HOUSE OF ASSEMBLY

Tuesday, November 16, 1965.

The SPEAKER (Hon. L. G. Riches) took the Chair at 2 p.m. and read prayers.

DISTINGUISHED VISITOR.

The SPEAKER: I notice in the gallery a most distinguished visitor in the person of His Excellency the Ambassador for the United States of America in Australia, Mr. Edward Clark. I am sure that it is the unanimous wish of honourable members that the Ambassador of our great ally, the United States of America, be given a seat on the floor of the House, and accordingly I ask the honourable the Premier and the honourable the Leader of the Opposition to introduce His Excellency.

Mr. Clark was escorted by the Hon. Frank Walsh and the Hon. Sir Thomas Playford to a seat on the floor of the House.

QUESTIONS

IRON ORE EXPORTS.

The Hon. Sir THOMAS PLAYFORD: In the last two weeks two announcements have been made with respect to the export of iron ore to Japan. One stated that provision would be made for the expansion of a large industry in the north-west of Western Australia, involving two companies, one of which was the Broken Hill Proprietary Company Limited. The other announcement was in connection with the western districts of Tasmania. Each of these projects, it was stated, was to have an investment of about £60,000,000. Can the Premier say whether these announcements mean that the work done over several years on the project for pelletizing the lower-grade iron ore of the Middleback Ranges will not now proceed, and that the industry which it was hoped would be established at Whyalla will not be proceeded with?

The Hon. FRANK WALSH: I have not been informed of anything of that nature that is likely to occur, but I shall inquire of the Minister of Mines to ascertain what is happening concerning this matter.

KERSBROOK SCHOOL.

Mrs. BYRNE: An area exists at the Kersbrook Primary School that could be used as a playing field. In July, 1964, the school committee wrote to the Education Department requesting that the area be graded, levelled, and grassed. Correspondence between both parties changed hands, and on May 28 this year the department stated that the grassing of the playing area was receiving attention. Can the Minister of Education say whether this work has been approved and, if it has, when it will be commenced?

The Hon. R. R. LOVEDAY: I shall bring down a report for the honourable member.

BRAEVIEW WATER SUPPLY.

Mr. SHANNON: Earlier in the year the Minister of Works and I corresponded with each other in relation to supplying water to developing areas near the Happy Valley reservoir and to the use of the main laid to augment the holding of the Happy Valley reservoir from the Chandler Hill tank. As I understand that this scheme is nearing completion, and that the main used for the purpose will become available for reticulation, can the Minister of Works supply any information that may give people in Braeview some hope of a reticulated service in the future?

The Hon. C. D. HUTCHENS: The honourable member will recall that I wrote to him on March 19 this year, when the whole position concerning this subdivision was fully set out. In brief, the proposal is to supply the area from the main which was laid from the Chandler Hill tank to Happy Valley reservoir for the purpose of maintaining supply to the reservoir during enlarging work on the inlet tunnel in the winter months. At the time, it was stated that this main would not be available until early 1966 and the Director and Engineer-in-Chief had stated accordingly that consideration of supplying Braeview would be deferred until later on, the availability of Loan funds being a governing factor as to when such work could be put in hand. Since that time, further development has taken place and a scheme has been prepared to supply the area, which is estimated to cost over £40,000. However, in view of the limited amount of Loan money that is available, the Director and Engineer-in-Chief has recommended that at this stage the proposal be deferred for six months, when a better appreciation of the Loan works programme will be manifest.

LOXTON BLOCK.

Mr. QUIRKE: It has come to my knowledge that a block of land at Loxton has been transferred to a person other than a soldier settler (I have no quibble with that), that the block was neglected, and that the occupier of the block had left; in other words, I think his lease had been cancelled. I also understand that the block was sold to another person, not

a returned soldier, under these conditions: that on payment of a certain deposit (which I will not mention) the lessee would be given a Crown lease, and that he would owe the residual amount of the valuation to the Crown, paying interest accordingly. Will the Minister of Lands say whether this is to be made the general procedure and whether any soldier settler who wishes to sell because of the expiration of his 10-year obligation will be able to sell on like terms, which would be advantageous owing to the difficulty of obtaining finance for such purposes?

The Hon. J. D. CORCORAN: As the honourable member would be aware, I am not familiar with this case, but I will obtain a report for him and bring it down as soon as possible.

LOTTERIES REFERENDUM.

Mr. MILLHOUSE: Last Thursday I raised with the Premier the question of tabling in this House the opinion that had apparently been obtained from the Crown Solicitor on the question of voting and conscientious objection thereto at the referendum next Saturday. I reminded the Premier then of the undertaking he had given on October 14 to table the opinion in the House, which undertaking had not been honoured when I asked my question. Will the Premier table this document today?

The Hon. FRANK WALSH: I regret that I do not have the docket but I will ask the Attorney-General whether he can supply some information on the matter.

The Hon. D. A. DUNSTAN: I asked for the docket on this matter to be put in the bag for today. I notice that there is a docket related to the particular Bill, but unfortunately it is not the docket in which certain opinions appear. As the honourable member knows from a question on notice in the House previously, it is not the policy of the Government to table Crown Law opinions except where there is a statutory duty.

Mr. Millhouse: The Premier said he would do it.

The Hon. Frank Walsh: I said nothing of the kind. I said that I would obtain a report.

The Hon. D. A. DUNSTAN: The Premier said he would refer the matter to me.

The Hon. Sir Thomas Playford: I point out that this document has already been made available to the public.

The Hon. D. A. DUNSTAN: If the Leader of the Opposition will listen to what I have to say, I will point out that an opinion will duly be given to the House, as one has been asked for. I have taken the advice of officers in my department and I will undertake that an opinion will be tabled in the House tomorrow about the problems of the particular Act concerned, and it will contain the material that was publicly printed.

Mr. MILLHOUSE: In view of the fact that it is only four days to the referendum and electors want to know where they stand, it is, to say the least, unfortunate that the docket containing the opinion was omitted from the Attorney's bag today. I am also perturbed by the answer the Attorney gave earlier regarding the opinion. I remind him that, when the Premier gave his undertaking to the Leader of the Opposition on October 14, he said:

> I am prepared to consult the Attorney-General on the matter of obtaining a Crown Law opinion. If he considers this to be necessary, we will obtain that opinion and make it known to the House.

No doubt the Premier was speaking a little loosely when he called it a "Crown Law" opinion, because the only opinion would be one from the Crown Solicitor; I think the Attorney would be the first to agree with that. What I want from the Attorney-General, if he will give it, is an undertaking that the opinion he will bring down tomorrow is in fact the opinion of the Crown Solicitor on this matter. Is the Attorney prepared to give an undertaking that it is the Crown Solicitor's opinion?

The Hon. Sir Thomas Playford: Which was the opinion quoted in the press last week.

Mr. MILLHOUSE: Yes.

The Hon. D. A. DUNSTAN: I will certainly not undertake to table in the House an opinion given by a public servant of the Crown Law Department.

Mr. Millhouse: What! In spite of the Premier's undertaking?

The Hon. D. A. DUNSTAN: The Premier's undertaking was that he would consult me concerning the obtaining of a Crown Law opinion.

Mr. Millhouse: We know you have one.

The Hon. D. A. DUNSTAN: There is one law officer of the Crown, as the honourable member knows perfectly well, and that is not the Crown Solicitor. I gave an undertaking that an opinion would be given to this House which would be the opinion that was given publicly and would contain the matters given publicly. That will be done, but it will be done over my signature. Mr. Speaker, no opinion by a law officer of the Crown will be tabled in this House, except an opinion by

that law officer himself or except where the Crown Solicitor is given a statutory duty of giving an opinion or certificate. There are certain statutory cases where that occurs, otherwise the Minister must take responsibility for the opinion, and he will take it.

Mr. Millhouse: Do you think the Premier was referring to you when he said that?

The Hon. D. A. DUNSTAN: He certainly did refer to me.

OFFENSIVE BEHAVIOUR.

Mr. RYAN: An article in the *Advertiser* of November 4, under the heading "Police Asked To Act", stated that the Port Adelaide and District Retailer Traders Association had sought police action on alleged drunkenness and offensive behaviour in Port Adelaide. The article went on to say that the Port Adelaide Chamber of Commerce had also complained to the police about an increase in drunkenness and offensive behaviour by Aborigines. Will the Attorney-General have this matter investigated, if that has not already been done? Is it correct to say that there has been a great increase in offensive behaviour by these people?

The Hon. D. A. DUNSTAN: I had this matter investigated when I saw press publicity concerning it, because it gave me some considerable cause for concern that Aboriginal people should be singled out in relation to offences of this kind in Port Adelaide. I obtained a report from the Inspector and Sergeant at Port Adelaide. The Inspector had received a letter of complaint from the retail traders association, but he had not received any individual complaints from traders. Figures regarding arrests in Port Adelaide in July show that 15 Aborigines and 155 others were arrested; in August, three Aborigines and 125 others were arrested; in September, five Aborigines and 139 others were arrested; and, in October, 15 Aborigines and 132 others were arrested. The figures indicate that there is not a preponderance of Aboriginal offences occurring at Port Adelaide, nor has there been a great increase in offences by Aborigines in the area, and the Inspector and Sergeant do not consider that there is any cause for undue concern whatever. It is unfortunate that sometimes, when people have an observable outward difference from others, they are singled out in public statements. I see no reason why Aborigines should be treated differently on this score from people of other racial groups. It is the policy of the Police Department to treat Aboriginal people the same as other people: if they transgress, they will be dealt with; they have the same rights and the same responsibilities as other people.

Mr. LANGLEY: Today I received a letter from a constituent of mine stating:

Will you please ask the Minister concerned a question on the following lines: Can you tell me when it will be possible for my wife or daughter to walk down Hindley or Rundle Street Saturday or Sunday afternoon between the Regent cinema, Rundle Street, to the Star Grocery in Hindley Street, without being the subject of ribald remarks and possible molestation, as this has already happened to a member of my family?

Will the Premier obtain a report from the Chief Secretary on this matter?

The Hon. FRANK WALSH: I will take the matter up with my colleague and ascertain the position.

SUPERPHOSPHATE.

The Hon. G. G. PEARSON: Last week the Prices Commissioner announced substantial increases in the price of superphosphate in bulk as well as in farmers' own bags. The increase announced for new sacks is much higher. During recent years only very small increases have been allowed by the Prices Commissioner, and in some years decreases in the price have actually been ordered. Although there has been a slight increase in the cost of some of the items involved in the production of superphosphate, the present rise is very substantial, as greatly increased sales in the last three years must have enabled reduced unit costs. The rise is causing great and widespread concern in the agricultural, pastoral, and horticultural industries. In view of the several exorbitant and astonishing offers being made for the takeover or merger of a large South Australian superphosphate company by no less than three separate business houses, it seems that the present increase in price is entirely unjustified. Will the Premier refer the matter to the Prices Commissioner for a close re-examination?

The Hon. FRANK WALSH: The matter of increased prices for superphosphate has been held in abeyance for at least two weeks, if not longer. I assure the House that the Government, because of the importance of this matter to the State generally, was alarmed at the suggestion of an increase in superphosphate prices.

The Hon. G. G. Pearson: It was announced and we thought it was a firm increase.

The Hon. FRANK WALSH: The Government was perturbed at the proposed

increase, but it was more concerned with the takeover offers being made from oversea companies for a certain company here. A further increase was proposed, but the Prices Commissioner made suggestions to assist this industry in its future expansion. My information discloses that, because of the previous Government's actions in grinding down all the time, we were left, to a certain extent, with the proposed increases.

The Hon. R. R. Loveday: That is pretty obvious.

The Hon. FRANK WALSH: The increased prices for superphosphate recently announced by the South Australian Prices Commissioner are due to factors beyond the control of either the Government or the industry. The main reason for the increase is that the average increase in the cost of sulphuric acid from all sources of supply, compared with the price last year, is 38s. 8d. a ton, which in conjunction with a small variation in usage represents an increase of 14s. 2d. a ton of superphosphate. The landed cost of sulphur has increased by the large amount of £4 10s. a ton (a 33⅓ per cent increase). The cost of sulphuric acid made from other materials (pyrites and sinter gas) is also affected by reductions in some Commonwealth bounties which reduce in proportion to any increase in the landed cost of sulphur.

These factors are beyond the control of the State Government and the industry, and much as the Government regrets the necessity for the increased prices, the facts are such that it had no alternative but to concur in the price increases announced by the Prices Commissioner. The increases were announced at least two weeks later than they should have been, because the Government was not satisfied with the first report from the Prices Commissioner, not that we held anything against him in this matter. However, the Government wanted a further examination, and this was made by the Prices Commissioner, with the result that nothing further could be done to reduce the prices.

MAITLAND COURTHOUSE.

Mr. FERGUSON: Has the Attorney-General a reply to my recent question about the condition of court facilities at the Maitland courthouse?

The Hon. D. A. DUNSTAN: The Senior Design Architect of the Public Buildings Department, who has investigated this building, reports that it is in an extremely poor condition, and recommends that all existing structures be demolished and a new courthouse, police station, and residence be erected. The honourable member will realize that because of heavy commitments in respect of Loan funds it is not possible to do that this year. It is intended that planning will commence for new buildings at Maitland to be erected as soon as Loan funds are available.

CITRUS COMMITTEE.

Mr. CURREN: Some time ago I asked the Minister of Agriculture a question about the introduction of legislation giving effect to the recommendations of the Citrus Industry Inquiry Committee. Can the Minister say when that legislation will be introduced?

The Hon. G. A. BYWATERS: It is hoped that the Parliamentary Draftsman will have this legislation ready for introduction next week. It is important legislation, and I consider that when it is introduced it will have the concurrence of both Houses. I trust that it will pass through all stages and be assented to before Christmas so that the committee to be set up can operate in time for next season's harvest.

LOTTERIES FINANCE.

Mrs. STEELE: I refer to an item in this morning's newspaper under the heading "Two Ministers oppose Lottery". According to this report the Minister of Works estimated that it would cost £3,000,000 to set up a lottery in South Australia. The Minister, as we know, is personally opposed to a lottery but electors, from whom all information regarding the conduct of the lottery has been withheld and who are to vote in a referendum on this matter next Saturday, are entitled to know how the Minister arrived at this figure and what was the source of his information. Can the Minister comment?

The Hon. C. D. HUTCHENS: This question has been addressed to me as Minister of Works, but I make it clear that any comment which I make now, or which has been given in the press, is my personal view and not that of the Government or of the political Party to which I belong.

Mr. Millhouse: You were called the "Minister of Works" in the newspaper.

The Hon. C. D. HUTCHENS: The identification cannot be helped, but I made it clear to the press that I was speaking as an individual, and the press report stated that. I arrived at £3,000,000 after consulting with the people engaged in the promotion of lotteries in three other States. The figures quoted

to me vary considerably, and I shall give to the House the average rather than the maximum figure. It is claimed by those in charge that to run a successful lottery we would have to build a lottery house (which would have to be a prestige building similar to a bank) estimated to cost (to meet all requirements) about £1,500,000. Advertising would have to be extensive if profits were to be made after a period of three years, and each of the States approached stated that it would cost about £750,000 in three years. We would have to guarantee prizes and, as the estimates in this regard vary considerably, I shall give the lowest figure quoted, namely, £135,000.

Plant would cost between £15,000 and £20,000; wages for three years would cost about £470,000; agents would require payment for three years of about £50,000. While we waited for a building to be constructed, rent would cost about £90,000. These figures give the total of £3,000,000 to which the press article referred. I point out that I undertook this investigation as a private individual and not in any official capacity as Minister. The people that I approached in each State claimed that it would take at least three years (some say five years), ignoring the capital expenditure involved, before we could show a profit in the conducting of a lottery.

Mr. RODDA: If this is an accurate estimate, will the Treasurer say whether the money would come from the Loan Fund or from General Revenue?

The Hon. FRANK WALSH: I have indicated all along that this matter would be investigated only in the event of a lottery receiving a favourable vote next Saturday, and I shall not voice any views at this stage. However, I can probably agree with one statement made by the Minister of Works, namely, that it would probably cost about £40,000 (perhaps £50,000) for certain necessary equipment.

Mr. HALL: Was the Minister in possession of those interesting facts and figures when he voted for the holding of a referendum on a lottery?

The Hon. C. D. HUTCHENS: No.

Mr. McANANEY: Recently a group of men, including me, decided to commence a new business concern. We were taken to an undertaking, with which we were to be in opposition, to obtain certain facts and figures, and we were told that we had no hope and that it would be better for us not to start a business because it would be uneconomic and unnecessary under conditions applying in Adelaide. Nevertheless we have gone ahead with the business and have found out that the information given to us by the opposition undertaking was incorrect and had no practical application to our business. Does the Minister of Works, as the member for Hindmarsh, consider that he might have been similarly "led up the garden path" with regard to the information he gave to the House today?

The Hon. C. D. HUTCHENS: I am not responsible for what happens in private enterprise. I was dealing with people employed by those promoting the lotteries, not with the promoters themselves.

SOLDIER SETTLERS.

The Hon. T. C. STOTT: On November 2, I addressed a question to the then Minister of Lands relating to Loxton war service settlers—and a further question was subsequently asked on that day by the member for Albert (Mr. Nankivell)—regarding the provision of living allowances for soldier settlers. In replying to those questions the Minister said:

The department intends to look into the question of grading the living allowance according to the number of dependants.

Later, the Minister said:

Whilst the department will look closely into the question of living allowances to determine their adequacy or otherwise, it is appropriate to point out that, in addition to £800 per annum for food, clothing, household necessities and on other expense of a purely domestic nature, under a budget arrangement, a war service settler may, and usually does, receive advances for:

(1) Life assurance—at least £75.
(2) Up to 26 ration sheep.
(3) Insurance and registration of car, driver's licence, etc., £80-£100.
(4) Telephone expenses up to £30.
(5) District council rates.
(6) Land tax.
(7) Income tax.
(8) Medical expenses.

I point out to the recently appointed Minister of Lands that many of these items do not apply to Loxton soldier settlers. As the department is examining the matter of living allowances, will the Minister ascertain whether adequate provision can be made for settlers at Loxton?

The Hon. J. D. CORCORAN: Yes.

HOUSING FINANCE.

The Hon. Sir THOMAS PLAYFORD: Has the Treasurer the information (sought by the member for Flinders and me) in relation to the total sum to be made available for housing in South Australia this year by the Housing

Trust, the Savings Bank, the State Bank, the private savings banks, and the Commonwealth Savings Bank?

The Hon. FRANK WALSH: It was disclosed in the Loan Budget speech and accompanying papers that the sum available for expenditure by the Housing Trust in 1965-66 was £14,040,000. But of this about £700,000 was expected to be used for shops, industrial premises, plant and equipment, etc., so that the expenditure upon housing as such was estimated at £13,340,000. The only subsequent adjustment to this figure is that I am hopeful that it can be arranged with the Savings Bank of South Australia and the Commonwealth Savings Bank that finance be provided to a greater volume of individual buyers of trust houses than was originally estimated. In that event the additional funds available to the trust will make possible an increase in its expenditure beyond £13,340,000 for the year. The funds available to the State Bank for housing from new advances and recoveries, etc., in 1965-66 will be £5,800,000 as determined with the Loan Budget, and this is being disbursed at a steady rate. Also £480,000 is being provided to building societies out of the Home Builders' Fund and this is rather more than the £446,000 forecast with the Loan Budget. The Savings Bank of South Australia is lending on the basis of a budget of £8,250,000 for 1965-66, which I believe is greater than the programme envisaged earlier in the financial year. This is apart from providing considerable semi-governmental loans directly to the Housing Trust. It is not the policy of the Commonwealth Savings Bank to disclose actual amounts of its lending State by State, and of course I have no jurisdiction to secure data from it. However, I have good reason to believe its lending for housing in this State, both to individuals and to the Housing Trust, compares more than favourably with its lending for housing in other States, when extent of deposits is taken as a basis. Moreover, the rate of lending by the Commonwealth Savings Bank in this State has latterly at least been maintained at its earlier levels. As to lending for housing by private savings banks and other financial institutions, I am naturally not in a position to know or request precise figures. It is very clear, however, that the volume of such lending in this State is very small indeed to individuals for housing. I do acknowledge, however, that several of the private savings banks have been and are continuing to be very helpful in direct semi-governmental loans to the Housing Trust. It would not be proper for me to ask for and disclose the individual lenders and the precise amounts involved.

GREENWAYS LAND.

Mr. RODDA: It has been brought to my notice that the Lands Department has in the town of Greenways increased the cost of blocks from £10 to £50 per quarter-acre block. Further, I understand that these blocks are virgin scrub on a sandhill, with a sandpit 25ft. to 30ft. deep within a few feet of the back boundaries of the blocks. Feeling is running fairly high in the town regarding a young man who paid £10 for a block, received a receipt for the money, and, after some time, had his cheque sent back and with it a statement of the new conditions. I understand that this land was given as a township area by Mr. Alan Gould. Can the Minister of Lands say whether the Lands Department intends to increase the price of these blocks to the figure to which I have referred and so exploit the area as a profit-making venture?

The Hon. J. D. CORCORAN: The information the honourable member has given was received by me yesterday in a letter from the secretary of the Greenways Memorial Trust, and I have asked for a report on the matter. Immediately I receive it I will make it available to the honourable member.

DERNANCOURT SCHOOL.

Mrs. BYRNE: Has the Minister of Education a reply to my question of last week regarding the erection and occupancy of a new primary school to be erected in Parsons Road, Dernancourt?

The Hon. R. R. LOVEDAY: The Director of the Public Buildings Department states that the assessed completion date for the new Dernancourt Primary School is December, 1965. Arrangements are being made for the school to be taken into use when schools resume on February 8, 1966.

HANSON-BURRA MAIN.

Mr. QUIRKE: Last week I asked a question regarding the completion of the Hanson-Burra main. Has the Minister of Works a reply?

The Hon. C. D. HUTCHENS: I have received the following report from the Director and Engineer-in-Chief:

Pipe carting for the Hanson-Burra main has been completed to the stage that all pipes have been laid out along the route of the main. The gang working on the job has also done preliminary work in preparation for pipe-laying to commence in a week's time. A specification

is in course of preparation for the pumping plant and will be ready to go to tender by the end of the current month. It is anticipated that the pipe-laying will be completed in six months.

SAMCON SCHOOL.

Mr. FREEBAIRN: Some weeks ago I asked the Minister of Education whether he could supply me with information about the cost of construction of the Samcon school, the new prefabricated type of school seen by members at Mount Barker on Friday. Can the Minister give me further information?

The Hon. R. R. LOVEDAY: When we visited the school last week I asked whether figures could be given about the cost of this school, but they were not available at that time. I will obtain them as soon as possible and make them available for the benefit of the honourable member and of other honourable members.

FREE SCHOOL BOOKS.

Mr. SHANNON: As it is obvious that the Minister of Education is in charge of the Cinderella department of the State, that he started off with the unfortunate handicap of not being able to carry into effect his Party's policy regarding free school books, and that since then he has had difficulty in matching Commonwealth grants made available for his department, I wonder, in the light of information gleaned as a result of questions asked this afternoon of his colleague, whether in order to save on the works programme his department is again to suffer a further delay in providing free school books. Will that be the policy that has to be pursued if a lottery is established?

The Hon. R. R. LOVEDAY: I think this is a very hypothetical question. I can only say at this stage that the Government's policy is to provide free books in the primary field for the beginning of the year 1967.

HARBOUR CHARGES.

Mr. COUMBE: I understand that last week the Minister of Marine announced increased charges to be made by the Harbors Board, and that there was to be a 25 per cent overall increase, which would mean a net increase in revenue to the Government of about £500,000 a year. Can the Minister of Works say whether these figures are correct? If they are, how does he justify these large increases in costs to the manufacturing, commercial and primary-producing sections of the community?

The Hon. C. D. HUTCHENS: Regarding primary producers, all concessions granted by the previous Government in respect of Harbors Board charges have been retained. This was an instruction when the increases were made. I think a few interesting facts in regard to primary production should be given. In respect of the charges for wine, the increase will represent about 1d. for every seven gallons. The increase for wheat will amount to one-fifth of 1d. a bushel where we have a guaranteed price of 14s. The increase on wool will be to the extent of 6d. a bale, which is worth about £75. Therefore, in my opinion the increases to primary producers are not excessive.

PASTORAL LEASES.

The Hon. Sir THOMAS PLAYFORD: Last week I asked the Minister of Lands a question regarding pastoral leases. Has he that information?

The Hon. J. D. CORCORAN: The Leader's question of last Thursday contained four specific questions, and I set out the answers in the order in which they were asked. They are as follows:

(1) Out of a total of 299 lessees, applications for offers of new leases under section 46a of the Pastoral Act, 1936-1960, were received from 278.

(2) Offers of new leases have been made in 247 cases, of which 32 have been rejected by the lessees.

(3) As 87 per cent of the offers proved acceptable, it will be seen that there will be no large changeover in the occupation of pastoral areas in this State.

(4) For various reasons, no offers of new leases were made in 31 cases.

DOCTOR'S DISMISSAL.

Mr. MILLHOUSE: On page 1 of this morning's newspaper is a news item headed "S.A. Eviction is Enforced".

Mr. Jennings: Not again!

Mr. MILLHOUSE: Yes, indeed.

Mr. Lawn: You can't believe all you read in the paper.

Mr. MILLHOUSE: That is why I am asking this question. Last Thursday, I took up with the Premier (and he was assisted in his answer by the Attorney-General) the question of Dr. Gillis's continued occupation of his house. According to this newspaper item Dr. Gillis has now been evicted from the house. Last Thursday the Attorney-General said that alternative accommodation had been offered to the doctor, and that is repeated in the article. Can the Premier say whether Dr.

Gillis has now been evicted; what the alternative accommodation is which has been offered to him; and finally, because the remainder of the news item, which contains a letter written by Dr. Gillis, sows a doubt in my mind as to the action of the Government in this matter, why the Government preferred to rely on its common law right of dismissal rather than to follow the procedure laid down in section 59 of the Public Service Act with regard to Dr. Gillis?

The Hon. FRANK WALSH: If the honourable member considers that the information should come from me, there is only one way to obtain it.

Mr. Millhouse: You are head of the Government.

The Hon. FRANK WALSH: Yes, and I accept that responsibility; but I do not accept the responsibility of giving legal opinions in this House. I respectfully suggest that, if the honourable member wants the information today, he direct the question to the Attorney-General, who may answer if he desires.

Mr. MILLHOUSE: In that case I direct my question to the Attorney-General.

The Hon. D. A. DUNSTAN: As to the provision of alternative accommodation, a Housing Trust house of comparable size and standard to that previously occupied by Dr. Gillis has been available to him since his dismissal. For a time we kept two alternatives available for him. He has not chosen to avail himself of either of these, and, in fact, for some time it has been difficult to discover Dr. Gillis. He has not been living in the house at the hospital, but the furniture has been there and his dog has been there on occasions. However, on no occasion when a Government officer has gone there has Dr. Gillis or any of his family been there. Eventually, when it was impossible to discover the whereabouts of Dr. Gillis, his furniture was removed from the house. I understand that he has been in touch with the local police station, but until now not directly with my department. I do not know his present whereabouts, but if he gets in touch with my department he will be given complete information as to what has been done by the bailiff with respect to the furniture and materials he left at the house. As to why the Government exercised its common law powers under the Act, it was doubtful, despite the extremely serious matters, the complete defiance of proper and lawful authority by this officer, and his continued threats to involve other Government officers in breaches of the law, whether, in the circumstances, the provisions of the Public Service Act did apply. I accepted the advice given me on this matter: that only the common law power applied.

Mr. Millhouse: You mean that you could not have proved an offence against him?

The SPEAKER: The question must not be debated.

The Hon. D. A. DUNSTAN: It is not a question of proving an offence against Dr. Gillis. This House has been given full information concerning the activities of this officer. The previous Government had a long series of complaints about him, and full information has been given to the House and to the public.

Mr. Jennings: If the previous Government had not been so pusillanimous they would have done the same thing.

The Hon. D. A. DUNSTAN: Yes, and they have said so outside this House. There is no defence for this officer, but if he considers that there is a defence and that he has been unjustly treated, he can go to law and we will defend the actions of this Government before the court. We have every reason to have done what we have done for the protection of the Public Service of this State, and of the public.

LOTTERIES REFERENDUM.

Mr. MILLHOUSE: I ask the Attorney-General another question, which arises out of the Attorney-General's position as chief law officer of the Crown.

The Hon. T. C. Stott: I hope this doesn't become a legal argument.

The SPEAKER: Order! The honourable member can make a statement only with the permission of the Speaker and the concurrence of the House. It is a general practice that, if members interject while a question is being asked, leave is refused. I ask members not to prolong questions by debating either the question or the answer. If I hear an interjection while a question is being asked, I will demand that the question be immediately asked.

Mr. MILLHOUSE: I will try to obey your ruling, Sir. A few moments ago the Attorney-General, in answer to an earlier question I asked on the question of the lottery referendum, spoke rather loftily of his position as chief law officer of the Crown and said that any opinion given would be his opinion. I do not dispute his right to say that, but I ask him, in view of that, why has the Crown Solicitor's opinion, referred to in Thursday's

newspaper, been given publicity by Mr. Douglass? Also, why is it that the Crown Solicitor's opinion can be given publicly in the newspaper, whereas we are not to have it here but are to have only the Attorney-General's opinion?

The Hon. D. A. DUNSTAN: I told the honourable member that the matter contained in the statement by the Assistant Returning Officer would be included in my opinion.

TOM THUMB MAGAZINE.

Mr. MILLHOUSE: I have the second edition of a magazine called *Tom Thumb*, which has been handed to me by a constituent who tells me that this magazine is freely available for purchase for 2s., especially in delicatessens and that, in fact, it is being bought mainly by schoolchildren. I will hand it to the Attorney-General, and he will see at a glance (if he has not already seen it) that this is a magazine in which sex is emphasized to an unhealthy extent. It seems that it should be investigated to ascertain whether or not it should be permitted to be sold, or whether its sale in South Australia is an offence under the Police Offences Act. Has the Attorney-General seen it and, if he has, will he say whether any action is to be taken on it? If he has not seen it, will he look at it with a view to making up his mind whether or not proceedings should be taken, so that it will not continue to be sold in this State?

The Hon. D. A. DUNSTAN: I shall be glad to look at the magazine concerned, as I have not seen it. On the other hand, I seriously suggest to the member for Mitcham and to other honourable members (and I do not suggest that they have not a perfect right to exercise their discretion when asking questions in the House) that when questions are asked about publications of this kind, the effect of the publicity is almost inevitably to increase the circulation of the article concerned. I suggest that the wisest course in these circumstances is to forward the matter to me privately. I shall undertake to all members that, if they have a complaint about material of this kind, it will be promptly examined.

CENSORSHIP.

The Hon. T. C. STOTT: Can the Attorney-General say whether the Government has been involved in any of the conferences taking place with the other States and the Commonwealth Government regarding uniform censorship throughout Australia? Does the Government intend to provide censorship uniform with that of the other States, or does it intend to maintain its own form of censorship on publications in South Australia?

The Hon. D. A. DUNSTAN: The Government does not intend to have censorship in South Australia. That is to say, it is opposed to the idea that an administrative body will say, "This matter people cannot read; that matter they can read," and that it should be an offence then to publish any matter that is condemned by the censorship body. That is the traditional mode of censorship, to which this Government is opposed. We believe that the rule of law should be maintained, that is, that we should lay down a published test and that anybody who contravenes the test should be prosecuted before the court for an offence. We believe that that is the only way to deal with matters of this kind. However, the Government has been involved in consultations with other State Governments and with the Commonwealth Government. All State Ministers and the Commonwealth Minister (Senator Anderson) attended a conference in Sydney yesterday. At the moment the State Ministers propose that the present Commonwealth Literary Censorship Board of Review, appointed under the regulations under the Customs Act, which acts as a censorship advisory body in respect of imported material, should be replaced by a joint Commonwealth and State board which will have the present duties of the Commonwealth board, but to which the State Ministers concerned may refer particular works which come to their notice, which it is complained are indecent or obscene, but about which it may be claimed as a defence that they have literary or artistic merit.

The board will then advise all State Ministers of its view of the material submitted, and the State Ministers will agree that, where the board suggests that it is proper that the article should be published, no State Minister will prosecute. However, if the board does not pass the material it will still be open to the individual State Ministers to decide whether they will prosecute. In any event, of course, it will not be an offence to publish material not passed by the board. The general test laid down by this House in the Police Offences Act will be maintained. If people do not choose to avail themselves of this process that would be set up if we obtained

agreement with the Commonwealth Government on it, they may then take a chance and publish an article, running the risk (if a risk exists) of prosecution arising from the material it contains. The aim is to give protection and a means of discovery beforehand to publishers and those in the book trade, where they may be liable to prosecution, but it takes away no protection which the test in the present law gives them.

OFF-SHORE DRILLING.

The Hon. Sir THOMAS PLAYFORD: Can the Minister representing the Minister of Mines say whether the Government intends to introduce legislation this year dealing with oil rights in respect of off-shore drilling?

The Hon. G. A. BYWATERS: I understand a statement on this matter is being made in another place today.

UNIVERSITY FEES.

The Hon. D. N. BROOKMAN (on notice):

1. What is the total amount of reductions in university fees that have been made since the Minister's statement of August 10, 1965 (*Hansard* page 901)?

2. How many students have received these reductions?

The Hon. R. R. LOVEDAY: The replies are:

1. Nil. The statement made it clear that the more liberal approach to the reduction of university fees in cases of hardship would come into effect from the beginning of 1966.

2. See No. 1.

SEAT BELTS.

Mr. MILLHOUSE (on notice):

1. Did the Minister of Transport attend the meeting in Perth in July of the Australian Transport Advisory Council on behalf of the South Australian Government?

2. Was a proposal for compulsory installation of seat belts in motor vehicles made at that meeting?

3. If so, was the proposal accepted or rejected by the council?

4. Did the Minister oppose the proposal?

5. If so, what were his reasons for so doing?

6. If not, what view did he express?

The Hon. FRANK WALSH: The replies are:

1. Yes.

2. The merits of compulsory installation of seat belts were discussed.

3. The Australian Transport Advisory Council does not and cannot formulate policy to bind all or any of the Governments concerned. At the time of the council's meeting in July, Cabinet had not arrived at a decision considering the desirability or otherwise of making the installation of seat belts in motor vehicles compulsory in South Australia. Accordingly, the Minister of Transport for this State was not in a position to either oppose or support compulsory installation.

4 to 6. *Vide* No. 3 above.

FLUORIDATION.

Mr. MILLHOUSE (on notice):

1. Has the Government yet considered the question of the fluoridation of the water supply of this State?

2. If so, what decisions have been reached?

3. If this question has not yet been considered, why not?

The Hon. FRANK WALSH: The replies are:

1. No.

2. *Vide* No. 1.

3. Consideration of it has been precluded by many other more important and urgent projects.

MINISTERIAL STATEMENT: DECIMAL CURRENCY.

The Hon. FRANK WALSH (Premier and Treasurer) I ask leave to make a statement.

Leave granted.

The Hon. FRANK WALSH: Last June and July I replied to questions asked by the member for Torrens relating to the presentation of Loan Estimates and Budget Papers in both decimal and sterling currencies. I referred to this matter again when concluding my Budget speech and stated that it was not possible for the Government Printer to complete such a presentation in the time available. Further, since the conversion to decimal currency was simply a matter of doubling figures expressed in pounds, the extensive additional printing and the considerable alterations in set up preparatory to printing did not appear justified. I undertook, however, to supply members with a re-statement of the main estimates and appropriations in decimal currency units.

Accordingly I have had prepared a paper summarizing the Loan Estimates, Estimates of Revenue and Estimates of Expenditure, in both currencies, for the year ending June 30, 1966. A statement of the estimated position as at June 30, 1966, on both Loan and Consolidated Revenue Accounts, appears on page 3 of this document. This is followed by detail of estimated payments from loan accounts, estimated receipts from the principal sources of revenue, and estimated payments from revenue for each department. I trust that this information will prove a useful reference for

members after the changeover to decimal currency. I would add that the Loan and Revenue Budgets for next year will of necessity be in decimal currency, and at that stage it will be arranged that all financial figures relating to earlier years in the accompanying papers will be stated in terms of dollars for purposes of comparison. I now table the Decimal Currency Conversion Summary of Estimates.

HILLCREST PRIMARY SCHOOL.

The SPEAKER laid on the table the report by the Parliamentary Standing Committee on Public Works, together with minutes of evidence, on Hillcrest Primary School.

Ordered that report be printed.

AGED AND INFIRM PERSONS' PROPERTY ACT AMENDMENT BILL.

Returned from the Legislative Council without amendment.

EIGHT MILE CREEK SETTLEMENT (DRAINAGE MAINTENANCE) ACT AMENDMENT BILL.

The Hon. J. D. CORCORAN (Minister of Lands) moved:

That the Speaker do now leave the Chair and the House resolve itself into a Committee of the Whole for the purpose of considering the following resolution: That it is desirable to introduce a Bill for an Act to amend the Eight Mile Creek Settlement (Drainage Maintenance) Act, 1959.

Motion carried.

Resolution agreed to in Committee and adopted by the House. Bill introduced and read a first time.

The Hon. J. D. CORCORAN: I move:

That this Bill be now read a second time.

In consequence of proposals put forward to the former Minister of Lands by a deputation on behalf of the settlers in the Eight Mile Creek settlement, the Government has agreed to introduce this Bill to amend the basis of valuation for the purposes of assessing the drainage maintenance rates in the settlement so as to provide that the valuation is to be based on the unimproved value of each holding rather than on its market value as now applying. This action is proposed, as the proposed basis of valuation is considered more equitable as between individual settlers.

The principal Act provides for a quinquennial valuation to be made in respect of each five-year rating period, the last of which expired on April 30, 1965. A valuation in respect of the five-year rating period which commenced on May 1, 1965, has already been made on the basis of market value and notified to settlers under the existing provisions of the Act but, in view of the proposals contained in this Bill, an assessment of drainage rates for that five-year rating period will not be made on the basis of that valuation. It is, however, proposed that the annual drainage rate declared and levied on each of the holdings in respect of the rating period which ended on April 30, 1965, shall be the drainage rate on that holding for the year ending on April 30, 1966, and a quinquennial valuation on the new basis of unimproved value will be made for each five-year rating period commencing on or after May 1, 1966.

Clause 3 alters the definition of "rating period" to accord with the new proposals. Clause 4 enacts a new section 4a which provides that the annual drainage rate declared and levied on each holding in respect of the five-year rating period which ended on April 30, 1965, shall be the drainage rate on that holding for the year ending on April 30, 1966. This has the effect of extending that rating period by one year until April 30, 1966. The new section also provides for the recovery of rates and of interest at 5 per cent per annum on unpaid rates but empowers the Minister to remit the whole or any part of the interest on grounds of hardship or for any other sufficient reason.

Clause 5 replaces subsection (1) of section 5 of the principal Act. The new subsection requires the Director to determine the average annual expenditure for each future five-year rating period after estimating the expenditure that would be incurred during that period in connection with the maintenance, care, control and management of the drains and drainage works in the settlement, and also requires the Land Board to make a valuation of the unimproved value of the land in each holding. The clause enacts a new subsection (1a) which defines "unimproved value" of land as defined in the Land Tax Act. The clause also enacts a new subsection (3), which provides that the valuation made on the basis of market value of land in respect of the rating period that, but for this Bill, would have commenced on May 1, 1965, is cancelled and shall have no force or effect. Clause 6 amends section 12 of the principal Act by allowing the Director power to extend the time for payment of rates in respect of any year of a rating period other than the first year.

The Hon. Sir THOMAS PLAYFORD secured the adjournment of the debate.

SUPERANNUATION ACT AMENDMENT BILL.

Adjourned debate on second reading.

(Continued from November 10. Page 2722.)

Mr. COUMBE (Torrens): Broadly speaking, the Opposition supports the Bill in so far as it provides definite benefits for public servants. We welcome its introduction but at the same time we feel strongly that the Bill lacks one essential item. It appears that officers who have retired and who are receiving a pension under the scheme have been overlooked. Whereas the Opposition and the pensioners themselves had expected that pensioners would receive an increase in pensions (in fact, pensioners had counted on an increase) no increase at all will be made in pensions. All that will happen is that a small amount of credit or payment will be made to pensioners because of an adjustment between what they contributed in the past at the rate of 66⅔ per cent to 33⅓ per cent and the new rate of 70 per cent to 30 per cent.

The amount to be credited and paid to them does not affect the rate of pension, and there is no means of calculating this amount. However, it must be fairly small because, as the Treasurer said in his second reading explanation, the scheme for the entire Public Service contributors and pensioners for a full year will cost the Government only £40,000 (about 2 per cent) out of £1,500,000 which is the Government's obligation under the requirements of the Act. It can be seen that the amount to be paid to pensioners will be a mere pittance, and it will cease when a pensioner dies. The amount which a pensioner has contributed for in the past and which will be adjusted because of the new rate will not go to his widow: it is specifically provided in the Act that it will cease on his death. This means that a widow's pension will not be increased. If that is so, the Opposition is disappointed because it hoped that pensioners would receive more. It appears that these officers, who have contributed so much to the building up of the State's resources by their long and loyal service, are the forgotten men.

Mr. McKee: You had plenty of time to think about that when you were in Government.

Mr. COUMBE: The Opposition supports the Bill but is disappointed that pensioners have been treated in this way. Presently I shall compare the two Parties' policies and say that we were going to do something ourselves. It would appear to us that all the benefits under the Bill will go to the serving officers and to future employees. I make it clear to the Government (and especially to the honourable member for Port Pirie) that the Opposition welcomes and supports additional benefits for present contributors. As I say, our Party had planned to introduce legislation and that was stated in our policy speech, just as the Labor Party's policy speech contained a similar promise.

The Opposition is disappointed and rather astounded at the Government's casting aside its obligations to those men and women who are now no longer members of the Public Service. The broad principles of this Bill have the support of both sides of the House, although there are differences in some details of its application. The Bill amends the Act by improving the provisions in respect of public servants. True, over the years many amending Bills have been introduced by Treasurers of both political persuasions, all designed to improve superannuation benefits for Government employees. Some of these Bills have related to service, contributions, units, pensions, or benefits; and some of them from time to time have taken account of the continuing changes in money values. There has been over the years a marked change in the outlook and thinking in Government circles regarding the proportion of the Government contribution to the fund. Initially, the Government contributed on a 50-50 basis. This was adjusted to a 60-40 basis, and later the proportion was altered again to 66⅔-33⅓, or a two-to-one basis. The proposal before us is that this will again be altered.

This Bill is more than a little complicated, especially to those members who perhaps may not have had the advantage of a working knowledge of the intricacies of superannuation funds and their operation, either in private industry or in Government circles. It is also fair to say that, prior to the last election, both the Liberal and Labor Parties included in their policy speeches items designed to improve the existing provisions of the Superannuation Act. Therefore, the Opposition today says that this Bill contains some good features because it includes some of the Opposition's proposals. However, it is disappointing that the pensioner appears to have been overlooked; and we say that this fault should be corrected.

One or two rather important aspects of the Bill require further comment in Committee. Clause 8 contains 18 new subsections, and covers 7½ pages of the Bill. I admit that some clauses dealing with conversion to

decimal currency are machinery-making provisions. The decision to implement the provisions of the Bill from February next year is a good one, as it coincides with the introduction of decimal currency. Many of the clauses relate to this conversion to decimal currency and also bring many provisions into operation either from January 31 or February 1 next year. We find that all these things are to commence from that date.

When speaking on a Bill as important as this, we should look at the present state of the Superannuation Fund. I recall that some years ago the then Leader of the Opposition (Mr. O'Halloran) was continually asking questions regarding a possible distribution of the surplus in the fund. The latest report available to me is the 38th report of the Superannuation Fund Board (for the year ended June 30, 1964). That report discloses that the fund is in a very healthy position. The balance of the accumulated fund account (that is, excluding all the voluntary savings items) at that date was £17,400,000, which represented an increase of £1,500,000 during the year. Therefore, there appear to be considerable assets in the fund, and the position is continually improving year by year. The accumulated fund keeps on building up year by year and so attracts more interest from investments. Even if the rate of interest remains the same, more money is available as interest and therefore the income from the fund continues to grow, and that is good. As the Treasurer said, the increasing rate of interest assists the fund. The average rate of interest has increased from £4 17s. 11d. per cent in 1959 to £5 5s. 1d. per cent in 1964, and that is not a bad increase in that short term. The members of the board are to be complimented on the way they have been able to invest these funds on behalf of the contributors and the pensioners in South Australia. Of course, this increase is directly reflected in the greater earnings of the fund, which are shown in the schedules at the end of the board's report. In the period I mentioned, the number of contributors increased to 16,072, an increase of 538 during the year. The average number of units (and this is fairly important) contributed for rose to 13.35.

On looking at the Treasurer's second reading explanation it would appear that one feature of the Labor Party's election promise on superannuation seems to have run into some trouble. I refer to the optional subscription for full pension on retirement up to five years earlier than the compulsory retiring age of 65 years for men and 60 for women. We understand that this provision has had to be deferred for some time. The explanation given was that no actuary was available to do some of this work, but I suggest that it may also be because of the suggested introduction of equal pay for men and women. One thing certain is that this proposal has had to be shelved for the time being; when it will be introduced, I do not know.

Clause 4 of the Bill removes the statutory requirement for one member of the board to be an actuary. I understand that ever since superannuation operated in this State an actuary has been on the board. Usually it is the Public Actuary, but there seems to be some difficulty in obtaining a suitable person at present. This clause removes that statutory requirement but, because it is difficult to obtain an actuary, that should not alter the principle of requiring an actuary to serve on the board. The Superannuation Fund Board, like insurance societies, requires the service of a skilled actuary, as this is a subject in which an actuary is needed because of the special work he is called upon to do. I regret that this removal clause is in the Bill. The principal new feature is the decision to alter the Government's contribution to the fund from 66⅔ per cent to 70 per cent. This is a policy decision and the Treasurer explained it fully, stating that it would bring the South Australian fund more or less into line with the practice in other States. He said that it would cost the Government about £40,000 in a full year in an expenditure of about £1,500,000, that is, about 2.6 per cent. Obviously the Government's contribution is not so great after all. This new rate should remain the standard for many years.

The Hon. Sir Thomas Playford: Did you say it would cost £40,000 a year?

Mr. COUMBE: I am repeating what the Treasurer said in his second reading explanation.

The Hon. Sir Thomas Playford: I thought there was going to be something done.

Mr. COUMBE: Many expected big things to come from the Bill.

Mr. Millhouse: Do those on pensions now get anything out of this?

Mr. COUMBE: There will be no increase in pension, and all that the present pensioner will get is a credit to his account. He can either take the payment or have the credit of the adjustment between what he contributed at 33⅓ per cent and the new proposal of 30 per cent. If he dies, his widow does not receive

that credit,—which—remains in the fund for investment. Many pensioners were looking for an increase in the pension rate after Labor's undertaking at the last election. It is disappointing to the Opposition that the pension rate has not been increased, and we trust that the Government will move an amendment to correct this position. This new rate is the nub of the Bill and many other provisions turn on the extra proportion of 70 per cent to 30 per cent. The Government will now have to contribute the difference between 66⅔ per cent and 70 per cent, an additional 3⅓ per cent.

Adjustments to pensioners and contributors are contained in clause 8. Let us consider the case of a pensioner, a person who has served many years in the Public Service and who has retired and is now enjoying a pension. If he was in the Public Service and contributing at a rate of 33⅓ per cent to the Government's 66⅔ per cent, he would receive a credit of the difference between the 33⅓ per cent and the new rate of 30 per cent. This difference will be paid to him in addition to his pension. It does not alter his pension as the additional amount will be credited to him but, if he dies, this credit will disappear and will not be added to his widow's pension. If he does not take it out, this amount will be retained in the fund for general investment. If he has already died, and his widow is receiving a pension, neither she nor her dependent children will receive that credit which the pensioner may have received. This credit seems to be the only benefit that a present pensioner will receive from this Bill.

The Hon. Sir Thomas Playford: What about the unmarried female pensioner?

Mr. COUMBE: As I understand it, on her death her moneys go to her next of kin. If she retires on a pension and has contributed more than 30 per cent of her pension rate she will similarly get a small cash credit, but if she dies that extra cash credit remains in the fund for re-investment and her dependants do not get any credit.

Mr. Millhouse: People on pensions now really get nothing at all?

Mr. COUMBE: Yes. The person who has served in the Public Service and has now retired gets nothing. These propositions will cost the Government £40,000 a year, so few people will get much from them. I turn now to the current contributor, the officer serving in the Public Service today. His contribution to units shall be reduced in the proportion of 33⅓ per cent to 30 per cent, and his account shall be credited with the amount that he has already paid, that is, where he has been contributing in the past a greater amount than he will contribute in the future. This will be credited to his account. If money is placed to the contributor's credit, he may take a little out of each fortnightly contribution to his unit if he wishes.

The Hon. Sir Thomas Playford: If he takes out more units?

Mr. COUMBE: It relates to the present units he may take. Suppose a contributor has the same number of units; it means that he may use some of this money to pay a little less in the future, if he wishes. However, if he does not wish to do that he can receive it as a lump sum on retirement, but if he dies before retirement it seems that his estate immediately forfeits that sum and that it will remain in the fund. It seems also that the contributor's widow or beneficiaries will not receive any of that money, and that is not fair or equitable. The Opposition hopes that, in Committee, the Government will move certain amendments, but if it does not somebody else may have to move them to endeavour to make this measure more just and equitable to those who, for so many years, have contributed to the fund. The Bill provides that there shall be two units instead of the one, and that the rate of entitlement shall be $2 a fortnight instead of £52 a year.

The scale of units and pension is set out in clause 8. I have converted the pounds into dollars and the various numbers of units from one to two for myself, and the result seems to be the same. However, whereas under the old scale eight units were paid for at £604 a year, we now find that the new scale shall be 14 units for £512. Why the £512 has been taken, I do not know. Why the minimum rate has been reduced from £604 to £512, I do not know either. This occurs at a time when salaries seem to be rising. However, I believe that some parity exists in respect of the 14 units being equivalent to £512 and the eight being equivalent to £604. We have to remember that we must double the figure 8, because one unit is worth only half the old one. Under the old scheme £1,300 was worth 16 units, but we now find that it is worth 35 units. I suspect that some of the units have been arrived at at a figure easy for conversion into decimal currency. On the question of entitlement and adjustments thereto, as the Treasurer stated the other day, our scheme was more favourable to an officer whose salary was above £1,700 a year than it was to

an officer on a salary below that figure, in comparison with the other States.

It is now broadly proposed that contributions for a pension shall be made at the rate of 70 per cent instead of 65 per cent, and the Bill will increase the entitlement in the lower salary ranges, which contributions the Government intends to support. And so it should! After all, that category represents the greatest number of employees contributing for units, according to the fund's report. The report shows that of the 16,072 contributors almost 13,000 were receiving salaries below the figure I have mentioned, and that only 3,074 contributors were above the 20-unit mark. However, for the officers whose salaries are between £1,700 and £3,000, it will mean a lower entitlement for the pension than existed previously. Furthermore, the Government will not support that group's contributions in the same manner as it said it will support contributions by officers on salaries below £1,700. This seems to be incongruous. When explaining the Bill, the Treasurer said:

For salaries between about £1,700 and £3,000 this will mean a rather lower entitlement than previously, but no present contributor will be called upon to reduce the extent of his contribution. It is reasonable that if the Government is to support higher pension entitlements for groups presently below average, it should not have to continue those significantly above average.

No contributor will be asked to reduce his contribution; he will continue to pay as he has previously, and it seems that he will be supporting the lower-income group. Does this mean that the senior officer with years of service will suffer? I hope it does not. Is it fair to reduce an officer's entitlement to a pension to which he has been contributing for years? In relation to widows and dependent children, an amendment in 1961 increased the pension for widows from four-sevenths to three-fifths, for dependent children from £26 a year to £52, and for orphan children to £104. The entitlement for widows already receiving a pension was also increased by one-fifth. It is now intended to increase the widow's pension from 60 to 65 per cent, or by one-twentieth, and to increase the pension for children from £52 to £104 a year (uniform with that paid to orphan children at present). At June 30, 1964, only 214 children were receiving a pension. This cost the Government only £3,400 a year. Therefore, the new provision will not cost much more. The worthwhile benefits provided by the Bill are those to widows, who will receive one-twentieth extra, and those to dependent children. The Opposition welcomes and supports those features. The contribution rates are set our fairly fully in the Bill and they will be adjusted for two main reasons: first, because they are now to be based on 30 per cent contribution instead of on 33⅓ per cent; and, secondly, because of the higher interest rate that is being earned by the fund and because of a greater amount available each year for the board to invest. Incidentally, I believe the board is doing a good job and being selective in the way it is investing these funds on behalf of the Public Service and, to some extent, on behalf of the Government. The Bill provides that younger officers in future will contribute at rates a little lower than the rates that applied in the past, and I assume the rates will be about 20 per cent lower. The rates of senior men will be about 10 per cent lower.

The Bill contains many other clauses which are formal and on which there is no controversy. Clause 5 deals with management costs. Concerning the original concept of a 5s. contribution from each contributor towards the management cost of the fund, where this originally was meant to be a significant portion of the running costs of the fund it appears now to be a most insignificant feature of the fund. In fact, the report I have states that to June 30, 1964, the expense of administering the fund during the year amounted to about £59,000 and the compulsory contribution by contributors of 5s. each amounted to £3,844. Therefore, there is a disparity; the difference has to be charged to general revenue and must be made good by the Treasury. Clause 6 deals with a female contributor who wishes to remain in the service after marriage. This is a necessary provision and is humane and sensible. I believe that undue restrictions applied in the past. Although some members may have different views on the clause, I support it and I believe the Opposition will support it.

Clause 7 is interesting and deals with the right of people in other funds to contribute to the voluntary savings scheme. Members of the Police Force have a special Police Pension Fund, to which they contribute on a slightly different scale, because police officers must retire at 60 years whereas male public servants retire at 65 years. Therefore, the two schemes are separate and a different rate of benefits applies to the funds. Clause 7 provides that contributors to the Police Pension Fund may now subscribe to the Voluntary Savings Fund provided under the Act. Of course, that is different from the general Superannuation Fund. By this means those officers who subscribe to the Police Pension

Fund may take the extra benefit and increase their savings if they so desire (it is quite voluntary) over and above their compulsory contributions to their own fund by contributing to this savings fund, so gaining interest at 4 per cent. The rate applying to the special fund is 4 per cent compared with the rate applying at June 30, which was £5 5s. 1d. per cent. This clause is worthwhile and should be supported by all members.

The other clauses provide for decimal conversion and are necessary. I look forward to the introduction of decimal currency because it will be an easier system with which to work. Clause 9 amends section 83 (d2) of the principal Act, which deals with regulations. A part of the clause contains the power to make regulations for the distribution of surplus funds in the fund amongst pensioners. This appears to be a good provision. However, I shall quote a comment in the Public Actuary's Report for the year ended June 30, 1964, when the actuary made his quinquennial investigation. At that time the actuary was a member of the board. With regard to distribution of surplus funds the report states:

The actuary stated that he considered that most of the present surplus should be distributed as far as practicable for the benefit of present contributors and present pensioners. The surplus was, however, small in relation to the liabilities, and surplus benefits would not therefore be very large.

That sounds a warning to anyone who may believe that, by the introduction of this clause, certain public servants (either contributors or pensioners) will immediately get a large distribution from the fund, which is worth about £17,000,000 at present.

The Opposition supports the Bill in part because, in the main, it increases the benefits of present contributors in the Public Service. We have pleasure in supporting it because we believe all possible assistance should be given to public servants. It will cost the Government only about £40,000 of a total Government expenditure of £1,500,000—only about 2 per cent.

Mr. Millhouse: It is trifling.

Mr. COUMBE: I have used the word "pittance" to describe it. The contributions of most officers will be slightly less under the provisions of the Bill. The pension a contributor can contribute to is raised from 65 per cent to 70 per cent. The entitlement for lower-salaried officers is increased slightly and the entitlements for higher-salaried officers will be lowered although they will still have to contribute to the same extent as they have in the past. The present pensioner's rate is not increased but he may receive a credit in addition to his present pension. However, this will not increase his widow's pension in any way because it will cease with his death and revert to the fund. We believe that the rate for a pensioner should be increased. A widow who is now on a pension will have her pension increased by one-twentieth, and the payment to dependent children now in receipt of £1 a week will be increased to £2 a week, which amount is payable at present in respect of orphan children. Therefore, all children will be on a uniform rate.

In supporting the general provisions of the Bill, we as an Opposition point out that prior to the last election we said that we would increase benefits. We ask the Government to prepare amendments to provide for increased benefits to those persons who are now retired from the Public Service. In fact, our support for the Bill is entirely dependent on that provision.

Mrs. STEELE (Burnside): The member for Torrens has spoken at length on this Bill and has gone into it in detail. Therefore, I do not intend to do more than make a few brief comments. I support everything the honourable member has said. We as members of Parliament all have an interest in this legislation, because most of us have living in our midst people who are retired public servants and for whom we feel some concern, for they have been waiting a long time for this Government to give them some increase in their rate of pension. I consider that this is disappointing legislation. As the member for Torrens said, it is supported only in part by the Opposition simply because it does make some concessions, however slight they may be, and I suppose that half a loaf of bread is better than none at all.

Like other legislation that has been introduced, at first sight it appears to make concessions, but on second and subsequent looks it is exposed for what it is—quite misleading and, in this case in particular, almost completely nebulous. This is borne out by the fact that the cost to the Government, as stated in the Treasurer's second reading explanation, is about £40,000, whereas the Government's total contribution is £1,500,000. Therefore, as I said, the concessions are very inconspicuous indeed. I think the last time this legislation was before the House was in 1963, when it was quite considerably amended, in fact. Of course, in the two intervening years money values have

changed again. Variations have taken place in the basic wage and in awards, and these necessitate that the pensions of our public servants (who have given very valued and very loyal and faithful service to the State over a period of years) should be looked at in the light of these changes in money values.

At the time of the last election, Mr. Deputy Speaker, both Parties promised to look at the question of superannuation and do what they could to bring the South Australian Superannuation Fund in parity with the funds of the other States and of the Commonwealth. In fact, in respect of the contributions by the State and by the contributors the Government has gone just a little bit better than the other States and the Commonwealth and has made the ratio 70 to 30. I suggest that it has done this in the anticipation that in the very near future the other States and the Commonwealth will look at their superannuation funds and bring them into line with present economic trends. Therefore, this is just a matter of looking ahead to that day. Certainly at the present moment the South Australian ratio has an edge on the other States and the Commonwealth.

The Treasurer told us that this legislation was brought down after consultation with representatives of the Government Superannuation Committee, so we can only suppose that the various points made in this amending legislation were passed on to the representatives of this committee who presumably accepted them as being satisfactory. This, to me, seems most extraordinary, if this is the true picture, when we realize that the amount involved in this Bill is only about £40,000. As I said earlier, half a loaf of bread is better than none at all. I think this accepts tacitly the fact that the amendments made by the previous Government in 1963 were on the whole very satisfactory, because it is obvious that the present Government has not seen fit to change the provisions very much and therefore has made only a slight concession.

Like the member for Torrens, I regret very much indeed that one of the clauses amends a section in the principal Act making the Public Actuary one of the members of the Superannuation Fund Board. I agree with the comment of the member for Torrens that the services of an actuary in respect of a fund such as this would be of inestimable value, and why there has been this move to delete the necessity for him to be on the board I cannot imagine. As the Treasurer stated, the previous Public Actuary died and apparently there is no-one to take his place. Therefore, I guess that it is not much use making provision for such a person to be on the board if no-one is available to act in that capacity. The second reading explanation also makes the point that it has not been possible in the present Bill to include the necessary provisions for an optional contribution for full pension to be payable five years earlier than the normal retirement date. This matter is linked with the suggestion that the retirement age for men and women may be lowered, and they may decide to take advantage of that provision. The Treasurer explained that this matter was necessarily of such a highly technical nature that it would have to be dealt with by special supplementary legislation as soon as reasonably practicable. Therefore, it would appear that we are to have further amending legislation. I hope that this will come in the not too far distant future, although I recall the member for Torrens pointing out that it could happen at any time at all in the future. Let us hope the introduction of that provision will not be too long delayed, because it is a sign of the times that people are wishing to take advantage of this option to retire earlier.

It is obvious that the retired person will be very little, if any, better off under the proposed legislation than he is under the existing legislation, because it is only with the change of the ratio whereby the contributor contributes 30 per cent instead of the previous 33⅓ per cent that he is going to reap any benefit. He will not get much out of that because the amount will be trivial and, if he dies, the fund benefits and not the widow of the contributor. This is a small concession anyway, but it works for the benefit of the fund and not of the contributor.

Dealing with the part of the Bill referring to women, I am glad to see the provision whereby a female contributor can continue to contribute to the fund after she has married, if she continues to be employed by the Government. This is realistic and sensible, and I am pleased to see its inclusion. Otherwise, there is no increase to the female pensioner and it means that she gains only the small difference between what she has paid in the past and the contribution that is set at 30 per cent instead of 33⅓ per cent, which will prevail if the Bill becomes law. On her death the small cash payment arising from this concession will benefit the fund. The other concession is one that makes the rate for an orphan and that of the child of a widow uniform, which

means that in future both these dependants will be paid at the rate of $4 a week or $8 a fortnight. They are small concessions indeed, and I do not think anyone will get blood pressure or become excited about this legislation. Generally speaking, not only members on this side but those on the other side, who, like we do, represent many hundreds of pensioners, must be disappointed at the niggardly concessions contained in this measure. I do not support the Bill in its entirety, but make the point, which was made by the previous speaker, that I shall be prepared to support it provided that amendments are made.

Mr. MILLHOUSE (Mitcham): I am intensely disappointed that the Government has not been more generous, in view of what it has said especially about the improvements to this Act. I cannot quote chapter and verse but I have no doubt that if one looked through *Hansard* one would see, when the Labor Party was in Opposition, many complaints about the superannuation scheme in this State. We only have to look at the policy speech delivered by the Treasurer, in which he said many brave words about superannuation, to realize what the outlook of the Labor Party was before it took office. But what do we get? We get a Bill that provides for only an additional £40,000, in £1,500,000 a year, as increased Government contribution. Words like "piffling", "trifling" and "niggardly" have been used to describe this measure, and they are all accurate descriptions of it. In his second reading explanation the Treasurer had the gall to say that by introducing this Bill it was going to bring the standard in South Australia up to that of other States. Heaven knows that is a different story from the one he told when Leader of the Opposition and when criticizing superannuation here.

If an increase of about 2 per cent is going to bring our scheme up to the standard of other States, it could not have been too bad previously. This Bill contains hardly anything in spite of the brave words used over the years, in election campaigns, and in the second reading explanation. The point I particularly make is that virtually nothing is given to the person already on a pension, and this is a crying shame. We all know and are ready to say that the value of money is decreasing all the time, and these people are having a hard job to make ends meet. Obviously, something should, in all justice, be done to help them. In my district there are many people (as there are in all districts) who are on superannuation. I think particularly of two old friends of mine living at Eden Hills. They are on superannuation, and are retired civil servants of many years standing. One retired in 1949 and he and his wife live alone in their home, and have a hard struggle to make ends meet. The other friend lives with his wife. He has not been retired so long. He is in somewhat better circumstances.

Mr. Coumbe: They were banking on it.

Mr. MILLHOUSE: Yes, because the value of money is steadily declining and what was adequate in 1963 is not enough to live on in 1965. Yet the Government by this Bill has done nothing to help these people in spite of what it has said. This is a great shame. The member for Glenelg can make faces at me if he likes. It is hard to tell when he is making faces and when he is not, but I think he is making one now. He can brush this matter off if he likes, but I suppose the gag will extend to this debate and he will not justify the Government and its actions and the fact that it has not done anything for these people. There must be many pensioners living in his district who are in this plight and who are looking for help because of the rising cost of living. These people will get nothing under this Bill, and they are promised nothing for the future. There is a suggestion that later there may be other amendments to the Act, but these people will not benefit from them.

Mr. Coumbe: Only the contributor now.

Mr. MILLHOUSE: Yes. This is a bad thing. I go so far as to say that it is unjust that these people should not be recognized and not helped. I am sorry the Government has acted in this way, but I support the second reading because the Bill is better than nothing. However, these concessions are so small, and that is a great shame.

Mr. McANANEY secured the adjournment of the debate.

SUCCESSION DUTIES ACT AMENDMENT BILL (RATES).

Adjourned debate on second reading.

(Continued from November 11. Page 2778.)

Mr. HUDSON (Glenelg): In supporting the Bill I draw attention to what the Treasurer said in his second reading explanation. In particular, I draw attention to the table of figures showing the percentages of State probate and succession duties allowed as deductions for Commonwealth duty purposes, classified according to the size of the estates. These figures clearly show that the relative weight of succession duties in South Australia

on the higher-valued estates is well below that in the other States. Good reasons exist for this. The figures are particularly startling on any succession which has a value greater than £30,000. At that figure 10.9 per cent of the value of the estate was allowed in South Australia as a deduction for Commonwealth duty purposes, whereas the figure for all other States was 11.8 per cent. At £40,000 it was 10.9 per cent as against 13.9 per cent for all other States. At £50,000 it was 9.9 per cent as against 15.9 per cent for all other States.

In other words, the weight of probate or succession duties for an estate of £50,000 to £60,000 was 66⅔ per cent greater in the other States than it was in South Australia. From £60,000 to £70,000 it was 13.5 per cent for South Australia, as against 18 per cent in the other States. For £70,000 and under £100,000 it was 13.6 per cent in this State as against 21.3 per cent for the other States, indicating again that at that range of values the weight of succession and probate duties in those States was 66⅔ per cent greater than it was in South Australia. For £100,000 and over it was 18.4 per cent for South Australia and 23.9 per cent for the other States, further indicating a higher incidence in those States than the incidence in South Australia. This represents a substantial potential loss of revenue to this State, in circumstances when honourable members opposite claim that the Government is not able to spend sufficient money for Loan purposes or by way of the Budget.

A recent example of this occurred when the member for Mitcham (Mr. Millhouse) claimed that the Government was being niggardly in relation to superannuation. However, we cannot significantly improve many of these fields by increasing expenditure, unless we obtain the revenue to finance that expenditure. Any Government which ignored a potential source of revenue, and which had neglected it for years and years, as it did in this State, would be failing in its duty. This is particularly reinforced when one considers that in a number of the other States the duty is not levied on the individual succession but on the total estate, so that it is an estate duty and not a succession duty. Of course, an estate can be broken up into a number of classifications, as can happen frequently in South Australia, and the weight of duty on the estate as a whole is thereby reduced. Duty is charged only on the succession and not on the estate as a whole, as it is in the other States. Under the Act, as it has been interpreted, ample opportunities have existed for people, proficient at advising people how to minimize taxation, to avoid succession duties by manipulating the way in which moneys are left to descendants, to the wife, or whomsoever it may be. The effect of a construction of the previous Act is that only a limited amount of aggregation exists for the purposes of levying succession duty. The aggregation provision is found in section 7 of the Act, which states:

> The said duties shall be assessed upon the total of the net present value of all property derived or deemed to be derived by any person from any deceased person, and shall be assessed at the rate appropriate for the said total.

Any sums going to a particular individual are aggregated, in so far as they go by way of a testamentary disposition. However, if an individual leaves money to someone else by gift, and/or by settlement of some kind, or by other ways (provision for which can be found in various sections in the Act), such other ways of leaving property or money are not aggregated with the property by means of the will. Of course, the provisions in the Act give an opportunity to people to minimize the succession duty they have to pay, by leaving only part of their estate to their successors by means of the will, and by disposing of the remainder of the estate in other ways. As has been indicated by some members opposite, they are well aware of this fact. That is one of the main reasons for the disparity between South Australia and the other States in the figures quoted by the Treasurer. Clause 6, which provides for the aggregation of all property derived by any person from a deceased person, inserts in section 7 of the principal Act additional subsections, and brings all the items under one heading. The effect of this amendment is that all property obtained as a consequence of the death of any person, whether it is obtained by testamentary disposition or by some other way, is aggregated for the purposes of assessing duty.

Mr. Millhouse: Before you pass on, do you feel confident to explain what new section 8 (1) (*e*), which is inserted by clause 7, actually means?

Mr. HUDSON: I am not sure whether it is an exact repeat of section 20 (1) or not.

Mr. Millhouse: It certainly is not!

Mr. HUDSON: I think the question at issue there is to make sure—

Mr. Millhouse: It's nothing like section 20 (1), is it?

Mr. HUDSON: It is similar to it. It is a replacement for that section.

The Hon. Sir Thomas Playford: It is not at all similar to it.

Mr. Millhouse: Tell us what it means!

Mr. HUDSON: I am sure if the honourable member would take sufficient time to find out exactly what it meant, or if he was prepared to ask the Parliamentary Draftsman, he would get his answer.

Mr. Millhouse: Can't you tell me?

Mr. HUDSON: I thought it was a similar enactment of section 20 (1), and that the wording had been tightened up, perhaps to ensure that some loophole in the previous legislation was not repeated in this legislation. I was explaining that the main change brought about by this Bill, apart from the change in rates, was to ensure that all property that came to a particular person as a result of the death of another was aggregated together and charged duty accordingly.

Mr. Shannon: With the exception of the notice of motion given today.

Mr. HUDSON: Yes, with the exception of the notice of motion, which I understand we are not permitted to discuss. This Bill indicates the Government's determination to ensure that people receiving successions in the lower ranges will be at least as well off as, if not better off than, under the previous legislation. The policy statement made at the time of the election that we would increase duties on the higher valued estates and lower them on the lower valued estates will be unambiguously given effect to, so the charge levelled at the Government by the Leader of the Opposition, the Adelaide lawyer whose statements appeared in the *Advertiser* and the taxation planner or expert who advised the Leader of the Opposition will be answered completely, and the people of this State will be satisfied that this Government's object is to ensure that the effect of the legislation, in so far as it increases the weight of succession duties, is on the higher-valued estates.

The Hon. Sir Thomas Playford: Why did the Treasurer give notice of motion to alter it this afternoon?

Mr. HUDSON: We want to make this quite clear; I have no doubt that if the proposal had been in the Bill in the first place we would have been much happier about it. I am sure that that is the opinion of every member on this side of the House. The Government intended all along to ensure that the weight of succession duties would be increased only on the higher valued estates, and that is what this legislation is aimed at. This Government has demonstrated that it is prepared to be reasonable if any honourable member can suggest amendments or make legitimate criticisms without levelling charges of fraud or deceit. It has shown that it wants the legislation to be as satisfactory as possible, and that it will listen to and if necessary accept any reasonable propositions. The Government is demonstrating its good faith.

My main point is that this legislation is, and will be when it passes, fully in line with our policy. It is designed to attract extra revenue at the expense of the larger estates on which previously duty has been levied at the lowest rate in Australia and on which previously duty has been avoided by the passing of property other than through a will so minimizing the effect of aggregating together the amount of property passed. This Bill is fully in line with the view that members on this side of the House take about inheritance generally—that, although a person who builds up much wealth during his life has to an extent done this as a result of his own exertions, he has not been able to build up that wealth without the assistance of other members of the community, and in a very real sense he has built up the wealth at the expense of the community.

Mr. Millhouse: One does not have to build up very much wealth to be brought under this Bill!

Mr. HUDSON: Any sum below £9,000 or £10,000 attracts a lower rate of duty. Remember that this is an individual succession; if £10,000 were left to each of five children the duty levied on the whole estate would be fairly small in relation to its total value. Honourable members should remember that duty in this State is levied on the individual succession and not on the estate as a whole. Members on this side of the House consider that people who build up their wealth as a result of taking part in the economic life of the community have some debt to the community. We do not say they cannot pass anything to their widows or descendants.

Mr. Millhouse: That is extremely generous of you!

Mr. HUDSON: They pass on by this legislation by far the greatest part of their estates to their widows and descendants. As the Treasurer explained in his second reading speech (which the member for Mitcham apparently did not read or, if he did, it did not sink in), after this Bill becomes law the rate of duty in this State will still be less than the average of the other States. If the honourable member argues that we are doing something which is extremely harsh and unconscionable and which is completely against the interests of the State as a

whole, I think he is making himself a figure of fun, because what is to be done here is fully consistent with what is done in other States. The proposition contained in clause 7 about the different ways of leaving property so that it is taxed as an aggregate follows what has been done in Victoria under a so-called Liberal regime in the last four years. In fact, this Bill is similar in many respects to the legislation passed in Victoria four years ago which had as its purpose the same purpose as this legislation—preventing certain tax avoidances that were going on. The Leader of the Opposition, when Treasurer, was interested in loopholes in the legislation that affected the amount of revenue he obtained. In 1963 he introduced a Succession Duties Act Amendment Bill designed in part to close a certain loophole that was currently being exploited to avoid succession duties. On page 1251 of 1963 *Hansard* he said:

> The Bill also affords an opportunity of seeking the approval of Parliament to the amendment to the principal Act contained in clause 3, which will close a loophole through which the succession duty, particularly in respect of settlements of large estates, can be avoided with serious loss of revenue to the State.

The previous Treasurer was concerned to close a loophole because it was being used by people to avoid succession duty and there was a loss of revenue as a result. He could not tolerate that loss of revenue, and exactly the same motive activates the present Government. The present loopholes in the legislation are far greater than those in any other State. As I have said, the Victorian Act has already been tightened up to prevent disaggregation and to close other loopholes. The same thing has happened in New South Wales, and the Queensland Act has also been tightened up. The Western Australian provision is still fairly loose although nowhere near as loose as the South Australian provision, and in Tasmania the position with succession duties is that most of the loopholes currently existing in South Australia have been eliminated. This Bill is part of the general trend in legislation in other parts of Australia.

Of course, the scream that has arisen in the press and from certain Opposition members quite clearly demonstrates that they are aware that this legislation will have some impact on the larger estates. They should also be aware (if they do their homework and understand the Government's intentions) that the smaller valued estates will benefit from the legislation and, consequently, their scream of protest, of outraged indignation at the legislation the Government is proposing can be interpreted only as a desire to protect the position of those wealthy members of the community who have large amounts to leave to their successors. As far as I can see the case that has been put up in the press has been a complete smokescreen in an endeavour to fix on one or two individual cases where a smaller valued estate might, under certain interpretations, have to pay a higher duty.

Mr. Millhouse: You show you don't know anything about it at all when you say that.

Mr. HUDSON: The honourable member for Mitcham is making one of his usual asinine interjections. The examples given in the press and the examples quoted by the Leader of the Opposition have a great similarity and were concerned to point out that, on one or two smaller estates, there would be a higher rate of duty.

Mr. Millhouse: Are you saying seriously that this will apply to only a small number in the State?

Mr. HUDSON: I did not say that at all.

Mr. Millhouse: Well, what are you trying to say?

Mr. HUDSON: If the honourable member will be kind enough to listen and to sit back and try to clear the air within a certain cranny he might be able to work out what I am saying. I would be only too delighted if the member for Mitcham would make an effort to understand. I am saying that certain cases were quoted where it was suggested that under this legislation, on a smaller valued estate, there would be higher duty paid.

Mr. Millhouse: Are you saying that that is wrong?

Mr. HUDSON: The Government is going to make it clear and has already made it clear by the notice of motion given this afternoon, that these cases will be rectified to ensure that this does not happen and to make it clear to the people of the State that the purpose of this legislation is not to levy higher duty on smaller estates but to levy lower duty on them (to be as generous as the Government can possibly be to them) and, at the same times, to levy higher rates of duty on the larger estates. What I am saying is that these examples quoted by the Adelaide lawyer in the *Advertiser* and quoted by the Leader of the Opposition and certain other members opposite were put up as a smokescreen to distract people's attention from the main purpose of the legislation which was to level higher duties on the higher valued

estates. The Government is going to demonstrate to members of the House and to the people of South Australia that the charges made against the legislation are completely untrue. This Bill will give added benefits to people with smaller successions and, if honourable members opposite will carry out the same cry of protest as they have tried to organize through the press and in other ways—

Mr. Shannon: What will be the size of the estate that would benefit?

Mr. HUDSON: I am willing to discuss this later with the honourable member but I understand that I am out of order in discussing in detail amendments that will be proposed at a later stage. People with estates between £15,000 and £20,000 will, in most cases, be paying lower duty but if a person in that particular bracket had had the benefit of dispensations or gifts that had previously been disaggregated and subject to different duty he might find, under this legislation, that he might have to pay higher duty. One cannot generalize under this legislation. In any case, I believe this is justified. It is important that everyone should be treated fairly and equitably. Certain individuals attempt to escape the spirit of the law by leaving their properties in a particular way in order to minimize succession duty whereas straightforward individuals, who do not do this or do not get the necessary advice, get levied at a higher rate. This sort of discrepancy should not occur.

The Hon. T. C. Stott: People have been doing that for years.

Mr. HUDSON: The process of legislating in the taxation field often exists in plugging loopholes as they appear. The cases quoted by the Leader of the Opposition are of people expert enough at using the existing legislation at any one time in order to help minimize taxation. Under this process additional loopholes are found and in time they have to be plugged. I gave an example where the Leader plugged a loophole two years ago by introducing an amending Bill into the House. In tax field after tax field amendments have to be introduced over a time in order to eliminate loopholes and stop the avoidance of taxation or duty of one sort or another. The main point at issue is that when the legislation leaves this Chamber it will be entirely consistent with the Government's policy as it was announced prior to the election and, furthermore, it will be entirely consistent with the views held by members on this side of the House, namely, that people who derive wealth partly from their own efforts but partly through the assistance of the community as a whole have some responsibility to the community when they die.

Mr. Nankivell: Why?

Mr. HUDSON: If the honourable member does not believe it and does not understand it, there is no point in trying to explain it. Like other members on this side I hold this moral point of view. I think many members on the other side of the House would hold the same point of view if they were honest and admitted that this is the basic reason for levying estate or succession duty. People who derive more out of the community as a result of economic activities during their life-time have some responsibility to the community when they die to make contribution back again to the community to help the State's revenue, to help build hospitals and schools, and to help provide superannuation. I support the Bill.

Mr. SHANNON (Onkaparinga): The member for Glenelg had plenty to say about statements made by members on this side of the House but I do not think he got even one of his facts right. I purposely interjected when he said that we were going to give some benefit to the smaller estates. I wanted to know what, in his estimation, the size of those estates would be; I wanted to know whether he knew what he was talking about. When he said that it was between £10,000 and £15,000, he had no idea of the impact of this legislation upon a widow or young family inheriting from the deceased. That was so obvious that the suggestion that members on this side should do their homework should be passed back to him with our compliments for him to do his homework. It is evident that some homework has already been done as a result of the notice of motion referred to earlier this afternoon. What the Leader said no doubt encouraged the Government to look at the impact that these new rates would have on some small people, and that has resulted in the notice we have now had. It is easy to understand that this is a money-raising measure that is part and parcel of the Government's financial policy. With that I do not disagree. I am happy for the Government to finance its own affairs from the resources available to it.

I do not criticize it for introducing this Bill—far from it—but I do criticize it for hoodwinking some estimable people (who, unfortunately for members opposite, come from their ranks of society) into believing that they will receive some benefit from this legislation, whereas that is not true. The present legislation is much more favourable to the small estates,

in respect of the £4,500 being lifted to £6,000 for exemption. That is immediately wiped out when we aggregate. I want to explain why section 32 is in the Succession Duties Act, and its valuable purpose. It encourages the low-salary type of people to save, to be able to put aside something for those who will, later, need to be taken care of. This section is designed particularly for that purpose, to encourage thrift and saving. We are plugging loopholes. Unfortunately, the loopholes in this section are a mere bagatelle when we start to consider large estates. However, I shall not speak of the impact of succession duties upon large estates. I do not blame the Government for going for the money where it thinks it will get it, but I do blame it when it does not appreciate that by far the greater part of the increased revenue from this increased taxation will come from a group of people least able to pay it.

The Hon. D. A. Dunstan: That's not true.

Mr. SHANNON: I will give the Attorney-General actual examples taken from estates just administered, not examples conjured up out of the air. If they do not satisfy the Attorney-General, I am afraid I cannot satisfy him at all. The member for Glenelg called the provisions available for people these days under Form U (provided for under section 32 of the Act) "avoidance clauses", clauses whereby people could avoid tax. I want to clear up a misapprehension that the member for Glenelg has with regard to his use of terms. On the contrary, this is an encouragement to people to take care of themselves and save the State from having eventually to put them on the dole. This is an encouragement to be thrifty and save. There are some categories I want to explain. Some honourable members may be under the false impression that the £4,500 exemption is the be all and end all of the matter, that one does not get any further exemption. That is not correct. We go further than that and encourage thrift by giving exemption to people who hold jointly property of any type—a house, a bank account, shares or insurance, anything held jointly, where the husband and wife agree to put everything into a joint venture and save so that whoever survives the other shall have the benefit of their joint savings. All joint accounts fall into the category appropriate for Form U and are subject to a £4,500 exemption. The ordinary estate, not held jointly, comes under Form A and is subject to a £4,500 exemption. It is a £9,000 exemption now. Some people may say that a £9,000 exemption is ridiculous, that it should be only £6,000, but £9,000 these days is not very much. A house held jointly will be between £4,000 and £4,500 in value, generally speaking.

The Hon. D. A. Dunstan: That means only about £2,000 inherited, on that figure.

Mr. SHANNON: But we aggregate it; we do not just give them a house alone. Many other assets come into the aggregation. The framers of the present legislation attempted to encourage small people (by which I mean people on low incomes, who, after all, form the bulk of our society) to be thrifty. This provision was enacted for that specific purpose. People often make gifts during their lifetime. Under existing law, gifts made within one year of death were liable for duty; now, it will be gifts made within three years of the decease of the testator that will be liable for duty. Those gifts also afford an opportunity for the administrator to claim a further £4,500 exemption. If the full benefits available under section 32 are availed of, there is, under existing law, an opportunity for a testator to make overall provision for an exemption of £13,500 from succession duties. That is my first point. In the Bill before us that is to be limited to £6,000.

It was said, I believe by the member for Glenelg, by interjection (he makes so many speeches by interjection I am never sure in just what way we get information from him), that only a very small percentage of estates would come into the category that would have benefits under Form U as prescribed by section 32 of the Act. I will give exact figures on this matter. I thought it was worth while taking time to make a fairly extensive examination of every estate, whether it be small and paying no duty at all, or large and therefore paying a heavy duty. Of 360 estates examined (which is a pretty fair figure), 154, or 43 per cent of the total, had received the benefits of Form U. If that is not a material section of the people who make wills, then I do not understand it. I think it is a very material section, and that it is sufficient evidence for anybody looking at this problem fairly and squarely to say that under this Bill we will penalize a considerable section of the people by our, first of all, denial and then our aggregation of all their assets for the purpose of assessing succession duties, rather than giving them the benefit (as we do at the moment) of their separate savings.

This separate savings factor is a most important one. I believe there was a letter in the newspaper this morning on the subject of life insurance. Life insurance is a compulsory

saving, and it is one of the ways in which many people endeavour to make provision either for themselves or for their spouses. In many cases a life insurance policy is drawn for the benefit of the wife, although the husband, being the breadwinner, probably pays the premiums. I point out that under this Bill it is not essential that he should pay the premiums. If the wife is in a position to pay and in fact does pay the premiums, the policy still goes into the estate. I cannot believe that that is reasonable. Under the existing law they come under Form U.

The Hon. T. C. Stott: That is being taken away now.

Mr. SHANNON: Yes, the widow is being robbed of that advantage. These are matters on which I am certain some of my friends on the Government benches will want to do some more homework, because some of them will have estates; they will be like some of us on this side of the House whom I know will be penalized by this legislation. What we thought we would have, after having received advice from the people who drew our wills and from the provisions that we made, will be taken from us overnight. The member for Glenelg, after I prompted him, came to the party and told me what he thought would be the size of these small estates that would benefit from the proposed legislation. This was interesting to me, because this was the homework to which I specifically directed my inquiries. I had suspected throughout that the bulk of the new revenue to be derived from this Bill would come from a section of the people least able to support it.

The Hon. Sir Thomas Playford: The small people.

Mr. SHANNON: Yes. I took these particular estates purposely with that point in view, and if members want particulars of a dozen more or a hundred more cases I can get them. In fact, I took a cross-section of estates that actually fell in for administration and on which duty was paid, so there is no argument about the present position. The first case concerns an estate valued at £7,517. Under Form A, £5,750 was dutiable. The amount under Form U was £1,767, so there was no duty at all. The point is that the estate could have been worth nearly £3,000 more and still not have been subject to duty on that section of the estate. Therefore, this is a pretty fair example. I am giving not the worst cases but those cases that have actually occurred. That estate paid duty of £187 10s. Under this Bill, the estate of £7,517 is aggregated; the exemption of £6,000 is permitted, and succession duty is payable on £1,517 at 15 per cent, so that small estate would now pay £226 10s. These are the estates, according to the member for Glenelg, to which we are giving some relief, and there would probably be 1,000 such cases over a year.

I think these estates of which I am giving particulars meet the member for Glenelg's qualifications rather neatly. The next one was an estate of £9,370 8s. 11d. The gross value of the estate in this instance, under Form A (his own private estate), was £3,694 19s. 6d., which by virtue of the £4,500 exemption bore no duty. Under Form U, £5,675 9s. 5d. applied, and on this £176 6s. 5d. was paid in succession duty. Under the new Bill, the same £9,370 will enjoy the £6,000 exemption, leaving £3,370 8s. 11d., and duty on that at the rate of 15 per cent would amount to £505 10s. I am prepared to class this as a smallish estate because it is under £10,000. The increased duty on that small estate is £329 3s. 7d., and, if this is giving relief, I fail to understand it.

The Hon. D. N. Brookman: It is almost a 200 per cent increase.

Mr. SHANNON: Yes. I now come to a slightly larger estate of a total value of £13,954 18s. 10d. In this estate there was £10,327 18s. 10d. on Form A for personal effects which brought a duty of £874 3s. 10d. The sum of £3,627 was shown under Form U, which by virtue of being less than £4,500 was not dutiable. Under this new legislation this estate will pay £1,291 5s. duty, an increase of about £417. In another estate of £15,850, the sum of £10,250 was under Form A and £5,600 under Form U, and this estate paid a duty of £862 10s. 10d. Under the Bill the same estate will pay £1,523 15s., an increase of about £661 5s. These are estates which the member for Glenelg suggested would benefit by this new legislation. The statement that the exemption would be raised from £4,500 to £6,000 has been accepted by some gullible people as the be all and end all, because that is all they are supposed to understand. However, many people take advice on these matters, and when they understand the full ramifications of this legislation and what it will do to small estates, we can be sure that they will not approve of it.

Widows and minors will suffer particularly under this legislation. The Government should not tell people they are receiving an exemption when this does not apply. In every estate that I have instanced there is not one that falls in for administration that could not

have made provision to enjoy the benefits of Form U. A person should do this during his lifetime, and I am hoping that my remarks will reach the public and make them appreciate that they can benefit by taking the appropriate action. If they do, their dependents will not have to pay a large portion of the estate in succession duties. The member for Burra reminds me that under this legislation they will be trying in vain. However, I have seen evidence of re-thinking by the Government, and I am hoping that the figures I have quoted and what I have said will be carefully examined. I can show any honourable member further examples, similar in their effect, to those I have quoted today. The cases I have given have not been specifically selected for the purpose of making the best case against this Bill. They are the result of an honest attempt to obtain a proper cross-section of estates currently falling for administration. I do not deny the Government its right to raise money by taxation, as no Government can carry on without doing that. I am sure we shall be hit again, particularly as the Government has a limited field in which to raise funds to carry on the affairs of the State. I am not denying the Government the right to taxation, but I ask it in all mercy not to use these methods on people that the Government is allegedly helping.

Mr. HALL (Gouger): The House is indebted to the member for Onkaparinga for the information he has quoted about the cases taken from the files of the company with which he is associated. These cases demonstrate the effects of this legislation. For too long in this debate we have listened to much misinformation about the effects of this Bill. This has been published in newspapers, and particularly in the political column that appears in Saturday's *Advertiser*, which stated that the main justification for this legislation is the benefit it would bring to the people. The member for Onkaparinga demonstrated the true effects of this legislation on estates that are not large; estates of people who could, in their lifetime, make provision for their families. The member for Glenelg did not make a speech: he made an apology for the Labor Party on this matter.

The Hon. Sir Thomas Playford: He has altered his tune a lot after examining the Bill.

Mr. HALL: We have been told that because of the political pressures generated by this legislation and the facts enumerated by the Opposition, some alteration will be made to the Bill, but we do not know what that will be. I thought this Government was only anti-country in its attitude because the legislation that it has introduced has been directed against country interests exclusively. However, after perusing this legislation we find that it is not only anti-country but anti-city.

Mr. Millhouse: It is anti-everyone but Socialists.

Mr. HALL: The speech of the Leader of the Opposition, in which he challenges the Government to take this issue to the people, should be considered. There have been too many vague generalizations by the Government that have befogged the people until even they have believed the many cranky ideas advanced. Only now is the public gaze penetrating this fog and seeing the Government members for what they really are—theoretical Socialists. What Labor member would bring this legislation forward in Caucus? Who is responsible? Members opposite cannot tell me they are all responsible, one as much as the other, for this legislation. I guarantee that some have supported it more than others have. For instance, did the member for Frome stand up first and champion this capital tax? I say that, because of the district he represents, he would not do that. Similarly, the members for Wallaroo and Chaffey would not have brought this forward in Caucus. However, they go along with it.

Mr. Nankivell: They are bound to.

Mr. HALL: Yes. They have gone along with the members of the Labor Party who have long been dissociated from practical aspects. They have gone along a major plank of theoretical Socialism, which is completely divorced from the practical running of a business or the practical planning of family affairs in our State. This legislation is an attack on legitimate saving. It is a tax paid on the lifetime savings of a deceased person. It is no wonder that the present Government desires to abolish the second House in this State, when it puts forward legislation aimed at practically anyone who has been able to save a certain sum of money. It is aimed retrospectively, which is the most obnoxious part of the legislation. It interferes with arrangements already made and triples the time when the legislation will operate.

Whose philosophy are we following? It is not the philosophy of the people of South Australia. My mind went back to another debate that took place in this House when I first came here in 1959. Then we had expounded to us the philosophy which is being given effect to by the Government at its first opportunity. I should like to quote from a speech made in 1959 by the present

Attorney-General, who I consider is largely responsible for the formulation of this policy. The honourable member commenced by saying:

I do not intend to be very long, but the member who has jut resumed his seat—

that was Mr. Heaslip—

made it clear that the reason for the measure was that primary producers were in a special class of their own, and, because of inflated land values they were hit more heavily by succession duties than other sections. I do not agree with that for one moment.

The honourable member went on to equate the business of primary production with that of conducting a hotel, a business or a news-agency.

The Hon. Sir Thomas Playford: Not an electrician?

Mr. HALL: No he did not deal with electricians then. We were not quite up with those matters then. Next the honourable member for Norwood, referring to the businessman, said:

Why should he be given a lesser concession than is to be given to primary producers?

The honourable member continued:

I do not believe that people should have to pay concession duties in those cases on a property passing in value of less than £6,000. However, I believe that after that succession duties should be heavily graduated.

This is the policy that the gullible members from country areas have agreed to. In the 1959 debate, the honourable member for Albert interjected, "Why are you advocating a new form of succession duties?" The present Attorney-General replied:

I believe succession duties should be progressively heavy.

He also said:

I do not object to the present system of succession duties, but I believe there should be heavily progressive succession duties.

The Hon. Sir Thomas Playford: This Bill alters the system.

Mr. HALL: Yes. The honourable member also said:

I do not believe in rebates on the higher levels; I believe in increases on the higher levels.

Remember that the higher level was anything over £6,000, as was stated by the honourable member in his speech. He went on:

I believe that the proposed Part IVB is not a piece of beneficial legislation, but a piece of disgraceful legislation, and because of that, although I think there are good things in clause 5, I oppose the Bill.

The honourable member also said:

My Party, because it is a Socialist Party, believes in the necessity of a basic equality within the community.

They are magnificent words! Don't they ring! I bet they would sound well from the soap box. However, they do not sound too good to the Government now.

The Hon. Sir Thomas Playford: They don't sound too good to the electors, either.

Mr. HALL: I think I have quoted enough to convince honourable members that the Bill we are now discussing is a direct result of the views put forward by the member for Norwood at that time.

The Hon. Sir Thomas Playford: With a little assistance from the member for Glenelg.

Mr. HALL: I do not know whether one could consider the speech that has been made by the member for Glenelg today as being of assistance. It was an apology that fell to pieces in the face of the facts submitted by the member for Onkaparinga. Whose policy are we following? We are at least following the policy of the Attorney-General, as stated in 1959, with an apology from the member for Glenelg. However, we do not know whether we are following the policy of the members for Frome, Chaffey and Wallaroo, or the policy of the Minister of Lands (the member for Millicent). I venture to say that they would disown it, but they have been completely submerged by their Party. They have been either talked into this or forced into it. The effects this measure will have on the South Australian community, country and city alike, are their responsibility.

This is obviously a capital tax of great proportions. It will operate against the development of this State and against the attitude of people to saving. What would one say to migrants about their prospects here? They ask such questions as, "What are the prospects of saving? Can I get a business? Can I get ahead? Can I be sure that my savings will be passed on to my family and not used in theoretical Socialist ventures? Have I this assurance?" If this legislation is passed we cannot assure those people that their estates will not largely pass into the hands of people who are only theoretically involved in a socialistic policy, long since dissociated from a practical application of this matter. It would not be so bad if, with these taxes, we could see new development taking place in South Australia such as new buildings and increased services, but where can the present Government point to increased services? It can point only to restrictions. We are not allowed to put insulation tape around wires, or to take spark plugs out of a car. Where will the money resulting from this legislation

be spent? We shall be using capital taxes to pay the running expenses of the State.

The same laws that apply to hire-purchase companies that failed will apply to the development of the State and to its capital assets. The money raised will be frittered away in some new enterprises or made to disappear in existing enterprises of the State. The day of reckoning will surely come, when the State's development will have been retarded to such an extent that taxes will not be available from the normal avenues to provide the necessary services. This is the most tragic and serious development that has arisen from the present Government's activities. Although we are greatly dismayed by the personal restrictions and socialistic attitude of the Government, far above any such retrograde steps will be the effect of much of its legislation on the economy of the State. The present Government will not be allowed to remain in office for long. If it is we shall find that costs will rise to the extent that they have in New South Wales, where houses are £800 to £1,000 dearer than they are here. Such happy comparisons will be destroyed by the Socialists. When explaining the Bill the Treasurer said that it would benefit many South Australians; it was to make things better for primary producers. We have waited for some time to see what the Government considered would benefit primary producers. In the oft-repeated election speech, which I shall not quote again—

Mr. Millhouse: I don't think we should forget it altogether, though.

Mr. HALL: —it was promised that, although succession duties would rise, a living area would be exempt. The member for Glenelg (Mr. Hudson), by way of interjection, said that he considered the value of a living area to be £20,000 net, although what he meant exactly by "net" I do not know.

Mr. Nankivell: Something you get caught up in!

Mr. HALL: This legislation provides for £5,000. In the examples given by the Treasurer, we deduct the ordinary exemption of £3,000 or £6,000 (according to the type of beneficiary inheriting the estate), and then we deduct an additional £5,000, arriving at a total exemption of £11,000, which is supposed to represent a living area.

The Hon. Sir Thomas Playford: That applies only if it goes to a widow—

Mr. HALL: Or to a child under 21. If the recipient happens to be a son over 21 years of age, his original exemption is reduced from £6,000 to £3,000, to which is added £5,000, which includes a house and the primary-producing land—everything, in fact. What sort of method of evaluation is this! It is a serious matter to have people such as the member for Glenelg coming forward with such inadequate schemes. An even greater flaw exists in the exemption as it applies to primary-producing land. If we read the fine print we find that £5,000 is the total that can be allowed for any one estate. What happens if two sons are involved? Apparently, it is a crime to have more than one son inheriting a farming property. It has always been Labor policy to break up estates and to render them completely uneconomical and unrealistic.

Mr. Quirke: The member for Glenelg never said that, though.

Mr. HALL: If we believe in closer settlement and in leaving a farm to two sons instead of to one, what benefit will be derived under this legislation? If five sons are involved, what will they receive—£1,000 each? Can any country member opposite say that that has any relationship to a living area? If five sons over 21 years of age were involved, they would each be allowed £4,000 to be deducted from the value of the farming property. All these glittering promises have been proven, on examination, to be unfounded. They may work in a few cases, but it is entirely wrong to bring forward a confiscatory policy in the guise of assistance to the people involved. I noticed with interest a letter in this morning's *Advertiser* that a deceased's provident assurance policy would not now be readily available to a widow or child.

The Hon. Sir Thomas Playford: It goes into the estate now.

Mr. Quirke: That was an authoritative letter, too.

Mr. HALL: I took it to be so. Surely, when a husband provides for a wife and children, one of the main benefits that will result will be the availability of the money to the relatives when that person dies. Is this practice to be stopped? This, like many other things, needs to be explained to this House, as it is vitally important to many people. This State has been built up on incentives—the incentive to produce, to reap the benefits of one's labour, to increase the productivity of the State, and to branch out in many new fields. A capital tax of this nature will prevent many new ventures from being implemented. Why should people enter into new ventures when this will mean only a millstone around the neck of the family? If honourable members think the present rates

of tax on estates, especially farm properties, are not too severe, they should examine the files. A serious impost is now levied on small farming areas the values of which, because of competition between neighbours, are often not related in any way to their productive capacity. If more than one person succeeds to an estate, there is a division of the benefit that is supposed to be available.

I think it will be realized that I oppose the Bill, as I believe a capital tax can only greatly harm the future of the State. I do not believe in putting capital taxes into running expenses to such a high degree as in this legislation. I believe there must have been a divided Labor Party when this matter was discussed in Caucus, and that some members opposite are thoroughly ashamed of this legislation.

The Hon. Sir Thomas Playford: Obviously they have demanded an alteration of it.

Mr. HALL: Yes, somebody demanded an alteration. The effect of this legislation on the productivity of South Australia will be felt for many years. I believe some members opposite are so ashamed of it that they are holding it at arm's length so that the stench will not reach their noses. It is wholly unjustified and inequitable, and it follows the extreme theoretical socialistic policy outlined by the member for Norwood in 1959, as reported in *Hansard*. I oppose the Bill.

Mr. McANANEY (Stirling): I congratulate the member for Gouger (Mr. Hall) on his impassioned speech and on the concrete matters he has referred to. I am glad that such a young man has such a firm grasp of what is required in the community. When I was his age or a little older—when I was in the same age group as are the member for Glenelg (Mr. Hudson) and the Attorney-General—after having had some training at the university I believed the theoretical nonsense that succession duty was a good duty in that it levelled people down and was of value to the community. However, as one grows older, becomes more experienced in practical things and sees what is required to make Australia a great nation, one cannot eliminate the desire to be thrifty. In the 1920's and 1930's there was much unemployment and a lack of opportunity for people even to work. Since then, however, we have all learnt. The Commonwealth Government maintains a policy of full employment, and it is possible for everyone to save without much trouble. On television the other night I saw a mother of seven children, whose husband was working full-time at the tube mills and doing a part-time job as well, win a prize. If one wants to work and accumulate something one can do so.

In this modern age it is necessary for a country to build up capital; unless it does this, it will not get on. Why is there now unemployment in the building trade? It is simply because the people have not enough savings in institutions and as a result those institutions cannot lend enough money for building purposes. The people must save if there is to be housing for them. We will not get this capital by imposing higher succession duties.

This Bill will take another £700,000 or £800,000 from the general community. The Treasurer said that he was given a mandate at the last elections to do this. Although this measure may have been vaguely mentioned in the policy speech, did members opposite tell their constituents that they would take from them £800,000 in succession duties and various other charges? They did not; they kept quiet about it. I remember seeing in a Murray Bridge paper a report that the member for the district said he would try to get a water scheme for Callington, which I hope he gets, as it will help some of my constituents. He mentioned what would be provided for the people but did not say what was to be taken from them in transport costs and succession duties. This was concealed from the people at Murray Bridge, many of whom are farmers. Although these things were not mentioned, the Treasurer says he has a mandate for this legislation.

What section of the community will pay this sum, how many big estates are there, and what percentage is collected from each section? I tried to get information on how many people would pay the money, but the figures were not available. However, in one's own community one hears, for instance, that a certain person will leave £50,000. How many will do that, however? Most people have three or four children to whom to leave an estate, and the average estate is not of such a high value. In 1962-63, 4,000 estates of a total value of £24,000,000 were wound up, the average value being about £6,500. In that year 8,000 people died and 4,000 did not have any estate.

[*Sitting suspended from* 6 *to* 7.30 *p.m.*]

Mr. McANANEY: I have been referring to the fact that £800,000 extra is expected to be collected from this tax in a full year, which indicates that more is to be collected from the tax. In the last 10 years the amount collected from this tax has doubled and over the last few years it has been increasing at between

10 per cent and 13 per cent a year according to the number of estates in a year. The Government's expected extra expenditure for this year is only 13 per cent, and the annual increase is normally below that. Therefore, why should this extra amount be collected? It has been stated that it is for hospitals and other services but large sums have already been collected for this purpose by other forms of taxation, and this tax seems to be an additional burden.

Some argument has taken place about who is to pay the extra £800,000. Will it be paid by those with small estates or by those with large estates? It appears that, as succession duties are generally distributed in rather small amounts, it will most likely be the smaller estates that will contribute most towards this sum. This could apply particularly if successions under Form U, which provides for joint tenancy of a house, are removed, and this is despite the £1,500 increase in the concession to widows. I believe this fact is borne out by the figures stressed by the Treasurer in his second reading explanation. The Treasurer included in his explanation a table showing the percentages of State probate or succession duties allowed as deductions for Commonwealth duty purposes according to the size of estates. He stated that estates valued at from £10,000 to £15,000 had collected from them 7.6 per cent. Under the new rates on an estate of £10,000, 6 per cent will be collected and on an estate of £15,000 the collection will be 9 per cent, which is an average of 7.5 per cent as against the 7.2 per cent average for other States. On an estate of £15,000 the new tax will be 9 per cent and on estates up to £20,000 the tax will be 11.75 per cent as compared with 8.1 per cent in South Australia now and the Australian average of 8.5 per cent. The tax to be collected on these estates will be higher than that collected previously in South Australia, and will also be well above the Australian average.

The Government has maintained its right to increase taxation to the level of taxation in other States but, in every instance, the new rates will be higher than the Australian average. This is a step in the wrong direction as it curtails thrift. It has been claimed that the Government is making additional concessions to primary producers but that is not correct. As the member for Gouger illustrated, where an estate of £5,000 was divided between two sons at £2,500 each a bigger concession was made under the previous Government. This is a most important factor in regard to primary production. In the interests of efficiency farms are growing in size and require more plant and machinery. The average farm requires about £10,000 worth of stock and £10,000 worth of plant and machinery, and with these sums high rates of tax apply. The member for Glenelg said that if an estate was created, it was created at the expense of the community and therefore the community had a right to some of it when its owner died; but, unlike the position in the old country, where large estates pass from generation to generation and perhaps there is a case for the payment of succession duties, generally in Australia wealth is created by people working hard.

I took over a property during the years of depression; I had no equity in it. I worked long hours raising sheep, the money from which went to pay off the interest due. I worked extra hours over the weekend and milked cows in the evening. In that way I gradually built up a reserve of money. I have six children (five girls and a boy) and I suddenly realized that, to take steps to protect the boys' interest in the property, to enable them to continue farming it, I had to form a company and make suitable provision; otherwise, the family estate could not be carried on. For a person to be successful as a farmer, capital is needed. Many farmers in South Australia are said to be relatively inefficient. To the extent that they are short of capital, they are. They cannot get sufficient money with which to buy the machinery needed to work the farm efficiently. Often a businessman from the city will go on the land and apparently make a better success of that than the farmer alongside him, but it is always because he has plenty of capital and can buy the necessary equipment to get on with the job. But, if there are these periodic inroads into the assets of a farmer, he will always remain in more or less a peasant state and will be unable to develop his farm fully. The trouble with succession duties is that a large sum has to be found at once. In other types of taxation, such as income tax, payments can be made from current income but, when so much capital is tied up in a farm because the farmer has to keep on building it up as much as he can, he needs large capital reserves to run it successfully. It is difficult to do that if large inroads are made into his capital. If we are to continue living as we do, it is essential that capital is not eaten away in such large pieces.

If we are to do away with Form U and these other ways in which concessions have

been made in respect of this tax, the increase in exemption from £1,500 to £6,000 for a widow or child under 21 is not nearly sufficient. Take the example of an age pensioner at the moment. Members may be surprised to learn that there are 57,500 people on the age pension in South Australia and there are only 21,500 who are not in receipt of a pension and are potential payers of this tax. If a person is a pensioner, he can own £6,000 worth of property, in the shape of a house, personal effects or the surrender value of an insurance policy. However, a married pensioner with a wife is entitled to £624 a year in income, which represents £12,000 to £15,000 invested in Commonwealth Bonds at 5 per cent. Therefore, if a person saves and accumulates £15,000, he is in an equivalent position regarding income tax to being on the basic wage.

The member for Glenelg said that if a person has accumulated this amount of money and has not been a draw on the community to the extent of £624 a year but has paid probably £100 or £200 in tax, the State as a whole is entitled to a portion of this money. I cannot see any justification for the argument used by the member for Glenelg, at least in the case of an estate returning only the equivalent income to that received by an age pensioner. I have travelled and have met many wealthy people all over the world, and I can say truthfully that if I had £50,000 I would not give t all to my son but some direct to a hospital. My opinion is that one's son is entitled to only a reasonable amount, for he should go out and make his own life. I am talking now of the larger estates. The Government claims that it is making concessions, but I say it is not doing that and that it is misleading the people.

I strongly oppose this tax, for it destroys thrift, particularly amongst the people with smaller estates. It also means that people are driven to evasion. Why is it that 57,000 people receive the age pension and only 21,000 do not receive it? I recall that when I was working in the National Bank in 1930 one old couple had about £1,000 in the bank. The manager told me that those two people were going overseas. I asked him what they were going to do when they came back, and he said, "They have to use up the £1,000 in order to go on the pension." I say there is no justification whatever for imposing this penalty of succession duties. I strongly oppose the Bill, which casts an undue burden on people who are really the backbone of the country. If we are to be a great nation, we must save. We are already short of capital, and we have to borrow it from overseas. Until the people are given some incentive to save this state of affairs will continue.

In this wonderful age in which we are living, most people are in very much the same income tax group. Those with slightly higher incomes pay more in income tax, and in that way people are reduced to a more or less level basis. Everyone must be prepared to save a certain amount in order to provide capital, and it is most important that on the average size estates the tax should be kept to a minimum. I strongly oppose the Bill, for I consider the Government is trying to put something over on the people; it claims to be reducing the tax when actually in many instances it is increasing it substantially.

Mr. MILLHOUSE (Mitcham): Socialist Parties have always believed in savage, punitive death duties; it is a matter of policy. They say, as the member for Glenelg said this afternoon, that this is a means of the redistribution of wealth in the community, and one only has to look at what the Socialist Government in the United Kingdom did after the Second World War in this regard to see the effects of using death duties as an instrument of policy. This belief in the use of death duties (and I use that broad term at the moment) distinguishes the outlook of Socialist Parties, the Australian Labor Party being one of them, from the outlook of members of this side. We believe that this is a means of taxation that must be used if Governments are to have funds to carry out their functions. But, whereas the Government Party goes into this with enthusiasm and uses it as a means of policy, we use this means of taxation as sparingly as possible. They do not have the inhibitions that we have.

This afternoon we had all this from the member for Glenelg. He is, of course, the new economic expert of the Labor Party, and he was put up to apologize for the Bill and, we thought, to show us where we were wrong in our criticisms of it. The interesting thing about his speech was that he did not say where we were wrong in opposing this Bill. He did not do this because he could not. Everything that has been said by the Opposition in criticizing this Bill is right, and all that the honourable member could do was to make the speech of a theoretical Socialist in apologizing for this measure. It was

interesting to see the reasons on which he concentrated to do so. When he was talking about an estate that had been built up by a person during his life-time, he concentrated on the aspect that the community must have contributed towards building up such an estate. I think I am fair in saying that. He did not touch on the aspect that in building up an estate a man works hard and contributes much to the community.

Mr. Shannon: And also saves, of course.

Mr. MILLHOUSE: Yes, and makes capital savings and builds up the capital of the whole community. The member for Glenelg also forgot that harsh death duties discouraged people from thrift and hard work. He also forgot the natural human instinct to try to provide for those who come after. This is something that Socialists usually overlook, and the member for Glenelg was no exception to that rule. The honourable member is apparently under a ban tonight and is being as poker-faced as I have seen him. That is a good thing and I hope he keeps it up. The member for Glenelg relied heavily on the Treasurer's figures in justifying these taxes. The Treasurer, in explaining this Bill, used as one of his arguments in favour of it the fact that taxation from this source in this State was about 63s. a head of population. He gave the figures for all other States as well and then, conveniently for himself, gave the average for the six Australian States. He overlooked, or tried to gloss over, the fact that in three other States the amount a head of population was lower than it was in South Australia, without these increases. These are the figures that the Treasurer gave:

	A head of population.
	s.
South Australia	63
Queensland	62
Western Australia .. .. .. about	38
Tasmania .. .. about	55

So, even now this State comes third in the severity of its duties of this kind. Admittedly, the rate in New South Wales is about 92s. and in Victoria it is about £5. When one averages the whole of the Commonwealth, those two high figures get undue weight because of the greater population and, therefore, the greater number of larger estates in those two States.

Mr. Hudson: That is not undue weight.

Mr. MILLHOUSE: Of course it is undue weight when one is making comparisons between States.

Mr. Hudson: You ask the Leader of the Opposition. He will tell you.

Mr. MILLHOUSE: I thought that the honourable member for Glenelg had been put under a ban by his own Party, but apparently he is running the gauntlet of yet another reprimand by Caucus tomorrow morning. He will be in real trouble before the evening ends. It may be that he has been discredited now. However, I have explained why the average for the other States goes to about 84s. per head.

Mr. Hall: In Victoria and New South Wales, there are larger estates.

Mr. MILLHOUSE: Yes, and the larger populations affect the average.

Mr. Hudson: That is a fallacy.

Mr. MILLHOUSE: The honourable member for Glenelg has made his speech. He hates interjections, but he is now trying to make another speech on top of mine. The fact remains that, even on the Treasurer's figures, this State is already the third highest taxed in this field. We cannot get away from that. Now I am going to be extremely charitable to the Government and say that at least it does not, by this Bill, try to change the whole system of the levying of duty in this State. At least, we still have a succession duty and not an estate duty. I point out to the member for Glenelg, who is so eager to redistribute wealth and split up large estates, that the scheme of succession duty does this in a positive way: it encourages people to split the succession to their estates because it charges duty on the succession and on a sliding scale, so that the more parts into which one cuts up one's estate, the less aggregate duty is paid on it. This is a positive way of preventing the transmission of large estates. In this State, we have adopted this scheme to attain in a positive way the aim that the Socialist Labor Party would attain simply by increasing the rates of duty.

There is one other thing I can say about this Bill. It is not something that I have worked out for myself. Section 35 (3) of the Succession Duties Act is being repealed and replaced by new section 8 (1) (*o*). Section 35 (3) deals with gifts to which a reservation is attached, and under the present section the donee is immediately to assume the beneficial interest and possession of property and thenceforward retain that interest and possession, however long it may be before the donor dies. In other words, a gift can never be taken back, even if duty is payable on it. Putting it another way, once the eggs have been scrambled they can never be unscrambled. This has worked hardship in the past and under the new provision, if the donee takes possession not

less than three years before the death of the donor no duty is payable. I am informed by those who know about this rather technical branch of the law that that is a good thing, for which I congratulate the Government, even if it has done it rather without knowing what it was doing, as I suspect is the case. However, that ends all that is good.

Mr. Lawn: We are rather suspicious about the clause that received your commendation, too!

Mr. MILLHOUSE: The member for Adelaide may be, but perhaps we can do a deal in Committee. I understand a few amendments will be moved by the Government itself in Committee, and I shall be glad then of the honourable member's assistance, if he will give it to me. Having said that, I must admit that the Labor Party won the last election, and we must accept that it will try to put its policy into effect. However, what did Labor say in its policy about succession duties? It certainly did not say it would do all the things that it has included in the Bill.

Mr. Shannon: I'm afraid it didn't understand what it was doing.

Mr. MILLHOUSE: I am afraid not.

Mr. Hall: Does it now?

Mr. MILLHOUSE: I do not think so. This is what the Labor Party said at the last election:

> Our policy on succession duties provides an exemption of £6,000 for the estates inherited by widows and children. It also provides that a primary producer will be able to inherit a living area—

and something has been said about that by honourable members on this side—

> without the payment of any succession duties but a much greater rate of tax will be imposed on the very large estates. This will be more in keeping with that which is in operation in other States.

As I have said, this Bill goes much further than the policy enunciated by the Australian Labor Party at the last election. I regret that it does so but I know, as every honourable member knows (and as the public of this State is rapidly coming to know), that the present Government is desperate for money. Therefore, we must expect it to try to milk the cow, especially when that is in line with its theory of the levelling of all wealth in the community.

Mr. Hall: I don't think it's milking the cow; it's bleeding it!

Mr. MILLHOUSE: I think it is killing it. I complain at the dishonest way in which this measure has been introduced into the House. When explaining the Bill, the Treasurer tried to pretend that it would give real benefits to some people when, in fact, it is taking away with the other hand much more than it is giving with the first. There are two things of which I complain. The first is the aggregation of estates, which goes much further than mere joint tenancies of houses. I complain about this provision which is not at present in the principal Act. Secondly, I complain about the retrospective effect of much that is contained in the Bill. Dealing with the second point, I believe that when people have made arrangements for their survivors—and in most cases the survivor is our widow, because statistics show that women live on an average 10 years longer than men—

Mr. Jennings: How can the honourable member's survivor be his widow? He would not be here!

Mr. MILLHOUSE: I think it is perfectly logical.

Mr. Shannon: The Government accepts that the survivor is the widow.

Mr. MILLHOUSE: The survivor normally is the widow, and when people make arrangements for their survivors in the face of the law as it now stands, and those arrangements are made in good faith and properly, such arrangements should be allowed to stand. However, this Bill does much to upset proper and perfectly valid estate planning, and that is a bad thing. In particular (and other members have referred to this) there is the stretching to three years the period of 12 months for gifts. At present if one makes a gift to another that gift is not subject to succession duty if the donor survives for 12 months or longer. Of course, there is the question of Commonwealth estate duty, but that applies whatever we do here. This Bill extends the period to three years, and unless the donor survives for three years the gift is dutiable.

Admittedly it is up to the Government to fix any period it thinks fit, but I believe that this is too long a period. Another and more immediate aspect is that any gift made between 12 and 36 months ago is under the present law, not dutiable, but if the Bill is passed in its present form such gift will be liable for duty should the donor die within the ensuing two years. In other words, this ensures that gifts at present not dutiable will become dutiable, and there is a retrospective effect. If the Bill is to pass in anything like its present form we should provide that gifts made more than 12 months ago are not subject to succession duties. That would be

only fair and just, and I do not think that even members on the other side of the House would deny the fairness of it.

Coming to the question of the aggregation of estates, at present there are three or four classes of item that are taken separately, and they all allow of an exemption up to £4,500. This was glossed over by the Treasurer when he gave his second reading explanation, and I suggest it was deliberately glossed over so that people would not realize the exemptions that were being taken away under this Bill. Because of these exemptions the present Act is, in effect, far more generous than the Bill. I have already said that this refers not only to joint tenants of real estate but to deeds of gifts and policies of life insurance. All of these items are taken separately under the Act, but under the Treasurer's scheme they will be aggregated, and there will be only one exemption of £6,000 instead of three or four exemptions of up to £4,500. The main example given by all honourable members—and it is the main example because it will affect most people —is the joint tenancy of the family home. I suppose there are thousands of married couples who have put their home in the joint names of husband and wife for the very purpose of avoiding succession duties.

Mr. Shannon: Mostly on very sound advice.

Mr. MILLHOUSE: Yes. I believe it is proper to accept that the average family home is worth under £9,000.

The Hon. D. A. Dunstan: Decidedly less.

Mr. MILLHOUSE: Yes, decidedly less, and that strengthens my argument. Accepting that, no duty is paid on that home on the death of one or other of the parties because the share of each is under the £4,500 limit. This applies in thousands of cases; indeed, in most cases. It is the rule rather than the exception nowadays for a home to be put in the joint names of husband and wife. I guess there are dozens of people in this Chamber and in the galleries who have done that, and under this legislation they will lose the benefit of having done it.

Mr. Shannon: There is a £6,000 instead of a £9,000 exemption.

Mr. MILLHOUSE: That is so. If they have done other planning, they will lose other exemptions of up to £4,500 each. Not a word was said by the Treasurer about this in his second reading explanation; all we were told was that the exemption was to be raised by £1,500 to £6,000. This was a most extraordinary thing to do, but apparently the Government did not realize what it was doing because this afternoon the Treasurer gave a contingent notice of motion about new clauses dealing with family homes.

Mr. Heaslip: I think the Government knew but it had second thoughts.

Mr. MILLHOUSE: I suppose it hoped nobody would see it. It is particularly humiliating for a Government to bring in a Bill which either had a deliberate provision to take something away or which was prepared with such carelessness that this crept in and was not seen before the Bill was introduced.

Mr. Shannon: I think ineptitude is a better word.

Mr. MILLHOUSE: Very well, ineptitude. All I can say is that the chief law officer of the Crown did not do his homework; if he had, he would have picked it up, and as the Government's legal adviser he should have picked it up. If there is ineptitude, it is his ineptitude, and I suggest it is particularly humiliating for the Government to have to admit now that it has done this and for it to go back on its tracks. I hope it will have the good sense to go back on its tracks; otherwise, it will be the worse for it, as it will be taking away more than it is giving. It makes one very doubtful about the reliability of any of the legislation the Government introduces when it has to admit to a mistake—and we will be charitable and call it a mistake—of this nature.

There are a couple of other things to which I shall refer in the hope that when the Government realizes them it will be prepared to do something about them. This afternoon I asked the member for Glenelg (Mr. Hudson) in vain if he would explain to me the meaning of new section 8 (1) (*e*), which is a most technical provision. I certainly cannot understand it, and I hope it is not because of my denseness but because there is no meaning to be attributed to it. This is what it says:

> . . . property given or accruing to any person under any settlement, such property being deemed to be derived upon the death of the settlor or other person upon or after whose death the trusts or dispositions took effect;

I do not think I would have picked this up myself, but the point of the clause has been referred to me and the question has been asked: "What is the exact intention of this particular placitum?" I shall quote from a letter handed to me on this point, which states:

> The present Act taxes separately every settlement at the point of time that the life tenant dies and other trusts take effect, either in favour of a succeeding life tenant or in favour of those entitled to receive the capital. The

life tenant may or may not be the person who established the settlement and provided the capital.

I think this particular placitum assumes that the life tenant is the person who provided the capital. The letter continues:

If a person settled a large slab of his own money on trusts for himself for life with remainders to his children after his death, it would not be illogical to require the capital which was once his to be added back to his estate, because it is in consequence of his own death that the trusts of the settlement take effect. This is the exact position under the Commonwealth Estate Duty Act, where there is an adding back of property comprised in a settlement made by the deceased person and under which he had any interests for his life. Apart from this, the Commonwealth Act does not tax the capital of any settlement in anyone's hands, except perhaps where the settlor dies within three years after making it. What concerns me is the position where my great aunt or someone like that makes a settlement under which I am given the income for life, and the capital goes to my children on my death. I make no contribution of my own to the capital of the settlement, and yet it would appear, on one possible construction of the Bill—

and I am glad that the learned author cannot find a definite construction in this matter—

that on my death the whole of the capital of this settlement would be added into my own estate, and my unfortunate children would in consequence have to pay duty at a vastly increased rate on what I am able to leave them myself. Surely this is neither just nor the real intention of the Bill.

However, that certainly seems to be one interpretation of this placitum it will be possible to make, if it stays as it is at present. I shall be glad to have the opinion of the Attorney-General on this point. If the correspondent is right then perhaps the Government will be prepared to change this as well as the other matters it proposes to change. I notice that we are making special provision (and this follows the Commonwealth Estate Duty Act) for those who are killed either on active service or as a result of it. That is a good thing and I am glad that the Government has provided for it, but I wonder whether the provision made is sufficient to cover the serviceman who dies whilst a prisoner of war. I think it probably does, but I should be glad of assurance on the point.

The Hon. J. D. Corcoran: It refers to active service.

Mr. MILLHOUSE: I think that is so. If the Minister of Lands has had time to look at the Bill whilst undertaking his new duties he will see that the matter I mentioned is not specifically mentioned. If one dies of wounds, of disease and so on the benefit is retained.

The Hon. J. D. Corcoran: What would be a disease?

Mr. MILLHOUSE: I think that starvation, malnutrition and so on would be classified as diseases.

The Hon. Sir Thomas Playford: What would be the position if he died from typhoid fever?

Mr. MILLHOUSE: I think that would be a disease and would be covered. I would be happier if we specifically mentioned the circumstances when a prisoner of war dies. This concerns the amendment to section 63a of the present Act, which section deals, amongst other things, with policies of life assurance. It provides:

. . . policy of life assurance . . . in the name of any deceased person, either alone or jointly with any other person as owner or trustee . . .

The proceeds from that policy shall not be paid out until the Commissioner of Succession Duties certifies in writing that all duties have been paid. That is the present position but members will notice that this does not cover the case of a policy of life assurance that has been absolutely assigned by the insurer to a third person. This is important, because it is one way in which a husband may provide for ready cash for his widow soon after his death. Surely this is something that is permissible. It does not mean that probate and succession duties are not paid.

Mr. Coumbe: It is quite common.

Mr. MILLHOUSE: As my friend prompts me, it certainly is common.

Mr. Quirke: It is a probate insurance.

Mr. MILLHOUSE: Yes, but I am talking about a life policy assigned absolutely to the wife for the purpose of giving her, fairly soon after his death, some ready cash.

Mr. Shannon: That is quite a usual provision.

Mr. MILLHOUSE: Yes, but it has been cut out, under this Bill. If honourable members and the Treasurer will look at the Bill, they will see that clause 34 inserts in section 63a. a new paragraph (*b*), which states:

The proceeds of any policy of assurance on the life of any deceased person standing in the books in South Australia of any such corporation, company or society are payable to some other person as provided by paragraph (*j*) or (*k*) of subsection (1) of section 8 of this Act.

Paragraphs (*j*) and (*k*) provide that, if a person takes out a policy and pays the premiums himself, it is caught under his estate; or, if somebody else takes out a policy and the deceased pays the premiums, it is caught

under his estate. It is perfectly proper that they should pay duty. What happens at present is that it is possible to collect, within a matter of a few weeks, the proceeds of a policy which is absolutely assigned. I have here a statement given to me by an expert on the subject, setting out what could happen and probably does happen every day. Let us assume that a man takes out a policy for £5,000 on his life and then assigns it to his wife. He pays the premiums, which is the usual case, and he then dies. The insurance society (and there are, of course, a number of them) will issue a policy discharge within, say, five days after the death.

Mr. Shannon: It only wants proof of death.

Mr. MILLHOUSE: Quite. The widow signs the policy discharge a couple of days after that and returns the discharge to the company within another few days. This may be, up to this time, about 10 days from the death. The company obtains a death certificate at that stage, which may take, because of the delay in the Registrar's office, say, six days; but as soon as it has the certificate of death it can pay out the proceeds of the policy, in this case £5,000 plus bonuses. The whole process has taken two or three or, at the most, four weeks. This does not mean that duty is not payable on this policy: it is payable, and it will be paid in due course out of the estate. This is a way in which the widow can get ready money to carry on. I have been referred to examples where this has been the sole source of income, the sole money the widow has had for a very long time, during which the administration of the estate has gone on. This may be a period of 12 or 18 months or even two years, and in some cases this could be the only source of income that she has. Now, because of the amendment contained in clause 34, that will no longer be open to the widow. What will happen is that because of this insertion the Commissioner of Succession Duties will have to be satisfied that duty has been paid on the policy (a policy which has been absolutely assigned to her) before it can be released. If I may, I shall read the note I have been given on this particular matter, because it sets out the position more clearly than I could do it. "Section 63a, which previously referred only to a policy held alone or jointly with any other person, has now been amended to include the proceeds of any policy of assurance on the life of any deceased person, so that no payment can be made until the Commissioner assents to the proposed dealing, which would be when succession duty was determined on the whole of the estate."

Mr. Shannon: The important feature is that it is irrespective of who pays the premiums.

Mr. MILLHOUSE: Absolutely. It could be that the wife out of her separate income has paid them. The member for Onkaparinga mentioned this in his speech. The wife may have paid them out of her separate income, if she had one. This, I grant, is unusual, but it does happen. But, even so, the Commissioner of Succession Duties, under this jolly amendment, would have to be satisfied that all duties payable had been paid, and this would be utterly unjust. It would mean that the wife had the policy and had paid the premiums. Yet she still could not get the money even though, in fact, no duty may be payable on it, and it would be some months—perhaps six months, or maybe more—before that was ascertained, because I have no doubt that the Commissioner of Succession Duties would require proof that the widow had paid the premiums and that the deceased had not paid any of them. The Commissioner would require that proof, because he would not be doing his duty if he did not do that, and that is why it would prevent her from getting the proceeds of the policy in the way that she now does. Perhaps I can go on to ram this point home, as I hope I will. "It does appear, therefore, that it will now be impossible for a husband and father to provide that his widow will receive the proceeds of his assurance within a reasonable time after his death."

I am not suggesting that where duty is properly payable it should not be paid. Duty is payable now, but now the proceeds are available before duty is paid. Under this amendment (I think, probably by inadvertence) these proceeds will not be available, and this is something that I hope the Government will consider when it overhauls this Bill, as it apparently intends to do. As it stands, it will be an injustice to widows without doing anything to increase the duties that will be payable as a result. That is the vice of the thing, and I hope that it will be put right. These are the only detailed criticisms I have of the Bill. I regret that we must have it, but it is the prerogative of the Government to put its policy into effect, and it is the prerogative of a Government, desperate for money as this Government is, to increase duties in order to get more revenue.

This Government will have its reward at the next election, as I have no doubt people will

show their displeasure of this Bill and the way it has been introduced. If we are to have this Bill, I hope the unfair portions will be ironed out before it passes, and I am pleased that the Government is prepared to consider the most glaring example, the case of joint tenancies. However, I hope it will also consider the other matters that I have raised. I cannot support the second reading, but if it is carried (as I am afraid it will be because the Government has the numbers) I hope the matters to which I have referred will be cleared up before it leaves this House.

The Hon. D. N. BROOKMAN (Alexandra): It would not be expected that I would support a Bill introduced by a Labor Government to amend the Succession Duties Act, and I am not going to do that. I am not surprised, nor do I hold any grievance against the Government at its doing certain things about the Act. It is well known that it is the Labor Party policy to increase succession duties on large estates, and as it is the elected Government one cannot complain if it wishes to put that policy into effect. I do not approve of what it is doing and I shall not support it, but no-one need be surprised that the Government is doing it. There are other much less satisfactory factors in this Bill. The Treasurer gave three reasons for its introduction. He said that it provided for increased rates on higher successions as a taxation measure. I have referred to this aspect, which is not surprising, and whether we agree with it or not it was to be expected.

The Treasurer said also that it raises the basic exemption, and that it increases rebate of duty in respect of land for primary production. These are points the Treasurer emphasized when describing what the Bill does. I believe one should protest when a second reading explanation is so inadequate and sets out only some points and ignores others of tremendous importance. What does this Bill do? Apart from raising revenue, it aims to close up what the Government is pleased to call loopholes, and is changing the rules in several respects. I believe it is a most worthy ambition to provide for one's dependants. I think members on both sides of the House would do the same thing themselves, but I do not know why it should not appear worthy when we are discussing this Bill. I admire the man who takes the trouble to see that his family is provided for. There are too many cases of people who do not bother to do that, while others go to tremendous trouble to see that, when they die, their dependants are left in a sound situation.

That is admirable and unselfish, and we should applaud it, not criticize it. We all know that when a death takes place in a family, the near relatives are often shattered by the experience and it is not a time for them to be saddled with financial troubles. We know that any form of succession duty holds up finalization of estates and it is accepted that there will be some delay before the widow and other dependants receive what is provided for them. I object to the attitude that the man who ensures that his property will be left to his widow and dependants in the best possible situation is just looking for loopholes in the legislation. Evidently, this Government has said that those people are doing that and it says, "Let's change the rules, and that will get them in." That is what is being done.

I know that the Bill has made concessions in certain instances, but it has not told the whole story. I have a copy of a university paper that records a discussion at the university on taxation measures, and one sometimes wonders where the information in the publication comes from. I propose to read the report of information given by the Attorney-General on March 25, when he addressed 500 university students. I have had occasion to quote a section of this report before. I quoted the question, "Is the Labor Party going to cancel out the university fee increase?" and the answer "Yes". I understand that later, when he was challenged about that in the House, the Attorney-General stated that that was somewhat too concise a version of his reply, so we accept that. However, I shall read the information he gave at the university about succession duties, as follows:

Increased Government expenditure will be paid for in part by an increase in succession duties for those sad souls whose estates are over the £100,000 mark—Duties will be reduced on small estates. Tax avoidance practices will be caught.

One can understand that the university students did not worry much when they heard that, because only those persons with estates valued at £100,000 appeared to be affected, and the duties on small estates would be reduced. However, we have heard informative speeches by other members on this side of the House, giving examples of how duties on these small estates are not being reduced at all. When we say "small estates" we mean just that. There is nothing large about the estate of a man who leaves a house in joint tenancy and a few thousand pounds in insurance or other assets

to his widow. Yet, as has been amply demonstrated, in many cases the duty will be increased substantially. One would think, listening to the explanation, that this was simply a measure to tax estates of higher values and distribute the money for community use. I do not doubt the need for the community and the Government to obtain more money. We shall not go into detail about the fact that the Government is attempting to undertake some rather exaggerated commitments about which it did not think beforehand. It is fulfilling some of them, but certainly not all of them. However, I object to the impression it has endeavoured to create that it is not merely taxing the smaller estates, because, in fact, they will suffer most, in proportion, under this Bill. This legislation will hit the white collar worker—the thrifty man who has been unselfish enough to worry about what will happen when he dies.

It may be argued that the amassing of capital in huge estates has to be checked by succession duties. That, of course, was a major reason for the introduction of succession duties in the United Kingdom in the first place. However, what is happening here is different altogether. This is merely a revenue-chasing measure, not only in respect of the big estates but of the small ones as well. I oppose the Bill. So much has been brought out in detail that I shall not discuss the 3-year provision for the making of gifts, or the serious provision by which aggregation is brought about. These matters will be discussed again in Committee, when I shall be prepared to support any amendment that represents a more sane approach to this question, particularly in regard to the estates of the smaller person.

Mrs. STEELE (Burnside): Honourable members on this side have dissected this measure and given many instances illustrating the hardship that this Bill will impose on certain sections of the community. Personally, I believe that it is most reprehensible legislation, completely socialistic in its nature, concept and execution. When making his maiden speech in the House, the member for Glenelg (Mr. Hudson) said:

March 6 was, I believe, a great day for democracy in South Australia.

That, of course, as we all know, was the day on which the honourable member's Party was elected to Government, and he continued:

I am confident that, from the record of the Government over the last two months and from the legislative programme set out in the Governor's Speech, we are witnessing the beginning of a long period of legislative reform that has not been seen in this State for 70 years—a period of reform that is indeed long overdue.

I believe that the people of this State, after only eight months, are beginning to rue the day that they voted the present Government into office, and that they know now that they are not witnessing legislative reform but that they can, in fact, expect a long period of legislative repression such as we have seen introduced into the Chamber in the past few weeks. This legislation, I believe (and I am speaking only generally about the legislation introduced by the Government), is punitive, and penalizes a particular section of the community. To me, it is class legislation of the most blatant type. Using the argument of the member for Mitcham (Mr. Millhouse) a few minutes ago, namely, that a man in saving and building up his own capital was also building up the capital of the community and State, I believe it will eventually be a case of killing the goose that laid the golden egg, and of the Government's defeating its own ends. This Bill strikes right at the root of what has always been considered the motivating principle of all decent men, that is, of making provision for his wife and dependants at his death. However, I consider that the amending Bill tends to discourage thrift; in fact, in proper socialistic manner it confiscates to the State a large proportion of a man's savings. Such savings should go to his dependants, a principle that the previous Government maintained. We all know that Governments are hard put to it to find additional ways and means of raising extra revenue, and this Government is no exception. However, I consider that this kind of legislation will lay the Government open to public criticism. I cannot help wondering what kind of incentive there will be in future with this type of harsh, discriminatory and vicious legislation written into the Statutes.

It seems to me that a new fashion has been set in the last few weeks by this Government; that is, to be as brief as possible in the explanation of Bills brought before the House, no doubt in the hope that the public will be lulled into a sense of false security and hope. I believe that the press takes a Minister's second reading explanations and publishes them almost in their entirety, and it is not until the members of the Opposition work on them that the sinister meaning of quite a number of Bills is uncovered. This legislation has provoked much public anger, and people in all walks of life have left me in no doubt as

to their feelings on it. Not only have they spoken to me but to my colleagues, and I have no doubt that members opposite have had similar experiences. I consider that the attack launched by the Leader and members of the Opposition has obviously got under the skins of members of the Government because we have been told, and it can be seen, that a number of amendments are to be introduced. I consider that the people have their remedy and at the proper time they will apply it in the right manner. I oppose the Bill.

The Hon. T. C. STOTT (Ridley): Once again I rise to oppose this succession duties legislation, and because this is one of the most extraordinary Bills that I have seen introduced into this House, I have done a little homework on the matter. This is most extaordinary legislation because it is a departure from what has been the custom for many years in most places where the Parliamentary system exists. The main point is that Government must raise revenue from some source or other. A principle has been established relating to the proportionate amount of succession duty to be collected, and that has been the custom over the years. Now we see a most extraordinary departure from that principle, and I intend to deal with it in a few moments.

There are at least three major criticisms of the present Bill, and I would suggest that it is important to keep these separate and clearly distinct. There is a tendency with some critics to confuse them in a general tirade against the Act and I think this tends to weaken the criticism. The three points are:

(*a*) Discriminatory increases in the ordinary scale of rates.

(*b*) The complete change in the law, made without any previous warning, that is involved in adding back artificially into a person's estate things that do not belong to it. This is the real sting in the Act for very many people.

(*c*) The serious retrospective effect of the Bill on past transactions.

I will deal first with increases in rates. The Acts have always had scales applicable to beneficiaries under which the larger the benefit the greater the overall rate of tax applicable. With the inevitable, if gradual, decline in the value of money because of normal processes of inflation, most property values tend to increase. If there had always been one fixed unaltered set of scales, the Government would be protected as regards its revenue from succession duties, as its recoveries would keep pace, and indeed increase, as property values rose over the years. It follows that, on any occasion when the scale rates themselves are increased, the Government has deliberately decided that a yet greater proportion of people's assets and life savings should be confiscated on death and that thrift and wise and careful investment for the future benefit and protection of the family should be penalized.

The Playford Government itself had something to answer for, because the 1952 increases in rates were very drastic, and I opposed them. The basic justification for this was claimed to be pressure from the Commonwealth Grants Commission at the time, when South Australia was a mendicant State. It was claimed that recovery of death duties a head in South Australia was too low compared with the Eastern States and that, if South Australia did not do something about it, the Commonwealth grants would be decreased. It was perhaps unfortunate that the scale of duties in this State should be dictated, in effect, by what the most bushranging Socialist Government in one of the Eastern States had set up as a standard —but there it was. South Australia is no longer a mendicant State, and it therefore seems quite idle now for the Government to justify an increase by reference to the recoveries a head of population in other States. I think that is wrong.

It is not easy to describe in simple terms the effect of the progressive increases in the rates made over the years. Up until 1952 the rates jumped in steps as progressive fixed amounts were reached. For example, under the scale applicable prior to 1952, the rate for a widow was 4 per cent on benefits from £2,000 to £3,000. If the benefit exceeded £3,000 by even £1, the overall rates jumped to 5 per cent, and so on. From 1952 on, the process was adopted of starting with a minimum rate up to a certain figure and applying a higher rate only to the excess over that figure, the rate on the excess becoming higher at higher levels. This was more equitable in the sense that the effective overall rate payable on any given benefit, plotted on a graph, resulted in a steady rising curve, whereas the old scale so plotted resembled a staircase, and if the benefit just exceeded a particular figure the overall rate jumped to the next higher rate. Also, exemptions in favour of widows and children have quite properly been progressively increased over the years but, once the amount of the basic exemption is exceeded, duty has been applied to the excess at progressively steeper rates.

The practical question is, of course, what is the actual amount in hard cash that the beneficiary has to pay, and for purposes of comparison with the past it is necessary to calculate, from the formula given in the present Act and in the Bill, the effective overall rate. The result can best be shown by means of graphs. Actually, the increases in rates proposed by the new Bill are not formidable at relatively lower levels but they are so at the higher levels, where the substantial increased revenue is to come from. The scales are thus more and more discriminatory against the bigger estates. It is interesting to look at the progressive increases in rates that have taken place since 1893, and Table 1 that I will produce later sets out four tables showing the rates applicable to a widow who inherits £10,000, £20,000, £30,000 or £100,000.

It will be seen from these that the proposed exemption of the first £6,000 in favour of a widow (compared with the present £4,500) has a diminishing beneficial effect at any level up to nearly £20,000 whereas, after that figure is reached, the tax becomes progressively heavier on widows than it is at present.

Similar scales could be constructed for children that would show a similar pattern, except that they receive an initial exemption of only £3,000 instead of £6,000 with the result that they start to be hit more heavily under the new scale, as compared with the present scale, where their benefits exceed about £10,000. When the matter is studied it can be seen that the argument of the lower estates getting the benefit is not proven. The second list of figures (Table 2) that I shall provide show maximum rates over the years, and demonstrate the progressive discrimination against larger estates as well as a steady increase in the amount of cream taken off the milk.

The table shows that at a time when the Government is seeking a substantial overall increase in revenue from this source it makes further concessions to widows and children at the bottom of the scale. In consequence, the larger estates have to bear the whole of the increases plus the cost of the concessions. The most striking example will be seen in the £100,000 scale, where the present rate of 17.57 per cent will jump to 25.35 per cent. Members should compare the method adopted between 1928 and 1937 when the Government, needing more revenue, added a 25 per cent surcharge (which was later reduced to 15 per cent and then finally abolished) so that the added overall burden was borne proportionately by all and not loaded on to the larger estates only. Is this not a fairer course to adopt as a temporary measure if the Government must have more revenue from this source?

Adding back is a new and revolutionary feature of the Bill as far as South Australia is concerned, and the one that in many instances will hit certain people heavily. It should be noted however that this adding back process has always been a feature of the Commonwealth Estate Duty Act and also of the death duty laws of most of the other States, where tax is levied on the estate as a whole on a scale related to the overall value of the estate.

The Succession Duties Act has always levied tax separately on the amount of the individual benefits taken by each beneficiary, and this has always been a distinct advantage in South Australia in any case where the estate is divided up between a number of people. For example, on the scale applicable under the present Act, if a man left £100,000 to an only child, duty would amount to £17,575. If the £100,000 were divided equally between five children, the total duty would be £11,625. Under the new Bill £100,000 given to one child would attract £25,350, but if divided between five children the total duty would be £11,750. Incidentally, these figures give a good example of the discriminatory effect of the new Bill in that at £20,000 there is little change, whereas at £100,000 there is an increase in duty of £7,830.

The present Act also taxes quite separately and without reference to the true estate a number of other transactions, the most important being—(*a*) gifts made within 12 months of death; (*b*) survivorship benefit under a joint tenancy; (*c*) moneys arising under a life policy kept up by a deceased for the benefit of a nominee (generally his wife); and (*d*) settlements. As each one of these is taxed separately and the exemptions apply in each case, substantial advantages accrue to the widow. The existing exemption to a widow is £4,500 (compared with the £6,000 proposed in the new Bill). It follows that, if a man (*a*) leaves by his will £4,400 to his wife; (*b*) owns with his wife as joint tenants a house worth £8,000 (the resulting benefit to the wife on his death being £4,000); (*c*) keeps up a life policy for his wife which produces £4,000 on his death; or (*d*) makes gifts valued at £4,000 to his wife within 12 months of his death, then the wife is entitled to the full exemption on each of these, and escapes duty altogether. Under the new Bill, all these would be added together,

making a total benefit of £16,000, and the widow would have to pay duty amounting to £1,650, an effective rate of over 10 per cent overall in spite of the increased exemption to the widow from £4,500 to £6,000. It cannot be denied. It will doubtless be argued that a man should not be allowed to cheat the revenue by doing all these things. I think the member for Glenelg inferred that this afternoon, but the fact is that ever since 1893 people have arranged their affairs on the faith of the present structure of the Act. Countless thousands of family homes must be deliberately held by husbands and wives as joint tenants, for this reason. Countless thousands of life policies must have been taken out and kept up by husbands, with their wives as beneficiaries. Gifts to wives and children (not necessarily made to lessen the burden of death duties) must be made every day of the week. Very often these things are done, not with any eye to the saving of duty but for the better security of wife and family, should the husband become involved in some financial disaster. In order to obviate that risk, that is just what a prudent husband does, but this will all be shattered under this Bill.

Mr. Quirke: I do not think the honourable member should say it is cheating.

The Hon. T. C. STOTT: I do not, but that is what some people may say. It is most inequitable and should not be added back, with the result that in many cases it will completely nullify the supposed benefit of the increased exemption to widows.

I listened to the Honourable Leader of the Opposition with a great deal of interest when he addressed the House on the second reading of the Succession Duties Act Amendment Bill. He particularly referred to the position of smaller estates in respect to a widow or a child under 21 years of age. I, too, have examined this matter and find I must agree completely with the facts supplied by the Honourable Leader. To illustrate the point still further, I have taken out an example based on the maximum exemptions allowable under the present Act and how the proposed amendment would affect the overall position. At the present time the deceased may have had assets worth £4,500, the whole of which would be exempt under Form A. In addition, under the present Act the deceased may have owned jointly with his wife assets totalling £9,000. This means, in effect, that as half of this amount was owned by the deceased, under Form U, his share of £4,500 would also be exempt from succession duties. However, under the Government's suggested amendment, should the deceased's assets amount to £4,500, to which is then added the £4,500 half share of the assets he owned jointly with his wife, his total estate would amount to £9,000. As Form U is done away with under this amendment it would mean that, after the £6,000 exemption was allowed, succession duty would be payable on the balance of £3,000. This illustration proves beyond doubt that under this amendment the small estate will be infinitely worse off than hitherto.

I now turn to the position in regard to primary producers. The matter of a living area has been referred to previously during this debate, and therefore I do not wish to appear repetitious in referring to this most important point. However, it is ridiculous in the extreme to consider a living area equivalent to that of a £5,250 house built by the Housing Trust, as this Bill implies. It has already been stated that experience gained both from the soldier settlement scheme and the development of the Australian Mutual Provident Society blocks has shown that the cost has been about £27,000 or £28,000. I would venture to say that this would be the average cost (and, indeed, a minimum cost) to a primary producer to set himself up on a property within the description of a "living area". In the position I hold with a primary producers' organization, instances that have been brought to my notice and are on my files show that in the past the existing rate of succession duties on some rural families has caused extreme hardship, so much so that it has meant that entire families have had to relinquish farming. It has become uneconomic for them to carry on after having paid death duties. I could quote instances in which properties have had to be sold because families could not find the necessary cash to carry on. This amendment will aggravate the position still further. The honourable member for Albert has pointed out that new rates and property values have been introduced in this Bill. I would also draw honourable members' attention to the fact that whereas in respect to a widow or a child under the age of 21 years the existing Act includes five assessable values ranging from £4,500 to £200,000 and over, under the proposed amendment no less than seven more values have been added.

The most troublesome point regarding retrospectivity relates to gifts made during lifetime. At present, gifts made within 12 months of death are taxed separately. The Bill proposes to increase this period to three years. That may be fair enough for future gifts, but let us

consider the case of a gift made on January 1, 1963. Provided the donor lived until January 1, 1964, the gift was thereafter free of any threat of succession duty. However, assuming the Bill becomes law this year (which is likely), and the donor then dies before December 31, 1965, the gift is caught again, and in addition is swept back into the estate. This provision should surely be applied only to gifts made after the Act becomes law. The argument on retrospectivity is somewhat weaker in relation to the other items, and can perhaps only be based on the proposition that people who have lawfully and sensibly arranged their affairs for the best protection of their wives and families, with knowledge of the consequences regarding duties, should not now be subjected to a complete change in the whole basis of the taxing law, which has existed in its present form for over 70 years. The practical consequences of this can be substantial, in terms of tax, in many instances. Apart from its serious effects on larger estates, it will affect particularly smaller people with modest estates, and frequently involves substantial duties in cases where previously no duties were attracted at all. I now refer to charities. Arguments were raised about these in 1952, because they were then taxed on the stranger in blood scale at a minimum of 10 per cent, rising to 25 per cent on £30,000 and upwards.

It was shown at the time that gifts to certain specified types of religious, scientific, educational, and benevolent objects were entirely free of duty in all other States except New South Wales, and there only on the very lowest scale. The Commonwealth Estate Duty Act also exempted entirely certain categories. It might be interesting to ask the Government to table particulars of how these things are now taxed, if at all, in other States. A compromise amendment was made in 1952 limiting duties on these gifts to 10 per cent, irrespective of amount. It is not clear why they should be taxed at all, as the duty on them is often a discouragement to making them by will. In any case, the usual position is that if a testator wants to give, say, £20,000 to the Adelaide Children's Hospital, he directs the legacy to be paid free of duty. In that event, the £2,000 duty has to come out of the pockets of the family who benefit under his will, in addition to the duty on the benefits they receive themselves.

Rebate on land used for primary production, standing by itself, will doubtless please a lot of people; but there are surely dangers in discriminatory tax legislation. When the rate of tax becomes so high that the concept of discrimination in favour of certain classes has to be introduced, it is surely an admission that the rate of tax generally is too high, and once the principle of discrimination is introduced, there will be incessant demands for its extension. The usual situation is that these ostensibly generous concessions seem to be thought of by Parliament only on occasions when amending legislation is introduced to gain a big overall increase in revenue. It follows that the whole of the increase in revenue, plus the substantial cost of the concessions, has to fall on some other class of people, and the justice of this is far from obvious to me. Some fairly complex calculations are involved to determine the value of this concession at various levels. The benefit (as compared with the present Act) gradually diminishes as the value of the land increases. At £35,000 the saving in duty (as compared with the present Act) in favour of a son is only about £350 out of a total duty of over £5,000, so that it is fairly nominal at that level, and would disappear altogether higher up the scale.

The apparent benefit would also diminish if (as might be expected) a farmer left plant, stock, or money to a son in addition to farming land, and if there were gifts and other transactions to be added back into the estate, the supposed benefit of the rebate might well vanish altogether. I now give some tables which may be of interest to honourable members. Table 1 (*a*), a schedule showing succession duty payable by a widow from 1893 to the present time, where the total benefit is £10,000, is as follows:

TABLE 1 (*a*).

	Rate.	Duty.
1893-1915	5½%	£550
1915-1928	7½%	£750
1928-1935	25% surcharge	£937 10s.
1935-1937	15% surcharge	£862 10s.
1937-1939	7½%	£750
1939-1952	9%	£900
1952-1963	10.25%	£1,025
1963-1965	10%	£1,000
New Bill	6%	£600

Table 1 (*b*) shows the rate of duty payable on an estate with a total benefit of £20,000:

TABLE 1 (*b*).

	Rate.	Duty.
1893-1915	6½%	£1,300
1915-1928	9%	£1,800
1928-1935	25% surcharge	£2,250
1935-1937	15% surcharge	£2,070
1937-1939	9%	£1,800
1939-1952	11%	£2,200
1952-1954	12.62%	£2,525
1954-1963	12.62%	£2,525
1963-1965	11.62%	£2,325
New Bill	11.75%	£2,350

Table 1 (*c*) sets out the position regarding an estate with a total benefit of £30,000:

TABLE 1 (*c*).

	Rate.	Duty.
1893-1915	7%	£2,100
1915-1928	10%	£3,000
1928-1935	25% surcharge	£3,750
1935-1937	15% surcharge	£3,450
1937-1939	10%	£3,000
1939-1952	12%	£3,600
1952-1963	14.25%	£4,275
1963-1965	13.58%	£4,075
New Bill	14.5%	£4,350

Table 1 (*d*) shows the position where the total benefit is £100,000:

TABLE 1 (*d*).

	Rate.	Duty.
1893-1915	9%	£9,000
1915-1928	13%	£13,000
1928-1935	25% surcharge	£16,528
1935-1937	15% surcharge	£14,950
1937-1939	13%	£13,000
1939-1952	15%	£15,000
1952-1963	17.77%	£17,775
1963-1965	17.57%	£17,575
New Bill	25.35%	£25,350

Table 2 (*a*) shows the maximum rates applied over the years to the various categories of beneficiary:

TABLE 2 (*a*).

	Widows. Per cent.	Children. Per cent.	Collaterals. Per cent.	Strangers. Per cent.
1893-1915	10	10	10	10
1915-1939	17½	17½	17½	20
1939-1952	20	20	25	25
1952-1963	25	25	30	30
New Bill	27½	27½	30	37½

(Subject to surcharges between 1928 and 1937.)

I ask the House to note that the highest possible rate up to 1915 was 10 per cent, whereas the Bill provides that the minimum rate applicable to widows and children shall be 15 per cent on the excess, once the basic exemption is passed. Table 2 (*b*) illustrates the rates applied at the top end of the scale to the excess over a basic figure on benefits to widows and children:

TABLE 2 (*b*).

	Per cent.	
1893-1915	10	(overall rate above £200,000)
1915-1939	17½	(overall rate above £200,000)
1939-1952	20	(overall rate above £200,000)
1952-1963	30	(on excess over £100,000)
New Bill	40	(on excess over £100,000)

Pursuant to the Bill, the 40 per cent on the excess is applied until the maximum overall rate of 27½ per cent is reached. This is bad legislation, which the House should defeat. Indeed, if it does not defeat it, the measure should be defeated in another place. The Bill will come as a terrific shock to people who have built up small and big estates alike, making provision, both by taking out life assurance policies and by holding joint estates, to protect their families in the future. I have often advocated in the House the virtues of a father's passing on his land to a son, thereby minimizing speculative transactions, and enabling properties to be developed to give a high capital return. The right principle to adopt is the one of allowing land to remain in the family and of continuing the tradition of farming, grazing, grapegrowing, or whatever the property may be producing. That tradition has been handed on to us by many European countries. In South Australia owners of property who are approaching old age have been encouraged to make provision against succession duties and taxation, so that their families can continue to work the property.

However, the Bill destroys the principle to which people have been accustomed for over 70 years. It will destroy the incentive of many people to build up businesses into profitable ventures, to put something aside for a rainy day so that the wife and children will be taken care of. These are practices that should be adopted by every prudent individual, and, indeed, were hammered into many of us in our younger days. What encouragement do we have under this Bill? We shall reach the stage where people will say, "What's the use? Let's spend it today, because tomorrow we may get nothing out of it." In other words, it becomes a penalty to die. Now we have the principle that while people live they are taxed. Country people pay freight rates on commodities they require and on the commodities they have to sell. They do not mind paying in this way, but they do mind when, after working hard and saving money in order that their families may benefit, such vicious legislation as this is thrown at them. I repeat that it is vicious legislation, and I believe it should be defeated.

The Hon. G. G. PEARSON (Flinders): I think the first amendment to this Bill should be to its name. It is no longer a Succession

Duties Bill but an Estate Duties Bill, and therein lies one of the chief objections to it. For many years South Australia has enjoyed an advantage in that beneficiaries were charged separately on the benefactions received. That disappears under this Bill, and no matter how many beneficiaries there are under an estate duty is paid on the total amount of the estate, and it must be paid regardless of the benefit each beneficiary receives.

The Hon. D. A. Dunstan: That is not right.

The Hon. G. G. PEARSON: There is no question about it. The Bill says specifically that the whole of the estate—

The Hon. D. A. Dunstan: No, it does not.

The Hon. G. G. PEARSON: The honourable member has had plenty of opportunities to explain the position, and I do not know that he has done it satisfactorily. That is how I see it. The principle involved in this change is a bad one because the position becomes progressively worse as the total impost increases in relation to the benefit received. I want to show that the Government has made a serious error of judgment in framing this legislation. If it fondly believed that it was benefiting somebody, ample evidence has been produced by a number of speakers (and I do not propose to add to the weight of that evidence) that the Bill does the very thing the Government alleges it avoids, because it hits people in the middle income bracket. We have had examples of this confiscatory legislation in the history of the United Kingdom. Arising out of the effects of that legislation we get witty ditties like Noel Coward's "Stately homes of England". A lot of hard wisdom appeared in the puns and witticisms of that able satirist. Within a few short years the United Kingdom impoverished itself by vicious taxation of this sort. The valuable estates of England that constituted the real wealth of the country were whittled away, and capital was utilized as revenue.

If we convert capital into revenue for expenditure in the year of collection, or immediately thereafter, that capital is lost for all time, unless by the assiduous application of a later generation it is rebuilt, only to be confiscated once again and converted into revenue. I question the legitimacy of the Government's argument when introducing this and other tax legislation (of which we have had far too much in the last few weeks) that it must have much more money. It seems to me that the Government has framed its proposals on the assumption that whatever it thinks it needs it must collect. That is an improper and unwise attitude for any Government or Treasurer to adopt. I believe it is the Government's function not to attempt to cut the cloth to fit the coat but to cut the coat according to the cloth it has. As soon as we depart from that basic principle in finance we begin to run down our country, and that is possibly already beginning in this State. At a time when there are the clouds of economic difficulties already on the horizon (for which I do not blame the Government) it is most unwise for the Government to be introducing one new tax measure after another—and not small doses at each time, either!

I have no particular concern about large estates, particularly very large estates. We are indebted to members on this side who have already spoken, and to the member for Ridley (Hon. T. C. Stott), for the light they have shed on the effects of this legislation. I am not concerned about the £100,000 or £200,000 bracket, but I am concerned about the middle bracket of people who are thrifty and hard working and who have attempted to provide for their families in every proper and prudent way. They seek to avoid being charges on the State when they retire and they seek to give their children a better start in life than they had. This is commendable, and it applies particularly to those parents who remember the 1930 depression. I give full marks to those people who, remembering the hardships of the pioneering years and the hardships and impoverishments of the depression years, resolve upon marrying and settling down that by hook or by crook they will give their youngsters a better start in life than they were able to have. This legislation hits those very people.

I was interested over the years in my work in Executive Council to note the schedules that came up every week for approval by His Excellency under the Homes Act and other associated Acts, whereby the State Treasurer in approved cases guarantees long-term loans from financial institutions to people wishing to build houses. I invite members of the present Executive to think about these things and to examine the schedules when they come along; they will find that in 90 per cent of the cases listed the guarantees are in the joint names of husband and wife. This is proof of the practice that has grown up of husband and wife sharing the joint responsibility of the economic fortunes of their family and themselves, and jointly assuming the liability and the benefit. I know that the value of these houses falls below the limit set in the Bill for exemption, but that is not the whole story by

any means. For example, let us suppose that a husband and a wife live on for many years, the finances of the family improve, and the husband, in addition to the house property, is able to make a modest investment in some other way. Upon his death his share of the value of the house is taken into account; instead of being transferred to his wife, it is added to any other earnings he might have accumulated. It is possible his wife would find she was up for a substantial amount of duty. I am concerned about these people.

I have a brochure that comes to me regularly from the Victorian Institute of Public Affairs, which is an authentic and authoritative body that assembles regularly all sorts of useful, condensed information on facts of many kinds. The June-July 1961 issue of *Facts*, as it is known, produced an interesting table that showed that in the income tax field 64½ per cent of the total taxpayers, who earned less than £1,000 a year, paid in total only 23 per cent of all taxes. The next group, which earned from £1,000 to £2,000 (and these are the people of whom I am talking), included only 31 per cent of the taxpayers but they paid 35 per cent of the taxes. In the next group, those earning between £2,000 and £5,000, there were only 4 per cent of the taxpayers, but they paid 23 per cent of the taxes. If the middle groups are added together it will be seen that 35 per cent of the total taxpayers paid between them 58 per cent of the total taxation paid. As in income tax, so in estate duty the picture is obviously similar.

I also have a more up-to-date publication, the August-September, 1964, issue. The figures given were close to those I quoted for the period four years earlier. This table shows that the taxpayers in the below £1,200 group (this group included 66.9 per cent of all taxpayers) paid 25.5 per cent of the taxes. In the £1,200 to £2,000 group, 25.4 per cent of the total taxpayers paid 29.7 per cent of the taxes. In the £2,000 to £5,000 group 7 per cent of taxpayers paid 27.2 per cent of taxes. Here again, taking the two middle brackets together, it will be seen that 32 per cent of the total taxpayers paid between them 57 per cent of the total taxes paid. These figures are illuminating and interesting. I point out that when one invades the earning and saving capacity of the middle income group (and I repeat that in this group are many prudent and careful people) one strikes a heavy blow at the thrift, prudence and hard work of many of our citizens.

Recently in the House we discussed a Bill dealing with family inheritance and we widened the scope of people entitled to claim against a deceased estate. I am now wondering what was the purpose of that Bill. Just how much estate will be left to share amongst the wider group? Be that as it may, these two things do not seem to marry together happily, so I am most concerned for the case where the father of a young family dies young. We have all had some experience of trying to solve such a problem. There has been quite an array of sorry stories of this kind, even under the older scales of succession duties, which every one of us knows about and has had something to do with. As the years go by, the older parent has accumulated a reasonable estate (generally speaking, although there are many exceptions) and has been able to dispossess himself of his property by paying gift duty and by other perfectly legitimate and legal means; he has been able to distribute some of the estate amongst his growing family. They can inherit from him after they become 18 years of age. By this means he has been able to provide for them and give them a start in life as well as taking the heavy load off the higher bracket of his estate. For him, if he is wise enough to take advantage of the existing provisions, this is a way of overcoming some, though admittedly not all, of his problems. However, be that as it may, there are some people who provide and some who do not. I have in mind a case of a parent who died suddenly at an age just below 60, whose estate is considerable. It is all tightly invested in assets not readily realizable. Here again real trouble is encountered in disposing of assets sufficient to meet the requirements of the present law in duties. How much worse will it be when gifts or settlements that he has made or amounts of money that he has passed on (even those upon which he may have paid the flat rate of duty of 3 per cent for £10,000) all come back again into the estate unless three years have elapsed? He finds that the provisions he has made, upon which he has already paid duty, come back again for reassessment in the total estate. This is bad and the kind of thing we should not be considering here.

But let us take the case of the younger man who perhaps has become a business executive or has been successful on his farm or in some other walk of life (possibly, a professional man), who has a young family and an estate of modest dimensions, and who has been completely unable, because of his age

and the age of his family, effectively to dispose of his estate at an early age in life. He is suddenly taken from his family and the position arises of a young widow with a young family, the breadwinner gone and no possibility of earning money. The estate is tied up and even the insurance policy that she may have taken out on her husband's life is frozen, under this legislation. They are the people about whom I am most concerned, and there are plenty of them. The Government will find that its offices will be besieged by people seeking relief because of the provisions of this Act.

That is all I want to say, because most of the other matters arising under this legislation have been already well covered. However there is one final point.

I believe this State needs, perhaps as urgently as it has ever needed it, funds from within its own resources for investment in this State. One of the things that a heavy rate of succession duty tends to do is to inhibit the investment of hard cash into fixed or long-term investment, for the simple reason that it is not easy to liquidate long-term investments on an occasion such as emerges when succession duties suddenly become payable. I believe there is a tendency to withhold cash from investment if the estate or the owner of the estate realizes that at any time ready cash may be required to meet duties of this sort. It is not always easy to get accommodation to carry the estate on until such time as things can be cleared up. I believe that this (taken in conjunction with the fact that the Bill, with its punitive charges regarding succession duties, tends to inhibit thrift and to discourage saving, and to cause people to spend their money when otherwise they would save it) is a step in the wrong direction.

I realize that there are likely to be some changes in the Bill, and so there should, because I am quite sure it is doing a lot of things that the Government did not expect it to do. I do not absolve the Government from blame on that account, because it is responsible for bringing this legislation into the House. The fact that the Opposition has kicked up a fuss about it and that the Government has found it necessary to have another look at it does not, in my opinion, give the Government any marks for amending its own Bill. Be that as it may, it looks as though there may be some amendments, but if there are not I, at any rate, will not support the second reading. I believe it will be necessary to make some drastic revisions before this Bill can be accepted. I repeat that I do not accept the premise that the Government needs additional revenue from any available source of taxation in order to finance its way through the current and succeeding years, because I believe it is the Government's duty to prune its expenditure according to the reasonable demands that it could be expected to make on the public and which the public could reasonably accept.

The Hon. FRANK WALSH (Premier and Treasurer): I intend to elaborate somewhat on my second reading explanation. A series of allegations has been made by members opposite that the provisions of this Bill are not in accordance with my policy speech earlier this year, with the Budget speech or with my second reading explanation of this Bill. These allegations are pointed principally to the provisions which call for aggregation of all property derived by any one person as a result of the death of a deceased person. My policy speech was not specific in this particular, for two very good reasons. First, it is not wise to specify far in advance in too much detail the loopholes in legislation which it is proposed to block, for to do so would serve a very undesirable purpose of advertising the loopholes, and would perhaps encourage people to take advantage of them pending legislation. I know that there are loopholes. I did, however, mention loopholes and means of avoidance of taxes generally.

Secondly, I was not fully aware until very recently of the extensive opportunity for avoidance of this particular duty. These opportunities would have been well known only to experts and would have been exploited for the benefit mainly of people who had considerable riches. I did, of course, indicate in my policy speech the intention of prescribing heavier duties on large estates and successions, and this provision for aggregation is substantially one means of doing this. This has been admitted during the debate. In the Budget speech I made a specific reference to closing the avenues for avoiding succession duties, and at this stage it was neither necessary nor desirable for me to be more specific. In the second reading explanation, it was appropriate to be more specific, and I indicated both the design and the effect of the appropriate clauses of the Bill.

Before proceeding to deal with objections raised by members opposite about the clauses

calling for aggregation, I comment on succession duties generally. Although the member for Burra takes the view that such duties are in themselves wholly objectionable in principle and in application, it is widely accepted that this is a proper and reasonable tax to impose. Such taxes are imposed by all States of Australia and the Commonwealth Government, and by practically all modern countries where the right to own and accumulate property is recognized and protected. Many States and countries in fact levy such duties at higher rates and with less consideration to the status of the beneficiary than is proposed in this Bill. It is never correct to take the line that any property that a person may be able to accumulate during his lifetime is the result of his efforts alone. That is one point that members opposite should really examine.

The institution of private property is protected by the Government at considerable expense in police services and provision for the operation of the law. The business man is greatly assisted in making accumulations by the Government's direction and control of the economy, the administration of law and order, and expenditure on a wide variety of public services. The professional man is greatly assisted by public provisions for education and research; the farmer, in particular, secures immense benefits at public cost in public utilities, scientific research into new methods, and the wide dissemination of knowledge, marketing, and financial arrangements and the like. Also, he is relieved from time to time from paying taxes on considerable portions of his income which he is encouraged to put back into productive effort, and this becomes part of his accumulation. It seems to me that, notwithstanding the views of the member for Burra, it is just and reasonable that some portion of the accumulation made possible by public protection and expenditure should be returned eventually to help continue to finance that protection and those expenditures in the future.

The broad manner of levying succession duties is just and reasonable, taking fair account of the status of the beneficiary, and bearing more heavily on the larger accumulation, and bearing lightly or not at all on the smaller successions. I refer to the matter of aggregation of the various benefits that may accrue to one beneficiary on the death of another person. One may imagine from statements by members opposite that this Government has suddenly implemented or sought to implement an entirely new procedure. This is far from the truth. We are not proposing to move out of line with well-established practices elsewhere, but on the contrary to move into line. The openings for reducing and avoiding of duties that exist under the present Act do not exist in other States of the Commonwealth, whether the Government is Labor or non-Labor. They have either not been permitted to exist at all or have been cleared up years ago. The Commonwealth Act provides for aggregation for various dispositions by section 8. The New South Wales provisions are in sections 104, 105 and 105A of its Act. Victoria, in its Probate Duty Act, makes similar provisions in section 7. I have not readily available the relevant sections of Acts of other States but am advised that they are broadly comparable, in effect.

Listening to members opposite, one might imagine that the so-called Form U benefits were specifically provided in the South Australian Act and fully intended by the Legislatures that passed the Act for the particular purpose of benefiting widows succeeding to a jointly-owned matrimonial home. This is far from the truth. These benefits are substantially means discovered after the passing of the Act and were sought and used within the law to avoid paying duty in the normal way. It is only incidental that one of them concerns the matrimonial home. Form U is not mentioned in the Act, nor are the so-called benefits.

In point of fact, I am sure quite a number of ordinary members of the Opposition were not aware of their existence a month ago and very few members of the Government have previously heard of them. In substance, they are devices discovered and well known only to relatively few people expert in the matter and to a few relatively well-off people seeking to avoid normal obligations for taxation. The ordinary citizen, the small man and the average man, have no knowledge at all and get little or no advantage from these so-called benefits. Form U is a form used by the Commissioner of Succession Duties in the course of his administration to try to keep up with other dispositions of property apart from dispositions in the normal way by will. Thereby he tries to keep the avoidance of duties to a minimum, but he has been fighting a losing battle because of the weakness of the Act.

The Hon. G. G. Pearson: That is good stuff for a policy speech.

The Hon. FRANK WALSH: Your Government kept it going long enough. The honourable member would know some of the ins and outs of it. Members opposite would have us

believe that the effect of the aggregation clause is mainly aimed at taxing more heavily the poor widow who might succeed to full ownership of a house previously jointly owned by her late husband and herself. They would have us believe that all these loopholes were purposely put in the Act to help the poor widow. If that is so, why is it that the special benefit is given if a house is owned by husband and wife as joint tenants, but if they are tenants-in-common, no such benefits arise? I believe actually the case of joint tenancy is the prevailing manner of ownership of houses by husband and wife, but tenancy-in-common is by no means unusual. Yet, in all its years of Government, the Opposition, which says the Act intended such a benefit for all cases where the home was held between husband and wife, neither advised people of the preferable manner of holding title to the house, nor altered the Act to ensure fair and equal treatment.

Why, too, would the Opposition think that a special benefit should be given in joint tenancy where already half the ownership had been passed over to the wife, and no such benefit at all if the house were in the sole ownership of the husband? The Leader, in order to find an example of a widow worse off under the new proposal, had to go to the case of a succession of £13,500 in quite special circumstances. He took a case where a widow succeeded to a half share of £4,500 in a jointly owned home worth £9,000, and a further £4,500 of other property by will. Such a case pays no duty at present, because there is no aggregation, and, under the new proposal, would pay £450. As the proposals stand, that is true, but how many cases will one find like this—a house worth £9,000 after deducting any debt, plus a further £4,500 of property? This is not a case involving the small people or even the average family. How does the Leader line up this treatment with that of another person who, under the present Act, wishes to leave a £9,000 house and £4,500 other property directly by will to his widow? His widow has to pay £1,350, whilst the family that knew the loopholes in the law has to pay nothing. Surely, both or neither is entitled to favourable treatment. In fact, a widow, under the present Act, who is left a house worth £5,000 and nothing else would have to pay duty of £75, while the present Act requires nothing of the £13,500 estate that happened to know how to take advantage of the peculiarities of the Act.

Some members who followed the Leader took an even more untenable line. The member for Albert (Mr. Nankivell) thinks that the average person would leave £13,500 in house and other property, and accuses the Government of making the poor people pay out more and more. The honourable member certainly does not know much about the average person. Apparently, he is unaware that the great mass of ordinary people cannot afford a house worth £9,000, and that the house they can afford is in most cases subject to a heavy mortgage of half to three-quarters of its value. The member for Torrens (Mr. Coumbe), on the other hand, recognizes that most people have mortgages on their houses, and he has waxed eloquent about the poor widow whose husband dies young and who must keep up the mortgage repayments for another 30 years. This poor widow, he suggests, is somehow treated harshly under the Government's proposals. What nonsense! Such a person would be entirely free of duty under the Government's proposals, as would any widow succeeding to any property worth as much as £6,000 after deducting all debts and mortgages.

The Opposition is really not concerned about the odd case of a specially placed widow who may, in the future, pay a little more than she does under the specially privileged arrangement at the moment, whilst her sisters at present pay much more duty for smaller benefits. What the Opposition is really concerned about is the closing of the wide variety of loopholes for avoidance by the big estates and the rich people. There are ways and means under the present Act by which a man with a wife and two adult sons can make dispositions of his property aggregating over £50,000, without involving a penny of duty, whilst keeping the control and income of that property fully to himself until his death. This can be done by a combination of measures, by will, by joint tenancies, by ordinary gifts shortly before death, by gifts with reservations, by settlements and other means. By such means the duties on estates over £100,000 can be and are being cut to a fraction of the duties payable elsewhere. The member for Rocky River (Mr. Heaslip), in fact, has stated in the House that he has made dispositions, such that neither he nor his children need be concerned about succession duties.

The Government recognizes that there may be odd cases of widows and widowers in moderate but by no means poor circumstances who may, under the present proposals, pay a little more than hitherto. This has arisen because they have, by accident or design, had the benefit of an extraordinary anomaly in

the Act which should never have been allowed to continue. The Government would desire to protect these people in moderate circumstances against additional payment, but it cannot concede that a widow who may have been a joint tenant should be better treated than one who was a tenant in common, or better treated than a widow whose husband had full ownership of the matrimonial home. Accordingly, in Committee I shall seek leave to add a new section to the Act that will give a rebate of duty in respect of certain successions involving the matrimonial homes, which will protect against such increases. It will then be possible for a widow to succeed to an interest in the matrimonial home up to £4,500, together with up to £4,500 of other property, without paying any duty whatever. In these circumstances, she would have a clear exemption of up to £9,000 instead of £6,000. Likewise, a widower would be able to succeed to an interest in a dwellinghouse up to £2,000, together with up to £2,000 on other property, without paying duty. Whereas at present this opportunity for further concession is available to joint owners only, a rebate will be proposed that will be available also for tenants-in-common and where the surviving marriage partner had previously no part ownership of the matrimonial home. The provision will, of course, be restricted to the matrimonial home, and the concession will be gradually reduced as the amount left to the widow or widower increases beyond £9,000 to the widow and £4,000 to the widower. This new provision for rebate will be broadly parallel with the provisions for rebate for primary-producing land and, of course, if a rebate is available on the matrimonial home as part of the primary-producing land it will not be available under these new proposals.

The prosperity of this country is not wrapped up entirely in the well-being of a particular person, whether he is engaged in primary production or otherwise working from day to day. Much of our prosperity is the result of the increase in population in this State and the associated benefits resulting from that increase. Attention must be given to various aspects of education, and Urrbrae and Roseworthy Agricultural Colleges are illustrations of educational institutions for the benefit of the primary producer. Surely we are entitled to see that some of the prosperity resulting from circumstances over which we have had no control returns to the Government of the day to enable it to continue the services that should be continued in the interests of the people of this State.

The House divided on the second reading:

Ayes (18).—Messrs. Broomhill and Burdon, Mrs. Byrne, Messrs. Bywaters, Casey, Corcoran, Curren, Dunstan, Hudson, Hurst, Hutchens, Jennings, Langley, Lawn, Loveday, McKee, Ryan, and Walsh (teller).

Noes (16).—Messrs. Bockelberg, Brookman, Coumbe, Ferguson, Freebairn, Hall, Heaslip, McAnaney, Millhouse, Nankivell, and Pearson, Sir Thomas Playford (teller), Messrs. Quirke, Rodda, and Shannon, and Mrs. Steele.

Pairs.—Ayes—Messrs. Clark and Hughes. Noes—Messrs. Stott and Teusner.

Majority of 2 for the Ayes.

Second reading thus carried.

The Hon. FRANK WALSH moved:

That it be an instruction to the Committee of the whole House on the Bill that it have power to consider new clauses relating to rebate of duty in respect of dwellinghouses.

Motion carried.

In Committee.

Clauses 1 and 2 passed.

Clause 3—"Interpretation."

Mr. SHANNON: Certain facts are involved in the aggregation of an estate that have a vital bearing on beneficiaries without an earning capacity, most of whom are widows, although this may apply to widowers who have to depend on the earnings of their wives. It is not unusual in cases such as this for life insurance policies to be taken out during the lifetime of the deceased to cover immediate needs. Under this clause the opportunity to provide immediate financial assistance to tide a survivor over until an estate has been wound up and probate granted is denied.

In the small estates with which I have had experience the first need is to have sufficient money to pay current household costs. I believe that the clause makes an unnecessary intrusion into a desirable provision which people have made for their particular needs. Although social services are provided for some, these are people who have not depended on the State. A wife insures her husband, pays the premiums herself but upon his death cannot get the principal. She is denied any immediate cash relief until probate has been granted. That is a savage and unwarranted provision.

The Hon. Sir THOMAS PLAYFORD (Leader of the Opposition): I strongly support the member for Onkaparinga when he says that this clause is wholly bad. It is interesting to reflect that some time ago when

the Government of the day offered to arrange insurance for honourable members they were most keen to be assured that the insurance would not become a part of their estate. The question was asked, "If a member is killed by an accident, will his insurance become a part of his estate?" On the assurance that it would not, honourable members to a man took up that insurance. What sort of hypocrites are we when we now assert that there is much avoidance of the law?

Mr. Shannon: This Bill will bring that insurance into the estate.

Mr. Millhouse: Nobody was too proud to try to avoid it then.

The Hon. Sir THOMAS PLAYFORD: No. It will come into the estate now, but I think it comes in unwittingly; I do not think it was intended to come into the estate. I know of cases where a wife with earnings of her own has arranged for a life assurance policy on her husband.

Mr. Casey: The husband would usually know about it.

The Hon. Sir THOMAS PLAYFORD: Yes; the insurance is effected by the wife and paid for by her but, under this pernicious provision, she will now pay succession duty upon it and will not collect it in any case until the sweet by-and-by. The very purpose of such a policy was, in many instances, to have a few pounds available in the house when an unforeseen death occurred. The Government is saying here, "This is a loophole." We, on the other hand, say, "This is something that is pernicious, something we have to stop." The Government says, "This is something against the principles of Socialism." This is indeed a pernicious provision and anything that the Treasurer says cannot justify it. If he wants to justify it, let us have an election upon it; we shall be prepared to have one. I hope this provision will not be accepted by the Committee.

The Committee divided on the clause:

Ayes (17).—Messrs. Broomhill and Burdon, Mrs. Byrne, Messrs. Bywaters, Casey, Corcoran, Curren, Dunstan, Hudson, Hurst, Hutchens, Jennings, Langley, Loveday, McKee, Ryan, and Walsh (teller).

Noes (16).—Messrs. Bockelberg, Brookman, Coumbe, Ferguson, Freebairn, Hall, Heaslip, McAnaney, Millhouse, Nankivell, and Pearson, Sir Thomas Playford (teller), Messrs. Quirke, Rodda, and Shannon, and Mrs. Steele.

Pairs.—Ayes—Messrs. Clark and Hughes. Noes—Messrs. Stott and Teusner.

Majority of 1 for the Ayes.

Clause thus passed.

Clauses 4 and 5 passed.

Clause 6—"Succession duties payable by administrator."

Mr. SHANNON: I think this is perhaps one of the most savage provisions of the Bill. Circumstances can arise that throw a burden upon an administrator quite unfairly, and possibly leave him very embarrassed. People have the opportunity to dispose of portion of their estate by gift or settlement or in other ways; that is permissible, and it is commonly done. Let us consider the case of a farmer in a moderate way who decides that his son should carry on the farm and allow the parents to retire and take things a bit easier. The farmer makes the son a gift of his farm and pays the gift duty, as he is bound to do. He must survive for another three years, otherwise, under this Bill, this particular portion of his estate must fall in for succession duties. However, he may die within the three years, and, in addition, certain other things, such as seasonal fluctuations, may occur and thereby create a set of circumstances which so embarrass the son, the recipient of the gift, that he must raise money on the farm. The administrator may not be able to get hold of the estate given by the deceased person to the son within three years of his death, because of its being heavily mortgaged by the son. It will be brought back into the estate, and the administrator will be responsible to pay succession duties on its value when it passed to the son. I do not know what will happen to the widow. It is most unlikely there will be a residue in the estate to meet succession duties on this major gift. This position could seriously embarrass the administrator. I do not know whether this was intended by the Government.

This legislation will embarrass people who administer estates, and it will have a vital bearing on the estate available to the widow. There could be circumstances over which no-one has control and these could embarrass the administrator. The fundamental weakness in this provision is the loading of the responsibility on to the innocent administrator who had no say in the disposition of the property during the deceased's lifetime. However, he is called upon to administer the estate and to find the amount of succession duties payable. Should we go to this extent to embarrass honest, hard-working people, and in turn, embarrass people who have accepted responsibility as administrators? That should not be our intention, and

I cannot support this provision in any circumstances.

Mr. MILLHOUSE: I support what has been said by the member for Onkaparinga. This is the section which, in its terms, provides for aggregation and if we agree to the insertion of new subsection (2) in section 7, we wipe out all the exemptions that are in the Act at present and are not aggregated. They were referred to by myself and other honourable members in their second reading speeches. At the moment, they are separately assessed and on each one of them there is an exemption up to £4,500, so total exemptions can be £13,500.

This was not mentioned by the Treasurer when he explained the Bill and he did not dwell upon the matter in the extraordinary speech with which he concluded the second reading debate. Instead of having the exemptions at present provided in the Act, we are to have only one exemption of £6,000. These things are well known to everybdoy in the community and are used by every section of it.

The Hon. Sir Thomas Playford: A special form is printed to enable the provision to be used.

Mr. MILLHOUSE: Yes, Form U. It is absolute balderdash for the Treasurer to say tonight that these things are known only to a few wealthy people.

Mr. Shannon: I have irrefutable proof that over 40 per cent use Form U.

Mr. MILLHOUSE: Yes, it is used throughout the community. The provision is there to be used.

The Hon. Sir Thomas Playford: A special regulation was made.

Mr. MILLHOUSE: There is no question of immorality about using it. As the Leader says, it is dealt with in the regulations. Regulation 38 provides for Form U, in order that the intention of the Act as it stands can be carried out. These things were put there to be used by people with only moderate estates.

Mr. Hall: They would not be of much use to other people.

Mr. MILLHOUSE: No. It is extraordinary that the Leader of the Government should say these things in a prepared speech. If he spoke off the cuff there could have been a slip of the tongue, but there was no question of that. The speech was typed out for him.

Mr. Shannon: Very carefully avoiding the pitfalls.

Mr. MILLHOUSE: Yes. It was carefully avoiding the advantages to everybody of the present system, advantages taken by so many people in the community. By this clause, we are taking things away.

Mr. Nankivell: They call them loopholes!

Mr. MILLHOUSE: Yes. The provisions are well established. They are there to be used and are of great benefit to people with modest estates and their survivors. We should not be taking away these things. Therefore, I strongly oppose the clause and hope the Committee will oppose it unanimously.

The Hon. Sir THOMAS PLAYFORD: I listened to the Treasurer's speech in which he sought to justify some of the things contained in this Bill. However, the facts are that, when he stated in his policy speech what the Government was going to do in connection with succession duties, he made three specific statements, but no suggestion that the Government would re-write the laws applying to succession duties. In his policy speech the Treasurer said, first, that the Government intended to give a remission regarding a succession by a widow, and to raise the exemption to £6,000. Secondly, he said that a liberalization would take place in regard to primary producers, and that they would inherit a living area without having to pay any succession duty whatever. Thirdly, he said that the Government would increase the rates in respect of large estates. Referring to stamp duties, the Treasurer said that the Government intended to deal with certain evasions, but when referring to succession duties he never said that we would give it with one hand and take it twice over with the other. He did not say that the aggregation would include insurance that had been paid for by a widow; nor did he say that a jointly-owned house would be aggregated in the estate. The Treasurer is completely wrong when he says that joint ownership is not well known. When Treasurer, I suppose I approved hundreds of cases—

The Hon. G. G. Pearson: Thousands! They were considered by Executive Council every week.

The Hon. Sir THOMAS PLAYFORD: Exactly. The whole purpose was to give a person an opportunity to make provision for his widow, so that she would have a house over her head, without having to pay exorbitant succession duties. The small people are most anxious about this matter.

The Hon. G. G. Pearson: I think the State Bank points it out to every borrower.

The Hon. Sir THOMAS PLAYFORD: Yes, and so does the Savings Bank. I suppose that 60 per cent of the schedules considered under

the Homes Act relate to joint tenancies. For the Treasurer to say that this matter is known only to a few select rich people is not in accordance with fact. More to the point, it is a deliberate withdrawal of privileges proposed under his policy speech, which he cannot deny. I hope the Committee does not approve this pernicious clause.

The Hon. FRANK WALSH: I have already said what the Government intends to do about aggregation. I have said, too, that certain loopholes exist in the Act. The Leader and other honourable members impute aggregation to Labor policy, but I do not deny that. Whatever the Opposition has done in the past concerning advances to homes or signing up approvals for homes, I point out that the Housing Trust, the State Bank and the Savings Bank in particular, and even the Commonwealth Bank, advocate the method used by the War Service Homes Division and that is to place the home in joint ownership. They have all done it.

The Hon. G. G. Pearson: Then why say nobody knows anything about it?

The Hon. FRANK WALSH: I did not say that.

Mr. Shannon: Read *Hansard* in the morning!

The Hon. FRANK WALSH: I will refer to the period when the Opposition had the amounts down as low as £600 or £700 as regards exemptions. How long did it take at that time to receive any consideration from the then Government in the war period? The Commonwealth Government had its own system of valuation of so much a square when valuing properties for succession duties. It is not a question of what this Government is doing tonight as it is well known that our policy is aggregation of the property concerned. I repeat that no person can give a guarantee of prosperity over a period of time. I ask the Committee to accept the clause.

Mr. SHANNON: For the benefit of the members opposite I should like to give another example of what could happen. Take the case of a small business being conducted by husband and wife. Perhaps they accumulate a few thousand pounds as a result of their assiduity and finally pass the business over to a member of their family by way of gift and pay the gift duty on it. The donor may die within the 3-year period and the recipient of the gift may be unfortunate enough to find that one of the large chain stores has bought a site opposite his shop and he is virtually ruined overnight. Such things are happening throughout the metropolitan area, and I deplore it. Small businesses are going to the wall by virtue of the operations of these big stores. In the case I have mentioned the administrator must pay even if the recipient has had to raise money on the gift because he is financially embarrassed by the turn of events. Even though the gift was free of debt, the fact of the donor dying within the 3-year period means that the recipient must find the full amount of duty. Possibly the equity in the estate is insufficient to cover the amount payable. I mentioned farms only because farming activities are more susceptible to seasonal conditions. However, the conditions prevailing in commerce in the metropolitan area are well known to honourable members. The point I have raised can be covered without much financial loss to the Government. Administrators are not always public companies: they are sometimes private individuals or legal practitioners, and they may be financially embarrassed in finding the money. I want administrators to be relieved of an onerous duty that I do not think is just.

The CHAIRMAN: The question is "That clause 6 as printed stand part of the Bill". Those in favour say "Aye", those against say "No". The "Ayes" have it.

The Hon. Sir THOMAS PLAYFORD: Divide.

The CHAIRMAN: Turn the glass.

While the division bells were ringing:

The Hon. Sir THOMAS PLAYFORD: On a point of order, Mr. Chairman, would it not be preferable to give the Committee sufficient time to consider the matter before you declare the decision?

The CHAIRMAN: After the question is put the Chairman is required to declare the decision, and I did declare it.

The Hon. Sir THOMAS PLAYFORD: You did not give the "Noes" a chance to vote.

The CHAIRMAN: I did.

The Committee divided on the clause:

Ayes (17).—Messrs. Broomhill and Burdon, Mrs. Byrne, Messrs. Bywaters, Casey, Corcoran, Curren, Dunstan, Hudson, Hurst, Hutchens, Jennings, Langley, Loveday, McKee, Ryan, and Walsh (teller).

Noes (16).—Messrs. Bockelberg, Brookman, Coumbe, Ferguson, Freebairn, Hall, Heaslip, McAnaney, Millhouse, Nankivell, and Pearson, Sir Thomas Playford (teller), Messrs. Quirke, Rodda, and Shannon, and Mrs. Steele.

Pairs.—Ayes—Messrs. Clark and Hughes.
Noes—Messrs. Teusner and Stott.
Majority of 1 for the Ayes.
Clause thus passed.
Progress reported; Committee to sit again.

STAMP DUTIES ACT AMENDMENT BILL.

Adjourned debate on second reading.

(Continued from November 11. Page 2783.)

Mr. McANANEY (Stirling): My first experience of an increase in the stamp duty on cheques was when the amount was increased from 1d. to 2d. It will now be increased to 6d., which is six times the original amount and seems disproportionate to the inflation that has taken place during that period. As this is a means of the Government's securing additional finance, perhaps we should not object to it. However, I believe that the insistence upon a receipt for practically everything is a retrograde step. In the days to which I have referred, when the stamp duty on a cheque was 1d., I was working at the National Bank and at that time everyone drew a line through the words "or bearer" on a cheque, which resulted in an unwieldy process. This necessitated cheques being signed on the back, which made an onerous job for officials of the bank who had to check every signature. Every day there would be four or five cheques in the branch of any bank that had to be sent back because the signature was not quite right. This involved much wasted manpower and with the effluxion of time this process is no longer carried out. Nowadays it is rare for anyone to cross out the words "or bearer" on a cheque, and this saves much time in banks.

Over the years the custom has grown up whereby in many cases receipts are not given and this, too, saves waste of manpower. To attempt to collect tax by insisting on the issue of receipts is a backward step because the non-issuing of receipts has become a satisfactory way of conducting business and affords satisfaction to everybody. When one can be relieved of onerous work such as this a rise in living standards has been accomplished. The Government has announced that it will follow the avowed Labor policy of taking away from some people and giving much more to others. Thus, the Bill only redistributes and does not create wealth. From what the Treasurer said tonight I gathered the impression that the Government determined the standard of living of the man on the land. Protection was provided and it was argued that people should pay for it when they died; but we pay for these things as we go along. The Treasurer was considerably off beam there. I strongly oppose making receipts compulsory; they are outdated and a waste of time. It is going back to the dark ages, when we should be going forward. We have a young Attorney-General who has to have everything new, yet in this we are going back. It is deplorable that the Government should take this action.

Mr. Quirke: You can go in any direction you like provided you get a couple of bob out of it.

Mr. McANANEY: It is all right if we are going forward but, if we are going backwards to an outdated procedure, it is just a waste of manpower. Living standards are determined by the general efficiency of the economy and not, as the member for Semaphore tells us, by what somebody does in an arbitration court. Standards of living are determined by the general efficiency of our way of living.

The member for Torrens said that it cost a shilling to pay an account, but there is also 3d. for the bank entry so, with the 2.4d. receipt on anything up to $10, it will cost about 1s. 5d. to send a cheque. From £50 to £500 payment of an account it will cost 2s. 3d. on the receipt and, in the case of a wool cheque, it will cost 3s. 3d. for duty stamp and sending out the receipt. That is a retrograde step. We should protest strongly and request the Government at least to keep up with the times in these matters. That is my general objection to this Bill, that we are inflicting something outdated on the community.

The Hon. FRANK WALSH (Premier and Treasurer): I remind the House that already under the present Stamp Duties Act there is a provision for using a 2d. duty stamp on any amount of £2 or over. That provision is still in the Act; it has never been amended. Here we raise that amount to $10, or £5, so we can appreciate what is being done. I have always objected to paying for a duty stamp in respect of salaries. Even in this House we pay that duty. People outside should not have to pay stamp duty on their salaries. We propose to relieve them of that duty. We include exemptions to cover all wages, salaries, pensions, dividends, debentures, bonds and the like.

Mr. McAnaney: Do you include the wool cheque as wages?

The Hon. FRANK WALSH: I am not a woolgrower.

Mr. Quirke: There is a matter of interest, too.

The Hon. FRANK WALSH: We probably have a lot more interest in it than have some people who parade their interest in it. My other point about making a payment on a receipt is that the receiver is not required to post it out. We made a lot of fuss about it. The Act still provides that one can place in position a duty stamp, that being the responsibility of the person giving the receipt. Some time ago when a receipt could be sent by second class mail it was the normal practice to post it, but as soon as the Commonwealth Government imposed a charge of 5d. on all postages up to two ounces in weight the practice ceased, and the Commonwealth lost considerable revenue as a result. I pay a certain account quarterly, and when I receive notice that the payment is due I also receive the receipt for the payment in respect of the previous quarter. I suggest that that practice has grown up directly because of the Commonwealth's action in charging a minimum of 5d. for all postages.

I repeat that the provision for a 2d. duty stamp still remains in the Act. I do not know whether any system could be introduced to ensure adequate policing. I do not ask people to spend a further 5d. on a stamp when a receipt is required. If a person pays an account of £5 or over ($10 or over after February next), stamp duty must be paid. We have made other provisions for higher amounts. I intimated earlier that the Government intended to increase the stamp duty on cheques to 5c (6d.), and that will be done.

Bill read a second time.

In Committee.

Clauses 1 to 8 passed.

Clause 9—"Conveyance in contemplation of sale."

The Hon. Sir THOMAS PLAYFORD (Leader of the Opposition): I do not know the purpose of this clause. Why should it be necessary to stamp something that has not been completed but only contemplated? The Treasurer must be hungry for money when he wants to stamp something that has not been completed, and at the same time provide for a refund. What loophole is he trying to block? There is nothing to warrant the imposition of a charge on a contemplated proposal.

The Hon. FRANK WALSH (Premier and Treasurer): I can only repeat what I said in my second reading explanation, as follows:

The object of this clause is to prevent the avoidance of stamp duty by adoption of a scheme that has recently been before the House of Lords. The transfer passed no beneficial interest in the property to the purchaser and it was provided that if the option should lapse the property should be retransferred to the vendor. The option was in due course exercised and the House of of Lords held that *ad valorem* stamp duty was not chargeable on the transfers as conveyances on sale. It will be seen that the adoption of such a scheme could result in heavy losses to revenue, the duty payable being only £1 instead of £1 per £100. Following the House of Lords decision, the United Kingdom Finance Act was amended, and the present clause is modelled upon the English amendment. In effect, it provides that any instrument by which property is conveyed in contemplation of a sale is to be deemed to be a conveyance on sale and thus liable for *ad valorem* duty. Subclause (2) provides for a refund if the sale falls through within one year or if the sale has taken place for a lower consideration than the amount on which the duty was assessed.

If the sale does not become effective there is provision for a recovery.

The Hon. Sir THOMAS PLAYFORD: I am not conversant with the House of Lords' decision on this matter, but it probably refers to the law of another country that is expressed differently from our law. A binding agreement should be stamped, and no one objects to that. However, it is obvious that the agreement referred to is not a binding agreement, because there is provision for a refund if it is not consummated. I should like to know if there have been cases in South Australia where people have tried to defraud the Government of stamp duty by this device. I should also like to know when the refund will be made. I cannot see any provision as to when it will be made if the agreement is not proceeded with. It will be left in the lap of the gods. This clause needs much straightening out before the Committee accepts it.

The Hon. FRANK WALSH: As I understand it, there is always an investigation when there is any sugestion of a sale of property. Surely we are entitled to some compensation for the services rendered in connection with any transfer.

The Hon. G. G. Pearson: In what circumstances does this arise?

The Hon. FRANK WALSH: I said in the second reading explanation that the clause provides that any instrument by which property is conveyed in contemplation of a sale is to be deemed to be a conveyance of sale and is, therefore, liable for the duty. If we consider a sale of any description—

The Hon. G. G. Pearson: Do you mean an option?

The Hon. FRANK WALSH: Yes.

The Hon. G. G. Pearson: Is there stamp duty on an option?

The Hon. FRANK WALSH: Yes, and if the option is not taken up there is provision for a refund.

The Hon. D. A. Dunstan: There has to be a conveyance, under this provision.

The Hon. Sir Thomas Playford: It has been said that, if the conveyance does not take place, the duty shall be refunded.

The Hon. G. G. PEARSON: Although I am not a lawyer I understand the ordinary terms of sale and purchase, but I cannot follow this provision. I think we ought to have some better explanation of this clause. If it means that, on taking an option to buy a certain property, all I pay is a small fraction of the value of the property—

The Hon. D. A. Dunstan: A shilling will do!

The Hon. G. G. PEARSON: —do I have to pay stamp duty on the total sum of the proposition at the time I take the option?

The Hon. D. A. DUNSTAN (Attorney-General): If the honourable member reads the clause he will see that, in order for the section to make a person paying the stamp duty liable to pay it, there has to be either a conveyance or a transfer, which may take place before the whole of the sale contemplated in the transaction has been completed. If that is so, then the transfer is deemed to be a conveyance on sale. Certain cases exist where, for instance, certain parcels of property may be involved, some of which may be transferred at an earlier date, before the whole sale is completed, in contemplation of a final agreement for sale. Where such a conveyance takes place, it is to be treated as a conveyance on sale, and then it comes into the necessary category within the Act.

The Hon. G. G. Pearson: Does it relate to a piecemeal conveyance at a piecemeal *ad valorem* rate?

The Hon. D. A. DUNSTAN: Yes.

The Hon. Sir Thomas Playford: It doesn't say that.

The Hon. D. A. DUNSTAN: It does. It says:

> Subject to the provisions of this section, any instrument whereby property is conveyed or transferred . . .

There must be a conveyance or a transfer.

The Hon. G. G. PEARSON: It seems that where a group of properties is involved in a transaction over which I take an option, the contract of sale and purchase is written out, certain portions of the property are transferred to me at some stage, and certain portions at a later stage, I presume that, provided the whole of the property involved in the transaction is written into the contract or the option, the Bill intends to collect stamp duty for the portion so transferred at a rate applicable to the total value of the whole transaction.

The Hon. Sir THOMAS PLAYFORD: With all due deference to the Attorney-General, the clause does not say what he himself has said, and I still desire an explanation. The whole provision implies that the tax-getter is out to exceed what has always been the position in the past, where a transfer has taken place, and a payment made. New subsection (2) states:

> If on a claim made to the Commissioner not later than one year after the making or execution of an instrument chargeable with duty in accordance with subsection (1) of this section, it is shown to his satisfaction—(*a*) that the sale in contemplation of which the instrument was made or executed has not taken place and the property has been re-conveyed or re-transferred to the person from whom it was conveyed or transferred or to a person to whom his rights have been transmitted on death or bankruptcy;

The Commissioner shall refund the duty paid by virtue of this section . . .

It is obvious that it is not a combined transfer but something in contemplation and no different from the case mentioned by the member for Flinders where he said an option would also be a transfer in contemplation.

The Hon. D. A. DUNSTAN: In this case there must be a conveyance or a transfer, and it is perfectly clear from the wording. The option does not give him a transfer or conveyance; it simply gives him the right to make a contract. There must be a conveyance or transfer but it may be in contemplation of a total sale and, where a sale is not completed but the transfer of the property takes place before the sale is concluded, it is to be treated as a conveyance or transfer on sale and attracts the appropriate duty. If it is afterwards found that the final sale is not completed and therefore there is to be a reconveyance there is as appropriate provision for the refund of the duty.

The Hon. G. G. Pearson: Under what circumstances would a transfer take place without a sale?

The Hon. D. A. DUNSTAN: I am not suggesting that it often takes place, but it has been found to take place. Such a case occurred in England and we wish to see that it is provided for.

Mr. Hall: Is this a means of getting the tax in earlier before the matter has been completed so that the collection can be made at an earlier date?

The Hon. D. A. DUNSTAN: At the time of actual transfer which is the easiest way to make certain of getting the duty. A transfer cannot be effected without stamp duty, nor can it be effected with stamp duty at the appropriate rate unless it is treated as a conveyance on sale.

The Hon. G. G. PEARSON: Over what area of a transaction does this operate, and what is deemed to be included in a contemplated sale? There may be a progressive sale of property over a period of some time. For example, a parent may sell property to a son during one year; a further sale of property may be made to the son three years later and at an even later date more property may be sold to the son. Would this mean that on every occasion when a sale is made stamp duty would have to be paid, not at the rate applicable to the particular parcel of land sold at any one time, but to the whole parcel of land that has been sold over that period? Over what area of time would this operate?

The Hon. D. A. DUNSTAN: This clause applies only where there is not a completed sale but there is a completed conveyance. If there is a completed sale it is treated as the one transaction; the fact that there may be some later sale does not make any difference. It is not a question of there being a completed sale in this case; it is simply that there is a conveyance or transfer without the transaction of sale having been completed. One can go to conveyance or transfer without a completed contract for sale. If there is a series of actual sales it is a different matter, and it does not come into the section.

The Hon. G. G. Pearson: I think it is a storm about nothing, really.

Mr. SHANNON: I do not think it is. It seems to me that this clause is designed before a transaction is completed to attract stamp duty in excess of what may finally be payable on a transaction. I oppose the imposition of taxation in anticipation, which this is, as there is no doubt that the transaction cannot be completed until the tax is paid. I cannot understand the Attorney-General's explanation. It is obvious that there must be cases where the Commissioner of Taxes imposes a rate in excess of that finally payable; otherwise, there would be no provision for a refund. I think this clause will relate mainly to property, although other transactions may fall within it. The appropriate amount of stamp duty payable on a transaction is easily assessable when the transaction is completed and the documents are lodged with the department for the transfer to be formally put through. That cannot take place until the Commissioner has received the tax and the stamp is actually on the documents.

Why should there be a provision for the payment of stamp duty in anticipation of a possible transfer of property that may never eventuate or may eventuate in part only? The people concerned would have paid stamp duty and a portion would have to be refunded. As everyone knows, it is much easier to pay money to the Government than to get it back. I do not think the Government would lose one penny if the clause were deleted from the Bill. The clause imposes tax in contemplation. If a transaction were contemplated, if, by virtue of the contemplation, it attached tax, and if, finally, after 12 or 18 months, the negotiations fell through, that money would have to be repaid to the person who had paid the tax in contemplation.

The Hon. D. A. DUNSTAN: Perhaps the matter would be clearer to members if we turned to the case in England that gave rise to the amendment there and also to this amendment, because it provides an obvious loophole in our Stamp Duties Act. Two parties negotiated for the acquisition of certain property, in that case shares. One of the parties gave the other an option to purchase, which could be exercised orally. There was no completed sale, simply an option to purchase. The property in question was then transferred to the proposed purchaser in trust for the seller. It was a completed transfer but it was to a trustee and, because no beneficial interest passed to the purchaser, it attracted only £1 stamp duty. The purchaser then exercised his option orally. There was no instrument, and the House of Lords, there then being a completed sale, found that the whole transaction (the instrument of transfer) did not attract *ad valorem* duty, but attracted only the £1 duty. Therefore, in fact, by this device there could be a complete sale but no *ad valorem* duty paid. This loophole exists in our Stamp Duties Act.

The Hon. Sir Thomas Playford: This goes much further than that.

The Hon. D. A. DUNSTAN: This covers any similar device. There has to be a conveyance and it has to be in contemplation of a sale.

The Hon. G. G. Pearson: The essential thing is the transfer to a trustee.

The Hon. D. A. DUNSTAN: This is the device that would be used to avoid duty.

Mr. Millhouse: What is the name of the case in Britain?

The Hon. D. A. DUNSTAN: I have not here a reference to the particular case.

Mr. Millhouse: Is it a recent case?

The Hon. D. A. DUNSTAN: Yes.

Mr. Hudson: Was there an amendment to the United Kingdom Act, as a result?

The Hon. D. A. DUNSTAN: There was an immediate amendment to the United Kingdom Finance Act, and this provision is taken from that amendment.

Mr. Millhouse: Have there been any such practices here?

The Hon. D. A. DUNSTAN: So far as I know, not so far, but, after all, why wait when we can see a device which, before we could do anything about it, if somebody chose to take action in this way, could deprive us of a considerable amount of proper stamp duty?

Mr. NANKIVELL: In two instances in this clause reference is made to "the value of that property". I take it one can make an acceptable transaction in excess of the value but one must not make a transfer or contemplated sale at less than the value. Who arbitrarily determines "the value of that property" in such a sale? What valuing authority is there to determine that such a sale must not be at less than the value of the property?

Mr. SHANNON: There is an interesting exercise going on in the commercial world of South Australia at this moment—the contemplation by various companies of taking over the assets or shares of a certain company. If there is in contemplation the making of a deal for the shares of an undertaking in South Australia by, in one instance, an overseas company and, in another instance, a company from within the State, both companies making offers for all the shares of this particular company, does that attract duty? In the event of the contemplated action not being completed for various reasons, does the Commissioner of Stamp Duties hold the money until such time as it has been decided whether or not finality will be reached on this contemplated takeover? It appears to be in keeping with this provision. It is obviously a contemplated action; in fact, a definite offer has been made. It is not merely a suggestion that they may do this or that. They have made a concrete offer of so much a share for this company's total holding of shares. That cannot be other than a contemplated purchase. Immediately an offer is made, does that attract duty at once? If it does, what is the position if somebody else comes along and outbids the other companies, as is happening in this particular case? If another bidder comes into the field and offers a slightly higher rate per share for the same undertaking, do both offers attract duty?

Mr. Hudson: It requires a conveyance or a transfer.

Mr. SHANNON: Then why is the word "contemplated" used?

The Hon. D. A. Dunstan: Look at new section 60a (1).

Mr. SHANNON: The offer has been made.

Mr. Nankivell: There is no conveyance.

Mr. SHANNON: No, but it is a contemplated sale. I am a little worried about how far this provision really goes.

The Hon. Sir THOMAS PLAYFORD: It appears to me as a layman that the whole interpretation of this clause depends upon the words "conveyed or transferred". I do not know whether those words have any specific meaning in law that is unknown to me. However, I put a case to the Attorney-General as being the sort of case I would be concerned to see did not come within these provisions, and one which I understand is a type of transaction that quite frequently takes place. A person wants to purchase a property, so he approaches the owner of that property; he does not have the necessary deposit, so he takes a lease of the property for a period of, say, three years, with a right of purchase. He enters into possession of the property and he works it, but no actual sale takes place because he has not paid the money and there is no conveyance of the property in the sense that the Land Titles Office has changed the title of the property. However, undoubtedly there is a definite intention to purchase, and the purchase price has been agreed upon. A document has been exchanged whereby the person concerned enters into possession. I do not know whether the term "conveyed or transferred" covers a person entering into possession of a property in those circumstances, but if it does not cover them I am at a loss to understand what that term means, because the clause goes on to state that "it shall be deemed to be a conveyance". Obviously, there is some confusion there. What are the legal definitions of "conveyed" and "transferred"?

The Hon. D. A. Dunstan: It is deemed to be a conveyance on sale.

The Hon. Sir THOMAS PLAYFORD: I understand that. Does this include a lease with the right to purchase, and if it does not include that, why doesn't it?

The Hon. D. A. DUNSTAN: In my view it does not include a lease with a final option to purchase. The conveyance or transfer must effectively convey or transfer the property from the vendor to the purchaser, but under the device worked out in England by William Cory & Son Ltd. (they worked out this device quite successfully to evade duty), since no beneficial interest passed, although there was a completed conveyance and transfer, there was no attraction of *ad valorem* duty. What the Leader contemplates is not what is covered. Perhaps I should read to honourable members the report of the Commissioner of Succession Duties on this matter, and his references to the reports we obtained from England. He said:

I have been considering the possible effect on our stamp duty revenue of the decision in the House of Lords case of Wm. Cory & Son Ltd. *v.* Inland Revenue Commissioners (1965), All E.R. 917. The facts of this case were as follows:

William Cory & Son Ltd. wished to acquire all the shares of a group of six companies known as the Palmer Group. Lengthy negotiations took place and, when the parties were nearing agreement, Wm. Cory & Son Ltd. said they wanted an option to purchase. Accordingly, by an agreement in writing, the Palmer shareholders gave an option to purchase their shares within 30 days at a price of £420,856. The option could be exercised orally. The option agreement contained a provision that, "with a view to protecting the purchasing company's rights arising out of the grant of the option the vendors shall forthwith transfer" the shares to the purchasing company or their nominee, who should hold them in trust for the vendors, subject to the provisions of the agreement. The agreement provided that the transfers should not pass any beneficial interest in the shares and that, if the option lapsed through non-exercise, the shares should be re-transferred to the vendors. The transfers were executed by the vendors and registered with the companies concerned a week after the date of the option agreement. On the same day as the transfers were registered the purchasing company orally exercised its option to purchase the shares.

The English Inland Revenue Commissioners assessed the share transfers with *ad valorem* stamp duty at the rate appropriate to conveyance on sale. Wm. Cory & Son Ltd. appealed against this assessment and the appeal was finally allowed by the House of Lords. The Court held that *ad valorem* stamp duty was not chargeable on the transfers as conveyances on sale, one of the reasons for the decision being that the liability of the transfers to stamp duty must be determined at the time when they were executed, and at that time there was no sale but only an option, with the consequence that the transfers were not transfers "on sale" within the definition of "conveyance on sale" in the English Stamp Act; the fact that the transfers were made in anticipation of a contemplated sale was not enough to render them transfers "on sale".

Stamp duty must be assessed on an instrument. It is an impressed duty. As the actual sale was made by an oral exercise of an option there was no instrument to stamp. That is why we have to catch it at the stage of the actual conveyance or transfer. There must be an instrument to stamp. The report continues:

It was not disputed that Wm. Cory & Son Ltd.'s main purpose in taking the option was to escape *ad valorem* stamp duty. Council for the Crown said, at the hearing, that if the appeal were allowed "the door would be open for wholesale evasion of stamp duty". The scheme is a notable example of ingenious and successful avoidance of duty.

Similar schemes could be adopted by taxpayers in South Australia, and, in my opinion, the reasoning of the House of Lords would be applicable in similar matters, to our existing stamp duty legislation. The scheme is relatively simple to operate, consisting as it does of a carefully worded option to purchase, followed by a conveyance to the transferee as trustee merely (no beneficial interest passing at this stage), followed in turn by a verbal exercise of the option. The only document chargeable with stamp duty would be a transfer, on which we would get only £1 flat; we would lose *ad valorem* duty.

The English case was concerned with shares in companies but I can see no reason why the scheme could not be applied to all types of personal property which normally pass by written conveyance. Also, I fear that the scheme might be adaptable to transfers of land. Its use need not be confined to negotiations between companies or groups of companies; it could be applied in family transactions; in fact it might be applicable to quite ordinary everyday cases. Knowledge of the English case may take a little time to penetrate and be applied in the legal and commercial world. But, if it became generally known and applied, there could be most adverse effects on the revenue which we now collect from stamp duty on conveyances. To counter this danger, an amendment to the Stamp Duties Act would be needed.

This amendment has followed the form of the English legislation, a copy of which was forwarded to us by the Agent-General. The English Parliament moved swiftly to plug the loophole found in this case, and our legislation is almost identical with the English Act. As the Commissioner pointed out, it was advisable to keep to the English Act as closely as possible so that we would have legislation here to which English decisions would apply. The drafting of the English legislation has been very carefully followed.

Mr. NANKIVELL: I repeat my earlier question. As the *ad valorem* duty is fixed

according to the value of the estate, what body is responsible for determining the value of the property?

The Hon. D. A. DUNSTAN: Where it is a transfer in contemplation of sale, the figure taken will be the price that is contemplated. For instance, an option is taken at a certain price and the price contemplated will have to be disclosed to the Commissioner. If he is not satisfied, he will have a valuation made and then make his assessment. That takes place in all transactions.

Clause passed.

Clause 10—"Provisions as to duty upon receipts."

The Hon. Sir THOMAS PLAYFORD: I move:

In paragraph (a) to strike out "ten" and insert "five".

Clause 10 is most obnoxious. It imposes a duty to provide a receipt. Most commercial people will have to issue a receipt when more than a certain amount is collected and provision is made in another part of the Bill for a sliding scale. I hope the Committee will reject the clause. While I have said that the Opposition does not like the proposed increased duty on cheques, I do not raise specific objection to it, because I realize that the Government must have additional revenue. However, clause 10 imposes on industry a heavy charge but it will return only a limited amount to the Government.

At present, there is no legal obligation on a person to give a stamped receipt, except where there is a demand for such a receipt. Some years ago the then Government considered the matter of compulsory receipts but when the cost to industry was discovered it was decided that it was not a good proposal. However, the present Government now wants to compel people to give receipts, even if the custom of the industry does not require them to be issued. I hope the Committee will not accept the provision as it is and that, if it is accepted it will be rejected in another place. I think it would be fairer to have a nominal stamp duty on a receipt covering $5, rather than have the complicated formula suggested by the Treasurer. It would be better to have two or three progressions covering larger payments than to have those set out in the Bill. They apply to small amounts and must greatly hamper industry. I believe that if my amendment is accepted the clause will be supported in another place. The provisions of the Bill will be extremely onerous on industry and commerce. I refer particularly to the provision that a stamp must be affixed to a receipt whether a customer requires one or not. The Government exempts salaries and wages from this provision, but I do not favour exemptions. Having managed without compulsory receipts for 25 years, I do not believe they are necessary now.

[MIDNIGHT.]

Mr. HEASLIP: I strongly oppose this clause. I believe it is purely red tape and not a revenue-producing clause at all. Even the Treasurer's second reading speech confirms that. The only information we have on this clause is what the Treasurer has given in that speech. Isn't that red tape of the highest order, making people do something for no reason at all? Forcing people to do these things adds tremendously to the cost. In one of my businesses I have hundreds of employees who have to be paid and hundreds of guests who have to pay for meals or rooms. Such payments mean that a duty stamp must be issued on each occasion, and it may happen 400 times a day with guests alone. Whilst I agree with some of the exemptions, I do not know why they exist. In addition to the exemptions provided by the principal Act, all receipts for the payment of salaries and wages will be exempt, together with receipts for gifts if the amount does not exceed $20.

I should like explanations for some of the other exemptions, including receipts in respect of bets on races, on the totalizator, receipts for income by way of dividend or interest, and receipts in relation to the allotment, purchase or sale of Government or public stock. Why should non-productive transactions at a trotting or race meeting, where money is changing hands, be exempted and productive businesses forced to pay the duty and forced also to write out receipts?

The Hon. Sir Thomas Playford: They have nothing to do with primary production!

Mr. HEASLIP: No. Every time a farmer sells wheat or wool a receipt must be issued. Electricity and gas accounts, which are not receipted now, must be receipted under this Bill, and receipts must be issued for £5 worth of groceries, yet totalizator and bookmakers' receipts are exempted. This will increase costs and bar us from the Eastern States' markets.

The Hon. FRANK WALSH: The principal Act provides that duty stamps must be affixed to receipts for £2 and over, which this legislalters to £5. As decimal currency is to be introduced on February 14 next, a 2c stamp will be required on a receipt of $10, 10c for

$100 and 20c for $1,000. The member for Rocky River asks why totalizator transactions and bets on racing and trotting do not attract this payment. People investing on racing and trotting events already make a very good contribution. A totalizator investor pays 12½ per cent out of his dividend, and tax is paid on bets invested with bookmakers at trotting and racing meetings. I assume that a person purchasing wool would be entitled to receive a receipt. My experience has been that people in business houses in particular have been quite prepared to affix a duty stamp to receipts for £2 and over. After Cabinet had considered these matters and before it requested the Attorney-General to submit them to the Parliamentary Draftsman, they were well considered.

Mr. Heaslip: You say that no revenue is involved. Why was the Bill introduced then?

The Hon. FRANK WALSH: I did not say anything of the kind. Stamp duty has always been imposed. Any stamp duty imposed by the Government of the day provides revenue for the State, and that is what this Bill does.

The Hon. Sir THOMAS PLAYFORD: I ask leave to withdraw my amendment.

Leave granted; amendment withdrawn.

Mr. HEASLIP: The Treasurer's explanation convinces me more than ever that the clause is bad. It makes exemptions for small sections of the community, such as trotting and racing clubs and those who receive dividends or interest. I do not understand why this small section should get exemption, as it does not represent charitable organizations. In his second reading explanation the Treasurer said:

It is expected that the extended list of receipts exempt from duty will almost cancel out the increases in duty, leaving possibly a small net overall increase.

Therefore, to provide a small net overall increase in revenue all these people will be put to the expense of having to issue duty stamps.

Mr. SHANNON: I disagree with the member for Rocky River when he says that his impression of the Treasurer's explanation is that this is not a revenue-producing clause. If no revenue is required by this means, why worry about any variation in stamp duties? Whether or not a customer wants a receipt, it will still be compulsory for a company to make out a receipt and file it away. Whether an inspector will know that the receipts he examines are sufficient to cover the transactions put through since his last inspection I do not know.

The Hon. Sir Thomas Playford: In any case, he would not know that the receipt had not been posted on.

Mr. SHANNON: Yes. These days most accounts are paid by cheque. I see a problem in policing this. Any law that makes for possible evasion is bad. How can we be certain that a company has not done the right thing and stamped receipts? It would be difficult for an inspector to track down a receipt. A customer taking his receipt is not compelled to keep it. He has no obligation. In my opinion, it is physically impossible to police this provision. Some people still demand receipts, and if a person demands one he must get one. I think possibly $10 is a fair amount on which to demand a receipt. However, it is all a matter of degree, and it is all a matter of the amount of revenue the Government wants to raise. If the Government wanted to make the stamp duty 4d. or 4c, I would not object. However, I point out that it would create much heart burning amongst many business houses if they were required to keep stocks of stamps of various values, for that, too, would want policing, and all these things would mean extra cost. In view of the small additional amount the Treasury would gain, I consider that the imposition of these extra costs is not justified.

The Hon. Sir THOMAS PLAYFORD: The Treasurer made it clear that he would insist on the provision for a compulsory receipt. If he had been prepared to consider a voluntary receipt in respect of a smaller amount, and also a smaller amount of tax, I believe it would have been a fair proposition. Apparently we have forgotten that South Australia is in competition with the other States, and that it is necessary, if we are to expand, to offer some inducement to industry here. Nowadays, it seems that if we can find something on which we are not taxed quite as much as are some other people we have to hop right into it as quickly as possible. I can tell the Treasurer that such actions will be disastrous to the ultimate economy of this State. I ask the Committee to reject the clause, and, if it is not rejected, I shall do my utmost to get the Bill properly amended somewhere or other.

The Committee divided on the clause:

Ayes (17).—Messrs. Broomhill and Burdon, Mrs. Byrne, Messrs. Bywaters, Casey, Corcoran, Curren, Dunstan, Hudson, Hurst, Hutchens, Jennings, Langley, Loveday, McKee, Ryan, and Walsh (teller).

Noes (16).—Messrs. Bockelberg, Brookman, Coumbe, Ferguson, Freebairn, Hall, Heaslip, McAnaney, Millhouse, Nankivell, and Pearson, Sir Thomas Playford (teller), Messrs. Quirke, Rodda, and Shannon, and Mrs. Steele.

Pairs.—Ayes—Messrs. Clarke and Hughes. Noes.—Messrs. Stott and Teusner.

Majority of 1 for the Ayes.

Clause thus passed.

Clauses 11 and 12 passed.

Clause 13—"Penalty for offences in reference to receipts."

The Hon. Sir THOMAS PLAYFORD: This is a particularly obnoxious clause. If a person does not want a receipt, it not only has to be written out and stamped, but it has to be kept safely for two years. This is bureaucracy at its best! New subsection (2) is completely undesirable. The Treasurer hastens to exempt some of the lesser things. For example, a bookmaker does not have to give receipts for money he receives, and he receives money much more easily than does the farmer or the storekeeper.

The Hon. Frank Walsh: Or the applegrower?

The Hon. Sir THOMAS PLAYFORD: Or the applegrower. I suggest that the Treasurer report progress on this Bill and examine the clause again. We are carrying matters to an absurdity when we compel people to have receipts that they do not want, simply to enable the Government to grab a little more tax. We have grabbed taxation in the last few weeks in every possible way; every day brings some innovation in that regard. Today, we had a Bill increasing wharfage charges. The interesting thing is that all the impositions are on the productive sections of the community, the people who are trying to do something. I suggest that the Treasurer drop the idea of compulsory receipts and let South Australia have some freedom. He should not impose heavy charges in order to get an insignificant amount of taxation.

The Hon. FRANK WALSH: The Leader has mentioned increases that he says the Government is making, but we have been left a legacy and at the same time we are expected to do certain things in the interests of the State. Every time we try to do something, the same cry comes from the Leader and the Deputy Leader. They cry all the time. We have reached the stage where the Leader should change his attitude towards some of the legislation and examine it in the interests of the State, instead of crying "wolf" all the time. Despite what he has been saying, I do not know of one case where he has won when the information has come back. In the interests of the staff at this late hour, I ask that progress be reported.

Progress reported; Committee to sit again.

ADJOURNMENT.

At 12.38 a.m. the House adjourned until Wednesday, November 17, at 2 p.m.