not plainly desirable to superannuation contributors; and certainly not plainly desirable to the economic future of the State.

It is curious that the Minister should say in his speech that one amendment to schedule 5 is sought for one reason only, namely that the authority should be explicit in the statute rather than left to be inferred. With this in mind, I ask why is so much else of the schedule not explicit? Why is so much left to inference in this important and dramatic area of investment by the board? We acknowledge that the stage has been reached when steps must be taken to reduce the growing superannuation debt. That has been the first point I wanted to make in my speech. However, this does not justify the socialist measure outlined in this schedule of the bill, in particular, the purchasing of government equity in—and I quote—"income-producing arrangements as the board thinks fit". The bill goes further—and I would suggest in such a way as to intimidate the private sector—because clause (4) (e) further gives authority to the fund for entering into arrangements for financing the development of natural resources or for financing other capital expenditure. In fact, it is explicit and unapologetic because it speaks about these enterprises as being promoted by the Government of New South Wales.

It was only last week that the *Financial Review* asked the question: "Is New South Wales in for a bout of State capitalism Wran style?" Here is the answer. This bill shows that not only is this true, but with the numbers in both Houses it can be bare-faced about it. It is the Government's clear intention to enter the oil refining industry with direct equity in the Total Oil refinery. Within a few days the Premier leaves to hold talks with the major French company involved in this venture, and the unmistakable reason for his visit is that the Government is intent upon equity participation, using the public servants' superannuation contributions to purchase part ownership. This is obvious from the bill. This is nothing less than the thin edge of the socialist wedge. It is the first step in the Government's master-plan to take eventual control of the boardrooms of the key industries in New South Wales.

Mr McIlwaine: Hear! hear!

Mr MASON: If ever proof was needed, we have just had it because from the Government benches and from the former legal officer of this very department we have heard resounding approval of the Government's action. Let that be on the record. I am pleased that we have the record in ***Hansard*** for this is nothing less than the thin edge of the socialist wedge into the industries and businesses of this State. This socialist move is completely contrary to everything for which the Opposition stands. It is contrary to our principle of free enterprise which now more than ever needs to be defended if economic recovery is to be realized.

Earlier today there was further violation of the free-enterprise principle. The Government introduced the Government Insurance (Amendment) Bill. Perhaps to avoid the necessary scrutiny the Opposition obtained a copy of the bill only minutes before it was presented to the House. Its explanatory note explicitly says that one of the objects of the amendments is to authorize the Government Insurance Office of New South Wales to invest its funds in any manner it determines. We already know of this Government's plans to enter the coalmining industry via the State Electricity Commission. Is it more than coincidence that this bill is being presented by the same

Minister who is responsible for energy and technology? It is absolutely unacceptable to the Opposition that a government should use superannuation contributions in enterprises which are unstated and undefined and are designed to undermine the private sector.

Let me put it on the record, that the Opposition stands for private enterprise, not government control of industry. My colleagues and I do not believe that governments are the best managers of labour and resources. We do not believe that this will have an isolated impact. Rather, it is ushering in a new era of government control and equity in areas of business and investment where it has no right to be. The convenience of allowing the fund the liberty of involving itself in high-risk ventures, backed by the Government itself, is to treat the ordinary taxpayer with utter contempt. In other words, if the venture fails the taxpayer is there to pick up the tab. Surely, if this Government is genuinely intent upon developing the natural resources and reviving the economy of the State, it should take alternative steps to the draconian provisions of this bill. For a start, it should bring its foreign investment guidelines into line with modern reality. It should offer significant fiscal concessions in payroll tax, land tax and the multiplicity of government charges that have risen in the past two and a half years. These are the measures that will induce private investors to return to New South Wales.

If the Government is intent upon putting employees' superannuaion contributions to income-earning use, then let it make that money available to the private sector at market rates for use in low-risk development projects. For example, there is not a high risk in mining known reserves of coal for contractually prescribed export markets. We maintain absolutely that this mining is the proper function of the private sector. So, too, is oil refining and many other projects of paramount importance to the development of the State. It should be on an equity basis, not with the Government seeking control. Unfortunately and suddenly, some businesses, in the mistaken belief that they will earn relief from industrial problems, have allowed this to happen. If they believe that, they have not been studying the industrial record of the State. If the Government is in earnest about wanting to help these projects, let this money be available via the private sector. That is the way it should go, not by an equity participation, or by involving the Government in some backdoor scheme, as it is now intent upon doing. That is the way to resolve the mounting burden of debt facing government superannuation funds, without at the same time imposing a regimen of State-owned socialism upon industry in New South Wales. The Opposition completely rejects the investment portfolio provisions of the bill. I give notice that we shall move appropriate amendments in Committee.

Mr MADDISON (Ku-ring-gai) [9.24]: Having had some responsibility for State superannuation over a long period I am surprised that the public service unions of the State have not risen up on their hind legs and shouted to the rooftops about the provisions of schedule 5 that widen the investment powers of the State Superannuation Board. If it had happened when we were in government, the present Government supporters would have been into us in a way that would have had to be seen to be believed, because schedule 5 provides for a widening of investment powers the like of which has never been seen in any superannuation Act in this State.

In 1965, as Minister of Justice, I assumed responsibility for the State Superannuation Act and the State Superannuation Board, which was presided over by a chairman who was formerly a private secretary to a Minister. It was the most amateurish part of government one could ever come across. There was no classification of investment advice at any level; no proper legal service was tendered to the board. The board as then constituted was in the hands of whatever investment advice was available from the business sector of the community. I was told—and it was true—that the statement of investments by the board at that time was a handwritten list kept in the top drawer of the chairman's desk. It was an utter disgrace to the board, which had been allowed to flourish under twenty-four years of Labor government up to 1965. As Minister of the day it caused me a great deal of concern to find this situation. No professional advisers were employed to back up the board and to provide it with investment advice.

Schedule 5 provides for the widening of powers, not circumscribed by any criteria as to the limits to be placed on the board's power of investment, but sometimes subject to ministerial approval—an aspect that has never previously applied so far as State superannuation is concerned. The great virtue of the State Superannuation Fund and the board that controls it has been its independence of government. Now it is being made a tool of government. The public service unions should be up in arms because the Government is proposing to use for the ends of government funds which have been largely invested by its members. It is an absolute disgrace to the Government that it should move the way it is purporting to move in schedule 5, to amend the Act so as to provide wide terms of investment in risk ventures in respect of which there are no criteria established for making any decision. It will be a Labor government standing over the board to direct investments into the channels which it sees as appropriate. There will be no consideration for the benefits that are to accrue to contributors and pensioners in the long run, nor to the debt that the taxpayer is to be called upon to meet, as outlined by the Leader of the Opposition. We have looked after their interests and we should look after them a little more.

Schedule 5 is a retrograde step which public servants and other contributors to the fund will regret. The honourable member for Campbelltown, who has walked into the Chamber, has always been a stern critic of the State Superannuation Board and of its investments. However, he has remained silent ever since the Government of which he is a supporter came into office.

Mr SPEAKER: Order! The honourable member for Ku-ring-gai will return to the matter before the House.

Mr Mallam: The trouble is that the honourable member for Ku-ring-gai has a guilty conscience.

Mr MADDISON: I am afraid that I am provoked every time the honourable member for Campbelltown comes into the Chamber. Quite frankly, during the eleven years that the former Government was in office he criticized every move that the State Superannuation Board took in terms of widening, with the restraints that were contained therein, the investment power of the board. Yet now he has the glorious opportunity, as has the Government, to look at the past and to say, "What on earth is this Parliament doing in widening the powers of investment that are set out in the bill?"

[Interruption]

Mr SPEAKER: Order! The honourable member for Campbelltown will desist from interjecting.

Mr MADDISON: The honourable member for Campbelltown and all other Government supporters will rue the day that they took control of the board and the fund. That is precisely what is involved in schedule 5. It is pointless for the Minister to laugh. Subsection (4) of new section 5c is in these terms:

> (4) The Fund or any part thereof, whether at the time in a state of investment or not, may be invested by the Board—

(e) by entering into such income-producing arrangements as it thinks fit (whether or not the arrangements are or involve investments authorised by section 5A) either alone or with another person or other persons, being arrangements for financing the development of natural resources, or for financing other capital expenditure, approved by the Minister as . . .

I ask the Minister where in the Act up to this point is there a provision that an investment has to be approved by the Minister?

Mr Hills: I would not have approved the investment in CAGA.

Mr MADDISON: I do not care whether the Minister would have approved it or not. I suspect that the Minister, who has no experience at all in superannuation, wants to move in and veto, or approve, any investment that the board may wish to make. I am reminded of conversations I have had over the years on this matter with Treasury officers. They have said that it is about time the superannuation fund and the board were abolished altogether, that we would be far better off to fund pensions as they emerge out of revenue rather than have the elaborate mechanism which has been set up with the board. I speak with some intensity on this matter as under the former Government there was behind the board a structure of advice which made the board a professioal body not subjected to pressures and influences from the business community of Sydney. Although Government supporters can say what they like, the fact is that it has become a highly professional arm of the legislature, not an arm of government. It is in a different shape today from what it was in 1965, when it was an amateur organization with no professional advice at all behind it. A lot of work went into ensuring that it had a professional standing and that it had people of first rate quality as its advisers.

I rise simply to say that we are at a point where instead of the independence of the board being maintained it will now become simply another department of government that will be required to bend to the will of the Government in respect of taking up investments—in many respects of a most dubious character. In the event of default the taxpayer will pay and the contributor and the pensioner will suffer. All I seek to do tonight is to highlight what I believe is a substantial breaking down of the principle of independence which the board has enjoyed for many years.

Mr HILLS (Phillip), Minister for Industrial Relations, Minister for Technology and Minister for Energy [9.34], in reply: I would not have spoken in reply had it not been for some of the extraordinary things said by the honourable member for Ku-ring-gai and the Leader of the Opposition. It was suggested that the board will come under the influence of the Minister. I make it perfectly clear that nothing in the legislation gives the Minister any power to direct the superannuation board on investments. I have no power, nor will any future Minister, to direct the superannuation board where it should invest its money.

Mr Dowd: You will be able to say no.

Mr HILLS: Of course the Minister will be able to say no. It might have been preferable if the Minister responsible when the Opposition was in Government had some power to say no instead of encouraging some investments that turned out to be a disaster. There is no provision that in any way gives the Minister power to direct the board. As a matter of fact the powers of the investors, the contributors and the pensioners are to be increased by their electing by democratic process two members of the board of five. Any person who is a contributor or a pensioner will be able to be elected on to the board without the Minister having any say at all.

Mr Schipp: That is not true.

Mr HILLS: What is not true?

Mr Schipp: What the Minister said.

Mr SPEAKER: Order! The honourable member for Wagga Wagga will cease interjecting.

Mr HILLS: The honourable member for Wagga Wagga does not know the terms of the amendment that I propose to move shortly, but I inform him that after the legislation passes through the Parliament the position will be that contributors will have the right to elect a full-time member to the board. They will also have the right, along with pensioners, to elect a part-time member of the board, which will be a board of five. At present the part-time member is nominated by the Minister after he receives—and this is not compulsory under the present legislation—a nomination from the unions concerned. The right of the Minister to nominate a person is being taken away. The proposal is that two members on the board of five will be elected, in the case of the full-time member, by contributors, and in the case of the part-time member, by contributors or pensioners. Surely that is not giving more power to the Minister; that is taking power away from him.

The House has heard a lot of nonsense from Opposition supporters. I do not know whether the honourable member for Ku-ring-gai has been reminded about contesting the leadership of the Liberal Party again. Perhaps that is what his speech is about. Frankly I could not understand what he was talking about. The Leader of the Opposition must have heard that the honourable member would make a speech as he came into the Chamber and put on a performance after the honourable member for Wagga Wagga had been given the authority to lead in the debate for the Opposition. Government supporters wonder what it is all about. The Opposition did not seem to be concerned about the rights of the people who happen to be contributors to or recipients under the superannuation scheme. If the Government is giving the superannuation board the right to spread its investments, it is only after these rights have been sought by the board. It has been agreed to by all the unions concerned and by the contributors. Someone would have thought this was something I thought up over night. The Leader of the Opposition suggested that the Government will buy its way into an oil refinery at Matraville. The Government is not doing that at all.

Mr Schipp: What is the Government doing?

Mr HILLS: I am not telling you now but there is no question that the Government will buy its way into an oil refinery at Matraville. If the Government feels that a need exists to overcome the shortage of oil refining capacity in the State it will not apologize for doing that and will encourage it to be done. The bill sets out to improve the lot of people who were not adequately dealt with on retirement before 1971 and whose pensions had been effected by certain decisions of the former Government. That was applauded at first by the Leader of the Opposition. Then the Leader of the Opposition talked about automatic adjustments in accordance with movements in the consumer price index. I had to remind him across the table that his Government was responsible for that though the Labor Party supported it at the time. Then the Leader of the Opposition said, in effect, that it was a bad thing that automatic adjustments should be made based on movements of the consumer price index. I wish members of the Opposition would make up their minds on this issue. Of course the Government is concerned about the increased cost of superannuation. Because of adjustments to the consumer price index it is estimated that this year superannuation payments out of this and other funds will cost the Government an additional **$47** million. That is what the decision of the previous Government will cost this Government. The Government has a committee of review inquiring into superanuation funds under the control of the Government as well as the Local Government Superannuation Fund. That committee of review is examining the whole question of superannuation and will present its report to the Government in about the middle of next year. I commend the bills to the House.

Motion agreed to.

Bills read a second time together.

In Committee

The CHAIRMAN: I shall deal first with the Superannuation (Amendment) Bill.

Schedule **3**

Page **28**

(a) this section does not apply to a contributor who retires on or after 1st July, 1979, and who has not attained the age of 62 years before that date; and

Mr SCHIPP (Wagga Wagga) [9.44]: I move:

> That at page **28,** line **23,** the figures **"1979"** be left out and there be inserted in lieu thereof the figures **"1984".**

For the reasons I have given already the Opposition is of the view that contributors to the fund aged *60* to *65* years have been badly treated by the bill. It seems unusual that conditions of contributors are to be worsened rather than improved. Those people have virtually a contractual arrangement with the Government whereby they are entitled to receive greater benefits. They have paid for those benefits. The benefits should not be withdrawn. If the date of phasing out this benefit is extended by five years it will enable people still in the service between **60** and *65* years of age to fulfil their expectations.

Mr HILLS (Phillip), Minister for Industrial Relations, Minister for Technology and Minister for Energy [9.46]: The proposal of the Opposition is to remove the year **1979** and to substitute a year five years hence. By the bill the Government will exclude the rights of persons after **62** years of age to have an automatic increase in their expectancy from the superannuation scheme. The Government feels that July, **1979,** the date proposed, is appropriate. People who have had an expectancy will have in effect twelve months' warning of the charge. The Opposition proposes that five years' warning should be given. No matter what year is fixed, if a change is made, somebody will be affected adversely. The Government believes that about twelve months' notice is sufficient. It is of the opinion that this provision should be removed from the Act as it encourages people to work for a longer period during a time of high unemployment. The Government presses the proposal relating to the year **1979.**

Mr MADDISON (Ku-ring-gai) [9.47]: I point out that the Government is not giving twelve months' notice to people affected by the proposal, as the Minister suggested. It is only a little over six months.

Mr Hills: The Government warned of this some time ago.

Mr MADDISON: The Government has also issued warnings about many things that it has not done. Many people may have been seriously misled by what the Government has stated from time to time to be its intentions. The former Government set up an advisory service within the confines of the State Superannuation Board to assist people who were about to enter retirement. That was a first. The Labor Party had no part in that. The advisory service provided advice on how to approach retirement, how to plan for it, and what return they could expect to receive in the form of superannuation benefits. By the bill a benefit provided in 1972 by the former Government, to ensure that public servants and other contributors who worked past the age of 62 years would receive an increment, is being taken away. Those who worked beyond 63 years received an additional increment and those who worked beyond age 64 received a further increment. Less than seven months from now, that is 1st July, 1979. that is to finish. I hope the Minister, when he contemplates retirement, does not find that something has happened to his superannuation benefits that he was not expecting to occur. Doubtless he will make plans in the full expectation that he will receive a given sum. I am not sure what he will receive on leaving the House. No doubt he has it all worked out in his head now.

Mr Hills: I have not. I could not tell you.

Mr MADDISON: Suppose the Government cuts the ground from under your feet. You may find that you are to receive 10 per cent, 20 per cent or 30 per cent less than you thought. I em sure the Minister would scream to the rooftops. So should public servants who have progressively planned their retirement.

It would seem that to give public servants a period of only seven months in which to readjust and take further advice on how they will retire is unjust and inequitable. The very least the Government should do. with virtually no cost involved, is to extend the time to five years, making the decision date 1st July, 1984. I do not understand why the Government is taking away a benefit that has been entrenched in the Act since 1972. The Minister may say the Government announced its intention some six months ago. That does not soften the blow to people who have planned retirement in the longer term only to find that their situation is now being changed substantially. I support the amendment moved by the honourable member for Wagga Wagga that a five-year period be allowed for adjustments to take place and thereafter for the scheme as proposed by the Government to be abolished.

Mr SCHIPP (Wagga Wagga) [9.51]: The Government has drawn a fine line in this regard. Earlier I gave an example of two contributors with equal service. One reaches age 62 at 30th June and the other reaches age 62 on 1st July. One gets the 10 per cent additional benefit and the other misses out. It would be a different matter had these people not made a decision. However, they have done so and they cannot reverse the decision made perhaps fifteen months ago. They have a right to expect the extra benefit. The Government should be generous enough to adopt this amendment. I do not accept the Minister's statement that his proposal is fair and equitable. I shall read part of a letter which brings forward yet another example of injustice:

> The inequity of the "phasing out" process becomes even more apparent if one considers that a contributor who, on the 2nd December, 1978, will have served for 17 months beyond the age of 60 can anticipate a full 10% benefit on retirement at age 62, whereas I, who will have served for 14 months at this date, will receive no benefit whatsoever.

I urge the Committee to support the amendment.

Mr HILLS (Phillip). Minister for Industrial Relations, Minister for Technology and Minister for Energy [9 54]: If the date were changed to five years hence the same thing would occur. Someone would miss out by a day, six months or whatever. The period is not seven months. Some months ago the Government intimated quite clearly its intention in this regard. When this proposal is brought into effect it will be almost twelve months from the original announcement. The Government does not accept the amendment.

Question—That the figures stand—put.

The Committee divided.

Ayes, 60

Mr Akister
Mr Anderson
Mr Bannon
Mr Barnier
Mr Bedford
Mr Booth
Mr Brereton
Mr Britt
Mr R. J. Brown
Mr Cavalier
Mr Cleary
Mr R. J. Clough
Mr Crabtree
Mr Day
Mr Degen
Mr Durick
Mr Egan
Mr Einfeld
Mr Face
Mr Ferguson
Mr Flaherty
Mr Gabb
Mr Gordon
Mr Haigh
Mr Hatton
Mr Hills
Mr Jackson
Mr Jenson
Mr Johnson
Mr Johnstone
Mr Jones
Mr Keane
Mr Kearns
Mr Knott
Mr McGowan
Mr McIlwaine
Mr Maher
Mr Mair
Mr Mallam
Mr Mulock
Mr O'Connell
Mr O'Neill
Mr Paciullo
Mr Petersen
Mr Quinn
Mr Ramsay
Mr Renshaw
Mr Robb
Mr Rogan
Mr Ryan
Mr Sheahan
Mr A. G. Stewart
Mr K. J. Stewart
Mr Wade
Mr Webster
Mr Whelan
Mr Wilde
Mr Wran

Tellers,
Mr Hunter
Mr McCarthy

Noes, 32

Mr Arblaster
Mr Barraclough
Mr Boyd
Mr Brewer
Mr J. H. Brown
Mr Bruxner
Mr Cameron
Mr Caterson
Mr J. A. Clough
Mr Cowan
Mr Duncan
Mr Fischer
Mr Fisher
Mr Freudenstein
Mr Healey
Mr McDonald
Mr Maddison
Mr Mason
Mr Moore
Mr Morris
Mr Murray
Mr Osborne
Mr Park
Mr Punch
Mr Rozzoli
Mr Schipp
Mr Singleton
Mr Smith
Mr Taylor
Mr West

Tellers,
Mr Dowd
Mr Wotton

Question so resolved in the affirmative.

Amendment negatived.

Schedule agreed to.

[Interruption]

The CHAIRMAN: If honourable members wish to leave the Chamber would they do so quickly and quietly.

Schedule 4

Page **33**

(5) **A** person's nomination—

(a) as an elected member is invalid if the nomination is not made jointly by at least 30 persons who are contributors or pensioners; or

(b) as the full-time elected member is invalid if he is not a member of a union at the time of his nomination.

Mr HILLS (Phillip), Minister for Industrial Relations, Minister for Technology and Minister for Energy [10.3]: I move:

That at page 33, all words on lines 8 to 14 be left out and there be inserted in lieu thereof

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

(a) the nomination is not made jointly by at least **30** other persons who are contributors or pensioners; or

(b) he, being a contributor—

(i) is not a member of a union at the time of his nomination; and

(ii) does not, in the prescribed form and manner specify one (and one only) union, of which he is a member at the time of his nomination, as his nominated union for the purposes of the election.

The prime purpose of this amendment is to provide that a contributor nominating for appointment for a part-time or full-time position on the State Superannuation Board must be a member of a union at the time of his nomination. The second objective of the amendment is to require that every contributor so nominating must declare one and one only union for the purpose of his nomination, notwithstanding that in fact he may be a member of more than one union. As well as this amendment, I propose to move two additional amendments which relate to schedule 4. The first of these is to the effect that two persons who have both declared membership of the same union cannot be elected to both positions at an election.

The CHAIRMAN: The Minister's amendment proposes to leave out paragraphs (a) and (b) of subclause 5 and the honourable member for Wagga Wagga has indicated that he proposes an amendment to leave out paragraph (b) only. To preserve the rights of both the Minister and the honourable member and to test the Committee I shall propose the Minister's amendment down to the point where the member for Wagga Wagga's amendment commences, that is, to leave out all words on lines 8 to 11. In the event of this being agreed to the Minister's amendment will be deemed carried and I shall then put the question that the words be inserted. Should the Minister's amendment be defeated I will then propose the amendment moved by the honourable member for Wagga Wagga. The question now is, That the words proposed to be left out stand.

Mr SCHIPP (Wagga Wagga) [10.5]: The change is to having elected members from the contributors to the board. The Opposition has no argument with that but we do object to the compulsory unionism aspect. My amendment was circulated prior to the knowledge that the Minister was proposing his amendment, We look on it as an unsavoury part of government activity in promoting compulsory unionism. There is nothing sacred in that status. It is known that at least about 30 per cent of public servants are not members of the Combined Public Service Unions. and they must have the right to stand and represent contributors and members. We know that in the Unsworth Report on worker participation one of the prime planks of achieving that end is compulsory unionism in standing for election to these positions, The Opposition objects to that most strongly and will be voting against the Minister's amendment.

Question—That the words stand—put.

The Committee divided.

Ayes, 32

Mr Arblaster
Mr Barraclough
Mr Brewer
Mr J. H. Brown
Mr Bruxner
Mr Cameron
Mr Caterson
Mr J. A. Clough
Mr Cowan
Mr Dowd
Mr Duncan
Mr Fischer
Mr Fisher
Mr Freudenstein
Mr Healey
Mr McDonald
Mr Maddison
Mr Mason
Mr Moore
Mr Morris
Mr Osborne
Mr Park
Mr Punch
Mr Rozzoli
Mr Schipp
Mr Singleton
Mr Smith
Mr Taylor
Mr West
Mr Wotton

Tellers,
Mr Boyd
Mr Murray

Noes, 60

Mr Akister
Mr Anderson
Mr Bannon
Mr Barnier
Mr Bedford
Mr Booth
Mr Brereton
Mr Britt
Mr R. J. Brown
Mr Cavalier
Mr Cleary
Mr R. J. Clough
Mr Crabtree
Mr Day
Mr Degen
Mr Durick
Mr Egan
Mr Einfeld
Mr Face
Mr Ferguson
Mr Flaherty
Mr Gabb
Mr Gordon
Mr Haigh
Mr Hatton
Mr Hills
Mr Hunter
Mr Jackson
Mr Jensen
Mr Johnson
Mr Johnstone
Mr Jones
Mr Keane
Mr Kearns
Mr Knott
Mr McCarthy
Mr McGowan
Mr McIlwaine
Mr Maher
Mr Mallam
Mr Mulock
Mr O'Connell
Mr O'Neill
Mr Paciullo
Mr Petersen
Mr Quinn
Mr Ramsay
Mr Renshaw
Mr Robb
Mr Rogan
Mr Ryan
Mr A. G. Stewart
Mr K. J. Stewart
Mr Wade
Mr Webster
Mr Whelan
Mr Wilde
Mr Wran

Tellers,
Mr Mair
Mr Sheahan

Question so resolved in the negative.

Amendment agreed to.

Page **33**

(7) At concurrent elections, contributors who are members of the same union, and who are also appointed or employed under the same Act, may not be elected to both positions of elected member, and of 2 such persons who would, but for this subsection, be elected to

Amendments (by Mr Hills) agreed to:

That at page 33, all words after "who" on line 19 down to and including "Act" on line 21 be left out and there be inserted in lieu thereof the words "have the same union as their nominated unions (as referred to in subsection (5) (b))".

That at page 33, line 22, the word "persons" be left out and there be inserted in lieu thereof the word "contributors".

Schedule as amended agreed to.

Schedule 5

Mr SCHIPP (Wagga Wagga) [10.17]: I move:

That at page 42, all words on and from line 19 down to and including line 9 on page 43 be left out.

The reasons for the amendment were spelled out at the introductory stage very clearly by the Leader of the Opposition and underlined by the honourable member for Ku-ring-gai. They need no further explanation.

Question—That the words stand—put.

The Committee divided.

Ayes, *60*

Mr Akister	Mr Crabtree	Mr Hills
Mr Anderson	Mr Day	Mr Hunter
Mr Bannon	Mr Degen	Mr Jackson
Mr Barnier	Mr Durick	Mr Jensen
Mr Bedford	Mr Einfeld	Mr Johnson
Mr Booth	Mr Face	Mr Johnstone
Mr Brereton	Mr Ferguson	Mr Jones
Mr Britt	Mr Flaherty	Mr Keane
Mr R. J. Brown	Mr Gabb	Mr Kearns
Mr Cavalier	Mr Gordon	Mr Knott
Mr Cleary	Mr Haigh	Mr McCarthy
Mr R. J. Clough	Mr Hatton	Mr McGowan

Mr McIlwaine
Mr Maher
Mr Mair
Mr Mallam
Mr Mulock
Mr O'Connell
Mr O'Neill
Mr Paciullo
Mr Petersen
Mr Ramsay
Mr Renshaw
Mr Robb
Mr Rogan
Mr Ryan
Mr Sheahan
Mr A. G. Stewart
Mr K. J. Stewart
Mr Wade
Mr Webster
Mr Whelan
Mr Wilde
Mr Wran

Tellers,
Mr Egan
Mr Quinn

Noes, **32**

Mr Arblaster
Mr Barraclough
Mr Boyd
Mr Brewer
Mr J. H. Brown
Mr Bruxner
Mr Cameron
Mr Caterson
Mr J. A. Clough
Mr Cowan
Mr Dowd
Mr Duncan
Mr Fischer
Mr Fisher
Mr Freudenstein
Mr Healey
Mr McDonald
Mr Maddison
Mr Mason
Mr Moore
Mr Morris
Mr Murray
Mr Osborne
Mr Punch
Mr Rozzoli
Mr Schipp
Mr Singleton
Mr Taylor
Mr West
Mr Wotton

Tellers,
Mr Park
Mr Smith

Question so resolved in the affirmative.

Amendment negatived.

Page 43

(g) by entering into such income-producing arrangements as it thinks fit (whether or not the arrangements are or involve investments authorised by section 5A) either alone or with another person or other persons, where repayment of the money invested is secured by a guarantee given by a bank or is otherwise secured in such a manner that recourse may be had to assets of a bank in the event of default being made in repayment of the money invested in accordance with the terms on which the money is made available:

Mr SCHIPP (Wagga Wagga) [10.24]: I move:

That at page 43, all words on lines 13 to 24 be left out.

I move this amendment for the reasons given at the introductory stage.

Question—That the words stand—put.

The Committee divided.

Ayes, 60

Mr Akister	Mr Gordon	Mr O'Neill
Mr Anderson	Mr Haigh	Mr Paciullo
Mr Bannon	Mr Hatton	Mr Petersen
Mr Barnier	Mr Hills	Mr Ramsay
Mr Bedford	Mr Hunter	Mr Renshaw
Mr Booth	Mr Jackson	Mr Robb
Mr Brereton	Mr Jensen	Mr Rogan
Mr Britt	Mr Johnson	Mr Ryan
Mr R. J. Brown	Mr Johnstone	Mr Sheahan
Mr Cavalier	Mr Jones	Mr A. G. Stewart
Mr Cleary	Mr Keane	Mr K. J. Stewart
Mr R. J. Clough	Mr Kearns	Mr Wade
Mr Crabtree	Mr Knott	Mr Webster
Mr Day	Mr McCarthy	Mr Whelan
Mr Degen	Mr McGowan	Mr Wilde
Mr Durick	Mr McIlwaine	Mr Wran
Mr Einfeld	Mr Maher	
Mr Face	Mr Mair	
Mr Ferguson	Mr Mallam	***Tellers,***
Mr Flaherty	Mr Mulock	Mr Egan
Mr Gabb	Mr O'Connell	Mr Quinn

Noes, 32

Mr Arblaster	Mr Duncan	Mr Osborne
Mr Barraclough	Mr Fischer	Mr Punch
Mr Boyd	Mr Fisher	Mr Rozzoli
Mr Brewer	Mr Freudenstein	Mr Schipp
Mr J. H. Brown	Mr Healey	Mr Singleton
Mr Bruxner	Mr McDonald	Mr Taylor
Mr Cameron	Mr Maddison	Mr West
Mr Caterson	Mr Mason	Mr Wotton
Mr J. A. Clough	Mr Moore	***Tellers,***
Mr Cowan	Mr Morris	Mr Park
Mr Dowd	Mr Murray	Mr Smith

Question so resolved in the affirmative.

Amendment negatived.

Schedule agreed to.

Adoption of Report

Superannuation (Amendment) Bill reported from Committee with amendments, and Statutory and Other Offices Remuneration (Superannuation) Amendment Bill reported from Committee without amendment, and report adopted on motion by Mr Hills.

BILLS RETURNED

The following bills were returned from the Legislative Council without amendment:

Public Transport Commission (Financial Accommodation) Amendment Bill

Road Maintenance (Contribution) Amendment Bill

GOVERNMENT INSURANCE (AMENDMENT) BILL

STATUTORY AND OTHER OFFICES REMUNERATION (GOVERNMENT INSURANCE) AMENDMENT BILL

Second Reading

Mr RENSHAW (Castlereagh), Treasurer [10.34] I move:

That these bills be now read a second time.

As I mentioned at the introductory stage, the main purpose of the Government Insurance (Amendment) Bill is to amend the Government Insurance Act, 1927, to place the Government Insurance Office under the management of a board instead of a general manager. The bill provides for the establishment of a board titled the Government Insurance Office of New South Wales Board. The board will consist of five members appointed by the Governor, of whom three will be full-time members and two part-time members. One of the full-time members is to be chairman. All members will be appointed by the Governor. The board's functions will be to manage the office. subject to the control and direction of the Minister. As in the case of various other authorities the three full-time members will be appointed for terms of up to seven years. The two part-time members will be appointed for up to two years and will be eligible for reappointment. In both cases the appointments will be subject to retirement at 65 years of age.

The Government is most conscious of the significance of the changes which are contained in the bills. Under the existing legislation the general manager has tremendous responsibilities and it is a tribute to the holders of that office that they have seen the office grow to be one of the largest and most influential insurance offices in Australia. The office engages in all fields of insurance and its investment portfolio is large by any standards. Assets as at 30th June exceeded $1,160 million. Almost 3.75 million policies were in force at that date.

The staff of the office has grown in line with the expanded business and it is fair to say that the responsibilities which have fallen on the shoulders of the general manager have been quite onerous. I am sure that the present incumbent of the position would want me to say that the office could not have achieved its high standard without the support of the entire staff. The Government feels that the time is opportune for the establishment of a board to control the operations of the office. This will not only allow for the spreading of responsibilities but it will also permit the strengthening of the office through the appointment of the part-time members. Such an arrangement has worked satisfactorily with other statutory authorities and in private enterprise. I propose to seek part-time members from people who have a good knowledge of the industry, commerce and investment.

During the debate at the introductory stage, honourable members referred to the outstanding attributes of Mr Porter. I fully endorse those comments and should like to add that it had been my earnest hope that the reorganization of the office would have been conducted under the leadership of Mr Porter as the first chairman of the

Government Insurance Office Board. In fact the minute I submitted to Cabinet was based on this. I was happy that my Cabinet colleagues fully endorsed my recommendation. It is a matter for sincere regret that only a few weeks ago Mr Porter informed me that because of changed personal circumstances he was no longer able to give me an assurance that he would be able to serve for any lengthy period as chairman of the board. In fact he nominated next October as the possible date of retirement, only a few months after the new board was likely to be established.

I fully appreciate the reasons that led Mr Porter to this conclusion and as I have said, I much regret that my original objective of having him as the chairman for several years could no longer be realized. In these circumstances, as I said earlier, the bill now provides for the full-time chairman and two full-time members to be appointed by the Governor on my recommendation. It is my intention to advertise the three positions. Mr Porter has indicated to me that we should attract applicants of a very high calibre and that the position of chairman should be keenly sought. I hope we are successful in attracting a chairman who can bring to the office the same high standing which Mr Porter has helped to win for it. Honourable members will note that the new board will be subject to the control and direction of the Minister who in turn is finally responsible for the board's conduct. This is in keeping with the Government's approach to the role of statutory authorities and would seem to have been the policy adopted by the Opposition when in government.

I turn now to the detailed provisions of the bills. I shall deal first with the Government Insurance Office (Amendment) Bill. Clause 1 is the short title. Clause 2 stipulates the commencing date which, for the major provisions, will be a day to be appointed by the Governor and notified by proclamation published in the ***Government Gazette.*** Clause **3** amends the Government Insurance Act as set out in schedule 1. I shall cover the details in that schedule shortly. Clause 4 abolishes the office of general manager and inserts the necessary savings and transitional provisions. In particular all existing delegations are to be preserved until varied by the board. It is also specified that the present general manager is not entitled to be paid any remuneration or compensation by reason of his ceasing to hold that office. Schedule 1 authorizes the establishment of the Government Insurance Office of New South Wales Board to manage the office and provides for the appointment by the Governor of the five full-time and part-time members mentioned earlier. Two new schedules to the principal Act, numbers 2 and 3, deal with the constitution of the board and the conduct of meetings.

I have already referred to such matters as terms of office of the chairman and members. Clause 4 of new schedule 2 relates to part-time members. Members may recall that the Rural Bank Act was amended in 1975 to provide that the office of a part-time commissioner shall be deemed not to be an office of profit under the Crown. The previous Government felt that many able persons who would have been eminently suitable for appointment to the bank as a part-time commissioner were effectively precluded from accepting such an appointment because of the provisions of their superannuation schemes. It has been considered appropriate to enlarge the fields of expertise from which part-time members may be selected for appointment to the Government Insurance Office Board and accordingly the bill provides that the office of a part-time member shall be deemed not to be an office of profit under the Crown.

Clause 7 makes provision for the Minister to appoint one of the full-time members to act in the place of the chairman during absence through illness or any other cause and similarly to appoint any person to act in the place of a full-time or a part-time member. While so acting the person appointed shall have the powers and authorities of the member in whose office he is acting. Similar provision to that made in the Rural Bank legislation will permit the appointment of an officer of the Government Insurance Office as a deputy member. With the continuing growth of the office and the increasingly large volume of day to day activities required to be processed and which would need the attention of a board member, it is considered that it would be desirable to provide for the appointment of a deputy member who would be able to exercise his function while all the board members were on duty, thereby allowing the board members to attend to other duties. Other provisions in schedule 2 relate to the preservaticn of rights of a full-time member previously employed as a public servant, et cetera, a member's right for reappointment to former employment in certain circumstances and other matters of an ancillary nature.

New schedule 3 refers to the convening of meetings, a quorum, the election of a member to act as a chairman in the absence of the chairman and voting procedures. Reverting to schedule 1, item 3BB provides for delegations. The office operates extensively on delegations from the general manager under the current legislation. It is proposed that the delegations be preserved under the new bill and the board be authorized to delegate all or any of its power to members or staff of the board. Item 3BC refers to the declaration of any pecuniary interests of members.

Organizations involved in commercial types of operations are likely to experience situations where members of their boards may have interests or duties which are in conflict with their interests or duties as members or directors of the organization. The Companies Act requires directors of companies and the Local Government Act requires members of councils to disclose any pecuniary interests, direct or indirect, in any proposed contract, at a meeting of the organization. Similar obligations are placed on members of the recently constituted Land Commission and the New South Wales Film Corporation. As the Government Insurance Office is involved in commercial transactions and large scale investment a similar provision has been included in the bill subject to a proviso that the obligation shall not apply in respect of an interest as a member in common with the other members of an incorporated company which consists of not less than twenty-five members and of which he is not a director.

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

The opportunity is being taken to repeal section **15** of the Act which provides for a specially constituted committee to determine the reserves reasonably required by the office and for any surplus to be transferred to the special deposits account for hospital purposes. In this regard an amount of **$1.5** million has been determined as available for transfer in respect of the year ended 30th June, **1978.** This was the first such transfer for many years and the total contribution by the office to the account since its inception is only **$5.4** million. The provision is not considered appropriate under present day conditions and is therefore being repealed. **A** number of matters of a minor ancillary nature are included in schedule **1** to the hill.

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

Mr Renshaw]

Mr McDONALD (Kirribilli), Deputy Leader of the Opposition [10.44]: The Government Insurance Office of New South Wales is the largest general insurer—that is. non-life—in Australia due principally to the New South Wales compulsory motor vehicle third party insurance. The aim of the Government Insurance Office has been to provide the public with alternative insurance at competitive rates and to act as a stabilizing influence in the local insurance market. The Government Insurance Office transacts all classes of life and general insurance including motor vehicle, comprehensive, fire, house owners and house holders, all risks, public liability, workers' compensation, motor vehicle third party, et cetera, and a full range of life insurances.

The office is now split into three separate divisions—motor vehicle third party, life insurance and general insurance. From an insurance point of view it has been well managed for the past twenty years due principally no doubt to the involvement and performance of the present general manager, Mr R. M. Porter, whose office as proposed under this legislation is to be abolished with the intention of placing the Government Insurance Office of New South Wales under the management of a board.

Before I deal specifically with the legislation the general provisions of which on first examination this afternoon when the bill became available appear to be of a non-controversial nature, I must state that I was surprized and indeed annoyed that the Leader of the House sought originally to force this bill through the Chamber earlier this afternoon literally within an hour or so of the bill becoming first available. The first reading debate took place only on Thursday last and due to the continuing industrial disputes at the Government Printing Office the Government could not make the legislation available until this afternoon. This means, of course, that the Opposition has virtually had no opportunity to study the bill and its consequences. Indeed the unseemly haste with which the Government seems bent on forcing this legislation through the House without the opportunity of any external analysis and comment by members of the Life Officers Association of Australia and the Insurance Council of Australia leaves one highly suspicious of the Government's motives.

It is unacceptable that the Government should treat the Opposition in this fashion but I do respect the courtesy of the Treasurer in agreeing to defer the debate on this legislation for some hours in order that the Opposition might give some proper consideration to the Government Insurance Office and the consequences of this legislation as well as commenting on a possible future course of direction of that office under the new board. I appreciate also his making available to me in advance a copy of his second reading speech.

The amendments in March 1977 gave effect to the separation of the third party motor vehicle section from life assurance and general insurance business and apart from requiring separate accounts for each division indicated the areas for investment of funds from the Government Insurance Office. The funds generated by the compulsory third party insurance have to be invested somewhere and are clearly an attractive source of funds for any Government.

I am advised that the Government Insurance Office writes about 20 per cent of workers' coinpensation business in New South Wales. Basically, reserves—that is, money—held to pay claims in workers' compensation amount to between 150 per cent and 200 per cent of annual premiums. This is, of course, another attractive source of funds for the Government. Queensland made workers' compensation a government office monopoly which gives the State Government Insurance Office of Queensland a big competitive advantage in quoting for other business. The workers' compensation benefits in New South Wales are by far the most generous in Australia. If the Government Insurance Office decided to run this section at a loss for a few years it could force every private insurer out, as happened in compulsory third party, and could then be expansive in other classes, especially personal insurances such as on motor vehicle and household effects.

Any form of long-term insurance, compulsory third party, workers' compensation or life insurance, needs to set aside today reserves to pay for claims settled in the future. By ignoring this principle and just paying this year's claims out of income, premiums can be reduced without causing any cash flow problems. This reduction lasts only five to seven years after which there is a sufficient accumulation of claims to force premiums up to higher levels. However, the future generation is forced to pay for the claims of the past generations. The Government is already doing this on compulsory third party and workers' compensation claims. This causes companies writing workers' compensation insurance in New South Wales trouble with the Insurance Commissioner who does not approve of reserves being set up in this way.

Because a company which ceases writing business will not have sufficient reserves to pay the run off of claims, it could become technically insolvent. The political consequences of the Government's action in bringing forward this legislation are such that any change of control of the Government Insurance Office increases the possibility of short-term depression of premium levels to force other insurers out of business, and the use of insurance funds to subsidize other areas of government expenditure.

The real weakness of the legislation and in fact the area in which the Opposition is highly critical of the Government and causes us the gravest concern is the fact that no duties and functions of the board are in any way adverted to in the legislation. The key section is new section 3B which places full control and direction of the board with the Minister. For the reasons previously indicated the Opposition is therefore gravely suspicious of the Government's political motives and can only assume that it intends to use the Government Insurance Office in much the same manner as it has the amended superannuation board and other authorities so that it can gain as much financial control as possible to establish Labor's form of State capitalism.

All that the Minister has said in his second reading speech was that the board's function will be to manage the office subject to the control and direction of the Minister. For a body whose assets exceed $1,060 million it is quite unsatisfactory for the public of New South Wales and the ordinary shareholders of the Government Insurance Office to be told by the Minister that the board will be established on lines similar to the Rural Bank Board, but the legislation remains silent on the functions of the board. All we are told is that the board will consist of five members to be appointed by the Government, three of whom shall be full-time and two part-time with one of the full-time members as chairman. No reference has been made by the Minister at all either in public statements or in his second reading speech to justify this action other than to state that the establishment of a board will allow for the spreading of responsibilities.

We have no indication who the Government might anticipate will fill these board positions and it is certainly disturbing and regrettable that the present general manager, Mr Porter, is not prepared to act as the first chairman of the board. The reason for the haste in forcing this legislation through the House late in this session is also not explained by the Government. The Treasurer has now advised us that it does not expect the new board to be established until late next year.

Mr Renshaw: I did not say that.

Mr McDONALD: You indicated that clearly in your speech.

Mr Renshaw: You must have got it from your informant.

Mr McDONALD: In referring to Mr Porter, you said that he nominated next October as the possible date of retirement, which is only a few months after the new board is likely to be established. If October is not in the latter part of next year——

Mr Renshaw: A few months before that.

Mr McDONALD: I am saying the board would not be established until the latter part of next year. A few months before October would no doubt be July or August. That would still be the latter part of next year. At any rate, the Minister can explain that in reply. We are still concerned that there is no clear explanation of that aspect. The Government Insurance Office of New South Wales earned $21.5 million for the year ended 30th June, 1978, compared with $13.2 million in the previous year. Most of the increase was attributable to the increase of about $17 million from the special reserve for future liabilities. This release followed the Government's advice that it intended to legislate so that the future liabilities on long-term workers' compensation claims would be unfunded. Indeed we are advised that the insurers contribution fund would continue on a pay-as-you-go basis and the liabilities would be made as they occur. They would not be provided for beforehand.

The inclusion of the $17 million from provisions gives the Government Insurance Office an underwriting profit of $17.746 million compared with a loss of $192,000 in 1976–77. Those figures are taken by comparing the reports of the Auditor-General for the last two years and they are certainly in contrast with the report in today's Sun which has a lead under the by-line of Paul Nickelson, "GIO plays Santa to the tune of $10 million". Perhaps the Treasurer could explain the position. The annual report of the Government Insurance Office, which is about to be released, reveals a record profit of $39.6 million, up $9.4 million on last year.

Mr Renshaw: The annual report of the Government Insurance Office was tabled today.

Mr McDONALD: I was saying that the Auditor-General's figures for June 1978 show a profit of $21.5 million yet the Sun reports a profit of $39.6 million. I am seeking some explanation on the difference. It must be nice for a government statutory body to know that it does not have to be subject to the dictates of another statutory body. The reason why the profit of the Government Insurance Office was higher by a very significant $17 million in 1977–78 was because that office is not subject to the control of the Australian Insurance Commissioner. By contrast, listed insurance companies recorded profits that were substantially less than they would have been had the commissioner not asked them to exercise caution in their accounts. This unusual situation has emerged because of pending changes by the New South Wales Government to the laws governing the operation of workers' compensation insurance in this State.

Late last year the New South Wales Government made changes in workers' compensation legislation which consideraby increased the benefits to employees. But at the same time, it said that the retrospective effects of the new legislation would be financed on a pay-as-you-go basis, thereby relieving the insurance companies of the need to incr ase their provisions in this area. Although the New South Wales Workers' Compensation Commission told the insurance companies that they did not have any liability to provide for these benefits, the commissioner recommended that, pending legal advice, prudent insurers should not take into account the amounts they expect to recover as a result of the new legislation. One would expect, on the face of it, that any suggestions made by the commissioner on the methods by which insurance companies should operate their businesses should be speedily accepted by them.

Although his suggestions were accepted by those insurers within his bailiwick, the Government Insurance Office—even though it is one of the largest insurers in Australia—is under no obligation to accept them, as it is not even registered in terms of the Insurance Act. As it happened the decision of the Government Insurance Office to make an abnormal reduction of $17 million in the provision for outstanding claims on its workers' compensation account, and so increase its pre-tax profit by that amount, was the main factor behind its strong increase in profit for the year.

Perhaps even more surprising than the failure of the Government to spell out the functions and future operational policy of the Government Insurance Office is the fact that the Treasurer has chosen to make no reference in his second reading speech to reports of the recently launched Government Insurance Office's so-called revolutionary insurance policy which it has been stated will be the cheapest life and disability cover in Australia.

Mr Renshaw: That has been referred to the commission.

Mr McDONALD: The policy was apparently available from 1st December but it will not be launched officially until January when it is said that the Government Insurance Office hopes that the Premier will be its first customer. I could make further comment on that but I choose not to do so at this stage. The policy which is an equity-linked life insurance scheme is planned to cut the ground from beneath the feet of such major life offices as the A.M.P. Society. It will place new pressures on banks and building societies throughout the State. I understand that it will marry life insurance and a previously unheard of investment scheme that is designed to attract thousands of investors and pour tens of millions of dollars into the State's share and property markets. The Opposition understands that the Government Insurance Office will invest more than $100 million in government bonds, debentures, shares and property and then sell units in that total investment to clients wishing to take out the policy.

The policy not only provides the cheapest life and disability cover in Australia but also exploits the Government Insurance Office's unique and privileged position in the insurance community. As a State government venture it is exempt from the provisions of the L i e Insurance Act and the wishes of the Life Insurance Commissioner whose actions for more than a decade have effectively prohibited any private insurance company from launching such a proposal. In terms of raw money the Government Insurance Office, with only $120 million in life funds, is a weakling that could hardly compete with the might of the Australian Mutual Provident Society's $3,500 million bank account. But its very size and ability to sidestep the life commissioner have placed it in a position where it can now inflict very real damage to the Australian Mutual Provident Society and the State's other insurance leaders.

Whatever else happens, the Government Insurance Office has certainly rewritten the rules for direct government competition with private enterprise. The policy itself will be available on the quiet from December 1 when the Government Insurance Office will approach a number of its current clients to see if they are interested. After a four-week honeymoon the policy will then be launched direct to the public in a newspaper, radio and mail campaign that the Government Insurance Office trusts will attract bargain basement life and disability insurance as part of an investment package that will operate as almost a private stock exchange.

The other area of concern to the Opposition is the proposed amendment of section 5c (1) of the principal Act as amended in April 1977 in that these amendments provide for the authorization of the Government Insurance Office to invest its funds in any manner it determines, but subject to the direction of the Treasurer. In his second reading speech the Treasurer referred to this recent change. He said that the delegation that existed was questioned, though he did not proceed to explain what it was all about. No doubt this was the reason why the Treasurer remained silent about the $100 million of investment in the new equity policy schemes that I have described. The powers now available to the Government when this legislation is passed, when coupled with the recent amendments to the Superannuation Act, particularly in schedule 5 of that legislation which granted further investment powers of a most unsatisfactory nature to the State Superannuation Board, are very significant. Further, the increasing involvement of the Rural Bank of New South Wales in these transactions leads us to the inevitable conclusion that Labor's style of State capitalism will occasion such financial difficulties to the State that the chickens will no doubt start to come home to roost towards the end of next year when the redistributions and reallocations of funds occur, as they have already with the $17 million shift of reserves from the Government Insurance Office's accounts.

There is no point in dealing with the other amendments to the Government Insurance (Amendment) Bill and the Statutory and Other Offices Remuneration (Government Insurance) Amendment Bill, to which the Opposition has no objection. I should be delighted if the Treasurer replied to some of the matters raised in this debate. The doubts expressed by the Opposition will continue to be voiced over the shifts of emphasis in financing the State, as evidenced in this and other legislation that has come before the House.

Mr RENSHAW (Castlereagh), Treasurer [11.3], in reply: The information conveyed in the Auditor-General's Report relates to the Government Insurance Office profit for 1977–78 of $39.6 million. The honourable member's reference to $21.5 million appears to be confusing profit with the amount payable to the Treasury in lieu of income tax, which was equivalent to approximately $20.6 million. Second, in relation to the federal commission to which all other companies are subject in relation to schemes that might be put forward, there has been consultation with the commissioner, although legally there is no obligation for consultation. That practice will continue so that there is consultation about guidelines without having any mandatory provisions to appear before the commission. The honourable member also expressed concern in relation to a package deal by the Government Insurance Office. The Opposition's attitude seems to be that the customer should get the worst possible deal in the market-place.

Mr McDonald: I did not say that.

Mr RENSHAW: The honourable member implied that it was unfair competition to put forward a package deal that was the envy of others engaged in the insurance field. One of the persons who worked out the insurance formula was previously employed by one of the major companies in the private field of insurance. That scheme was rejected by the insurance companies. It was proceeded with by the Government Insurance Office because it was an advantageous policy for the public. The private insurance companies now try to ridicule it through the honourable member by his saying that there are unfair advantages. The Government Insurance Office is competing with others in the insurance field and has 98 per cent of the third party insurance, the most difficult area of insurance. This is because other companies have not been willing to enter this field.

Mr McDonald: What about circular No. 88 and the restrictions that it imposed?

Mr RENSHAW: I am talking about third party insurance, the most difficult area of insurance business. Other companies rejected an invitation extended many years ago to enter that field so that people would be covered for compensation benefits, particularly third party benefits. The Government Insurance Office has done a remarkable job over the short period it has been in existence. If tributes are to be paid then the name of Max Cooke should be linked with that of Mr Max Porter. Mr Cooke came from the Prudential Insurance office in South Australia and with Mr Porter over a period of years brought the Government Insurance Office from a small office to one of the leaders in the field of general insurance in Australia.

It is a general opinion that a board has many advantages over a single operator. The Government Insurance Office has grown in stature to the extent that it is held in high esteem not only within the insurance industry but also outside the industry. It should expand and be able to compete with others in the general insurance field. In 1965 I had the opportunity of reforming the Rural Bank board by the provision of two outside members and three commissioners. The bank has functioned admirably with the infusion of outside views. The Government believes that part-time members should come from the outside world and lend their experience and expertise to the Government Insurance Office.

Motion agreed to.

Bills read a second time together.

Third Reading

By leave, bills read a third time together, on motion by Mr Renshaw.

BILLS RETURNED

The following bills were returned from the Legislative Council without amendment:

Physiotherapists Registration (Chiropractic) Amendment Bill
Medical Practitioners (Chiropractic) Amendment Bill
Workers' Compensation (Chiropractic) Amendment Bill
Chiropractic Bill

ALLOCATION OF TIME FOR DISCUSSION

Mr **MULOCK:** On behalf of the Premier I desire to give notice of business to be dealt with under Standing Order 175B: Police Regulation (Superannuation) Amendment Bill, Meat Industry (Further Amendment) Bill, all remaining stages by 4.15 p.m., Wednesday, 13th December, 1978; Police Regulation (Priority Lists and Appeals) Amendment Bill, Wheat Industry Stabilization (Amendment) Bill, Totalizator (Amendment) Bill, Public Hospitals (United Dental Hospital of Sydney) Amendment Bill (No. 2), Mines Inspection (Amendment) Bill. all remaining stages by 5.30 p.m., Wednesday, 13th December, 1978.

ADJOURNMENT

Noise Pollution at Caringbah

Mr MULOCK (Penrith), Minister for Mineral Resources and Development [11.11]: I move:

That this House do now adjourn.

Mr EGAN (Cronulla) [11.11]: I bring to the attention of the House a matter of importance to my constituents in north Caringbah. The problem is the incessant noise caused by trail bikes being ridden almost every weekend and on many evenings during the week. It is a problem that has been difficult to solve, even though the Sutherland Shire Council, the police, the owners of the property on which the noise is caused and the State Pollution Control Commission have attempted by various means to solve it. The problem is caused largely because a number of mainly young people ride these trail bikes on private property owned by Australian Consolidated Industries Limited in Captain Cook Drive, Caringbah. The difficulty is that under the Noise Control Act only officers of the State Pollution Control Commission are authorized to issue a noise control direction between 6 a.m. and 9 p.m. The commission, particularly its noise control branch, is already overstretched and is simply unable to attend to the problem. In any event, even if the commission did have adequate staff, its officers have to catch the offenders.

Mr Barraclough: They are only young people you are talking about. Crikey: you are dealing with children.

Mr SPEAKER: Order!

Mr Barraclough: Why not deal with some of the other offenders?

Mr SPEAKER: Order! I call the honourable member for Bligh to order.

Mr EGAN: I invite the honourable member for Bligh to come down there with me.

Mr Barraclough: Give me an invitation and I will come.

Mr SPEAKER: Order! I remind the honourable member for Bligh that as it is now 11.12 p.m. and the House is close to rising for the day, the application of Standing Order 392 would be little penalty. I might have to apply Standing Order 387, which would mean that the House would be without the services of the honourable gentleman today and tomorrow.

Mr EGAN: I invite the honourable member for Bligh to come to my electorate this weekend to see whether he can catch the offenders who are riding trail bikes. [Quorum formed.] They are not using mini bikes that children ride. They are riding huge trail bikes that are capable of speeds of 80, 90 and 100 miles an hour. They are a real problem. I can see that the honourable member for Bligh is not concerned, **but** to almost 500 people in Caringbah who are being distressed by the problem, the matter is of great concern.

I shall explain briefly why it is difficult for the police to find a solution. Subsection (2) of section 62 of the Noise Control Act does not provide police officers with the authority between 6 a.m. and 9 p.m. to issue a noise control direction. I advocate an amendment to the Noise Control Act to extend the authorization to police officers. At the moment the only action the police can take is under section 5B of the Motor Traffic Act, which relates to driving unregistered vehicles. If the vehicles concerned are registered, the hands of the police are completely tied. The police, who have a most effective trail bike squad, should have the power to issue a noise control direction. If this power were extended to the police they would have the authority to enter upon premises and apprehend offenders. I do not seek to interfere with the legitimate leisure activities of a large section of the population. But when the exercise of those leisure activities is without any consideration for the peace and quiet of others, continuing and concerted action by control authorities is required.

I am pleased to see that Opposition members have suddenly shown interest and concern about this most serious problem that I have raised. The honourable member for Bligh is the only dissenting voice among Opposition members. I am concerned that he has a complete lack of interest in this serious problem. I ask the Government to give careful consideration to amending the Noise Control Act so that the police, who have the capacity to catch the offenders, may issue a noise control direction.

Mr HAZGH (Maroubra), Minister for Corrective Services [11.17]: I congratulate the honourable member for Cronulla on raising this matter and directing the attention of the House to the problem that can arise from the use of trail bikes when not properly controlled or administered. Some riders of trail bikes cause a noise nuisance to residents in the Cronulla electorate. Their activities are not properly controlled. The honourable member for Bligh demonstrated by his seeking to interject that he has no regard for the fact that the use of trail bikes by young people should be properly controlled so that they do not create a nuisance for local residents. However, the concern shown by the honourable member for Cronulla will result in this problem being overcome in a way that will be in the best interests of citizens in not only the Cronulla electorate but also other electorates, including Bligh. I am sure that the Minister for Planning and Environment will show the same concern that I express in this Chamber. I know that the Minister is trying to overcome the problems referred to by the honourable member for Cronulla, who has asked that the Government consider an appropriate amendment to the Noise Control Act. I shall refer the remarks of the honourable member for Cronulla to the Minister for Planning and Environment, who I am sure will give careful consideration to the points that he has raised.

Motion agreed to.

House adjourned at 11.21 p.m.

QUESTIONS UPON NOTICE

The following questions upon notice and answers were circulated in ***Questions and*** Answers this day.

DARLING HARBOUR RAILWAY

Mr MAHER asked the Minister for Transport—

(1) What studies have been conducted on the feasibility of running passenger services on the Darling Harbour freight and goods railway line?

(2) Has consideration been given to establishing railway stations for passengers on this line, inter alia at Haberfield or Dobroyd Point?

(3) If no recent investigation has been conducted into this matter, will one be undertaken?

Answer—

(1) The feasibility of ninning passenger services on the Darling Harbour Goods Railway line has been examined on several occasions in the past. However, there are a number of factors which would militate against this proposal at the present time. For instance, considerable expenditure would be incurred in constructing stations, electrifying some of the line, installing new signalling systems, and so on, to permit the lines to be shared by passenger and freight trains. Another factor which must also be taken into account is the increase in the number of freight trains which will use the goods line when the coal loading plant at Balmain is extended. In the circumstances, the Public Transport Commission considers it will become increasingly difficult to use this line effectively for both passenger and freight traffic.

(2) Yes, but the establishment of railway stations for passengers on the Metropolitan Goods line would cost a considerable amount of money and at the present time the Commission has committed all its available funds to more urgent major projects, such as the track upgrading programme.

(3) This matter could be looked at again when the immediate and future needs of the line for the haulage of coal traffic are determined. However, implementation of any such proposal would have to take a lesser priority in relation to the overall progromme the Government has embarked upon to revitalise public transport.

PUBLIC SERVICE FOREIGN LANGUAGE PUBLICATIONS

Mr MOORE asked the Minister for Agriculture—

(1) What publications of his department are in demand by members of the ethnic communities of New South Wales?

(2) Which of these publications, if any, are published in languages other than English?

(3) Why are the remainder not published in ethnic languages?

(4) What ethnic languages are used for which publications?

Answer—

(1) No specific publications are in special demand by any particular ethnic group or groups.

(2) All the publications issued by the Department of Agriculture are in English. Locally produced newsletters in the Leeton–Griffith area (South West Agricultural Region) occasionally carry items translated into Italian by the Migrant Liaison Officer stationed in that region.

Some years ago several minor pamphlets were issued—in a limited, 1st edition only—in Maltese, Serbo-Croatian and Italian. The subjects dealt with were: Swine Branding Act; Tail Tagging of Cattle; and Cattle Yards for Small Properties.

(3) The Department of Agriculture publishes two major periodicals (Agricultural Gazette of New South Wales; Review of Marketing and Economics); two minor quarterlies (Dairy Topics; Poultry Notes); over 1 000 different titles in

farmer information pamphlets and booklets; numerous regional newsletters and local area information sheets; innumerable news releases; commodity and market reports, both regularly and irregularly (issued by Division of Marketing and Economics).

To publish even a representative selection of these in other languages would be utterly beyond the scope of the Department of Agriculture and probably also of the available Government interpreter services. Printing and staff costs would be considerably increased.

(4) Nil.