LEGISLATIVE COUNCIL

Thursday, December 3, 1970

The PRESIDENT (Hon. Sir Lyell McEwin) took the Chair at 2.15 p.m. and read prayers.

ASSENT TO BILLS

His Excellency the Governor, by message, intimated his assent to the following Bills:

Bills of Sale Act Amendment,
Education Act Amendment,
Highways Act Amendment,
Industrial Code Amendment (Shopping Hours),
Prevention of Cruelty to Animals Act Amendment,
Prices Act Amendment,
Prohibition of Discrimination Act Amendment,
Stamp Duties Act Amendment,
Underground Waters Preservation Act Amendment.

QUESTIONS

LAND ACQUISITION

The Hon. L. R. HART: I seek leave to make a short statement before asking a question of the Chief Secretary.

Leave granted.

The Hon. L. R. HART: My question involves a matter of Government policy. In this morning's paper we read that the Government intends to purchase the township of Chain of Ponds, in the Adelaide Hills, to prevent pollution of the area serving the Millbrook reservoir. About a week ago an official of the Engineering and Water Supply Department rang the Gumeracha District Council, seeking an interview. Yesterday, following the calling of a special meeting by the Chairman of the council, officials from the Engineering and Water Supply Department spoke to the council members and informed them of the Government's intentions. At the meeting council members were bound to secrecy, so it seems strange that while the meeting was being held a reporter from the *Advertiser* was interviewing townspeople to get their reaction to the proposal announced this morning. I understand that the purchase of the town is to take place over a period of five years, with perhaps a further five years during which occupancy of the present buildings will be permitted. I also understand that land adjacent to the township area is to be purchased. Has consideration been given to reimbursing the District Council of Gumeracha for the loss of revenue that will result from the purchase of the town and the adjoining land? The amount involved in township rates at present is about $1,300 and when the purchase is completed to include the surrounding area the loss will be in the vicinity of $3,000. Already the Government owns approximately 30 per cent of the land in the area of the District Council of Gumeracha.

The Hon. A. J. SHARD: I do not know the terms of the agreement and the intention of the Engineering and Water Supply Department in purchasing the township of Chain of Ponds. I will refer the question to the Minister directly in charge and bring back a reply, or let the honourable member have a report as soon as possible.

The Hon. M. B. DAWKINS: I seek leave to make a short statement before asking a question of the Chief Secretary.

Leave granted.

The Hon. M. B. DAWKINS: I have referred previously in this Chamber to district councils in or partly within the Midland district which have suffered some considerable disability because of the amount of Government property in their areas. This concerns the district councils of Mudla Wirra, Barossa, Gumeracha and Onkaparinga. In view of the bombshell (metaphorically, at least) that fell on the township of Chain of Ponds and the district council of Gumeracha over the weekend, will the Chief Secretary say whether, if significant future compulsory acquisitions are to take place, these councils—or any other council—will be given full consideration as to compensation, as the Hon. Mr. Hart has mentioned, and also much more notice of such acquisition so that they are able to adjust their affairs?

The Hon. A. J. SHARD: I will refer the question, as well as the question asked by the Hon. Mr. Hart, to the responsible Minister and bring back a reply.

BIRDWOOD HIGH SCHOOL EFFLUENT

The Hon. H. K. KEMP: I seek leave to make an explanation before directing a question to the Minister representing the Minister of Works.

Leave granted.

The Hon. H. K. KEMP: Yesterday, in answer to a question I recently asked, I received a reply to the effect that the disgusting effluent from the Birdwood High School septic tanks is to be chlorinated and will continue to run into the Torrens River. No matter how heavily this material is chlorinated it will still

contain the phosphates and the nitrogens that come from human sewage when put into water, and which can be removed only by biological processes, chiefly the growing of plants. Many restrictions are being placed on residents throughout the Adelaide Hills area because of contamination of water flowing into reservoirs, requiring the use of many tons of copper sulphate, a material which should never be allowed to contaminate our water. This contamination is occurring chiefly in the areas of Gumeracha, the Birdwood High School, the Woodside military camp, the Oakbank Area School and the Heathfield High School, all of which contribute to our water supply, which the engineers in charge of sewerage apparently think can be merely chlorinated, after which it will be safe. This is terribly wrong. I am sorry, Mr. President—I did not mean to debate this question. Will the Minister please ask his colleague to get a report from the committee appointed to look into this whole matter before any further impositions are put on the inhabitants of this area?

The Hon. T. M. CASEY: Yes.

TAXATION

The Hon. C. M. HILL: Has the Chief Secretary, representing the Premier in this Council, a reply to a question I asked a few days ago that arose from a press announcement from which it appeared that the present Government might be considering a capital gains tax similar to the capital gains tax introduced recently in New South Wales?

The Hon. A. J. SHARD: The Labor Party policy speech stated that the Labor Government would provide additional funds for the State Planning Authority. The Government will continue to pursue that policy, which may involve the introduction of taxation of the nature referred to by the honourable member.

COWELL JETTY

The Hon. A. M. WHYTE: I seek leave to make a short statement prior to asking a question of the Minister of Agriculture.

Leave granted.

The Hon. A. M. WHYTE: At present there is in operation an upgrading programme for Cowell harbour and jetty. Everyone is delighted that this long overdue work is at last being performed, because Cowell is probably the centre of the prawn fishing industry in South Australia. Can the Minister ascertain for me the extent and details of this programme?

The Hon. T. M. CASEY: I can supply the honourable member with some information now. First, the project that was to be and is being undertaken at Cowell is for the actual berthing depth to be increased to 12ft. I believe the people doing the work ran into trouble when they struck rock in some of their workings, which caused them some concern. However, I understand that that problem has now been overcome; they did not realize that, when they took the measurements at the time, they were taking them at low-water mark instead of at high-water mark. I know that the alterations to the jetty and harbour are long overdue, so I was only too happy to give this work my blessing, to be commenced as soon as possible. I hope it will be continued and completed as quickly as possible, because it is essential for the good of the prawning industry, which, as the honourable member has said, is a most important industry for this State. It needs help in every way possible. If there is any further information I can get for him, I shall either bring it down for him when this session resumes next year or I can let him have it during the recess.

The Hon. H. K. KEMP: Can the Minister of Agriculture say what is the difference between high and low tides at Cowell and who was responsible for the mistake that made rubbish of the reply given to the Hon. Mr. Whyte?

The Hon. T. M. CASEY: The Marine and Harbors Department is responsible for all undertakings in connection with dredging and alterations to jetties. If the honourable member wants a technical reply, I am sure the department will be only too happy to supply it. I am willing to refer his question to the department and bring down a reply or post one to the honourable member.

ELECTORAL DEPARTMENT

The Hon. R. A. GEDDES: I seek leave to make a short statement prior to asking a question of the Chief Secretary.

Leave granted.

The Hon. R. A. GEDDES: I have had several telephone calls today from people in the metropolitan area complaining about the Electoral Department's computer cards that have been sent out to try to get more names on the Legislative Council roll. The wording on the cards is such that people are getting the impression that they must fill in the cards and return them because, if they do not, they may get into trouble. Will the Chief Secretary announce in the press that

enrolment is voluntary and there is no compulsion whatever?

The Hon. A. J. SHARD: I cannot give the answer required by the honourable member. The Electoral Department is under the control of the Attorney-General, and I would be the last to usurp his authority. However, I will convey the honourable member's question to the Attorney-General and see whether he can comply with the request.

MINISTER FOR CONSERVATION

The Hon. G. J. GILFILLAN: I seek leave to make a short statement before asking a question of the Chief Secretary.

Leave granted.

The Hon. G. J. GILFILLAN: On November 24 the Hon. Mr. Story, who is temporarily absent from the Council on account of sickness, asked a question of the Chief Secretary about Government policy with reference to the appointment of a Minister for Conservation. The honourable member asked what the Government's intentions were in regard to the Fauna Conservation Act (which is at present administered by the Minister of Agriculture), the National Parks Act (which is at present administered by the Minister of Lands), the Fauna and Flora Board (which comes under the jurisdiction of the Minister of Agriculture), and the Native Plants Protection Act (which comes under the jurisdiction of the Minister of Forests). The Hon. Mr. Story asked the Chief Secretary whether it was the Government's intention to appoint a director of conservation, under whom all of these various Acts and the bodies set up under them would be properly constituted. Has the Chief Secretary a reply to that question?

The Hon. A. J. SHARD: At the moment the Government is generally considering the duties of the new Minister and, while some information has been provided by the Premier, the matter is still under discussion. The Acts mentioned by the honourable member that will come under the control of the new Minister are the Fauna Conservation Act and the National Parks Act. The Fauna and Flora Board will also come under his control. Once the Government has made decisions on the complete range of matters to be dealt with by the new Minister, honourable members will be informed.

TOYS

The Hon. JESSIE COOPER: I seek leave to make a short statement before asking a question of the Chief Secretary.

Leave granted.

The Hon. JESSIE COOPER: Following my recent question about potentially lethal toys, I have received today a complaint from a constituent about a dangerous type of plastic nursery light, depicting nursery scenes, that is freely on sale in Adelaide. The plastic base cracks easily and breaks open, thereby exposing electrical wiring. My constituent says:

> My daughter had one and broke the base within days. My husband was horrified; the electrical wiring was within inches of my daughter's fingers and the power was switched on one evening when he went in to say "Good night".

Will the Chief Secretary have this matter investigated?

The Hon. A. J. SHARD: The complaint made on Tuesday by the honourable member is now going through channels to the right people, to whom I shall also forward this new complaint.

SUCCESSION DUTIES ACT AMENDMENT BILL

The Hon. D. H. L. BANFIELD: I seek leave to make a statement prior to asking a question of the Chief Secretary.

Leave granted.

The Hon. D. H. L. BANFIELD: Twenty-one days ago the Succession Duties Act Amendment Bill was received in the Council from another place and, since then, it appears to me that the Government—

The Hon. Sir NORMAN JUDE: Mr. President, I rise on a point of order. Is it permissible to ask a question about a Bill presently before the Council?

The PRESIDENT: Having studied Standing Order 107, I think the honourable member is in order in asking his question.

The Hon. D. H. L. BANFIELD: Thank you, Mr. President. I was not going to discuss the Bill, because I know that other honourable members will want to discuss it thoroughly. I believe that, by the Government's actions, it wants to get this Bill off the Notice Paper before we adjourn for the Christmas recess, which I thought would commence from the end of today's sitting. However, as it appears that the Bill is taking longer to debate than the Government expected it would, can the Chief Secretary say whether the Government has reviewed the duration of the current session and whether there is a possibility that it might be extended?

The Hon. A. J. SHARD: The Government views it as essential that the legislation relating to succession duties be passed before this House adjourns for the Christmas recess. It has been suggested that it is not necessary to pass this

legislation at this stage, since the Estimates of Revenue passed by the Parliament include only projected revenue from this measure in the latter months of the financial year. I point out to honourable members that that estimate was based on this measure being passed no later than now, since revenue from estates falling in at this stage will occur only, at the earliest, in the latter months of this financial year. A delay until the end of February or the beginning of March will mean that there will be no revenue from this measure this financial year. The Government is prepared to sit today and tomorrow and, if necessary, next week in order to enable the Council to finish its deliberations on this measure.

NURSES

The Hon. L. R. HART: Has the Minister of Health a reply to my recent question regarding the effect of the new nurse training scheme on the supply of nurses available for the staffing of country hospitals?

The Hon. A. J. SHARD: The overall aspects of the proposed new nurse training scheme, including the expected staffing problems of country hospitals, were thoroughly considered by the Nurses Board of South Australia prior to the submission of the proposals which received the full support of the Director-General of Medical Services. In the view of the Nurses Board, the regionalization of nurse training as proposed will assist in overcoming a number of staffing problems. The training programme for both the general nurse and the enrolled nurse should be considered together. At present, most nurses who commence their general training in country areas are required to transfer to either the Royal Adelaide or the Queen Elizabeth Hospital to complete their programme. A very small percentage of these return to their country area after the completion of training; none return to their original hospital during training. The number of these nurses who complete their training is small, unfortunately.

Under the regional scheme, nurses who commence their training in a country hospital will generally complete that training at a base hospital in that region. For education purposes, it is intended that some second and third year student nurses may elect to go out from the base hospital and undertake a period of their training at an affiliate hospital. In addition, the training for the enrolled nurse (aide) has been upgraded considerably. So much so, in fact, that a fully trained enrolled nurse (aide) will be more highly qualified after the 12 months' training programme than a student nurse (the trainee nurse under the old scheme), who has undertaken the same period of training. It will be more beneficial for many country hospitals to employ enrolled nurses, with a greater likelihood of having a stable staff. To assist with this, the Nurses Board proposes to classify additional hospitals as Schools of Nursing for the training of enrolled nurses.

ORANGE JUICE

The Hon. V. G. SPRINGETT: Several weeks ago I asked a question of the Minister representing the Minister of Education regarding the distribution of orange juice to schools that were not receiving a milk supply. The Minister promised to take up the matter with Cabinet. As we are coming towards the end of this sitting of the Parliament, can the Minister give me any idea when a reply is likely to be received to my question?

The Hon. T. M. CASEY: No. However, I will definitely take up the matter with the Minister of Education and see that the honourable member gets a reply as soon as possible.

ABORIGINAL TRIALS

The Hon. A. M. WHYTE: In October I asked the Chief Secretary to make inquiries of his colleague, the Attorney-General, about the possibility of conducting, on their reserves, trials of Aborigines who were charged with offences, as a means of educating them in the process of the law. The suggestion also was that eventually justices of the peace might be appointed from these reserves to hold these trials. Has the Minister a reply?

The Hon. A. J. SHARD: The Minister of Aboriginal Affairs reports that he has nothing to add to the reply given on November 10.

MEAT EXPORTS

The Hon. R. A. GEDDES: Yesterday I asked the Minister of Agriculture a question dealing with the possibility of the Metropolitan and Export Abattoirs receiving a licence to export meat to America. Has he a reply?

The Hon. T. M. CASEY: I remind the honourable member that the exports to America have been of beef and lamb, not mutton, and it was on the question of mutton export that veterinary officers of the United States Department of Agriculture recently

made an unofficial inspection of the Gepps Cross Abattoirs with a view to advising management on the standard of the works for reinstatement of the licence to export mutton. The board was advised that the following matters required attention before a licence would be granted:

1. More work to be carried out on the chillers. (Unfortunately, the chillers at this stage are completely full, so it will be some time before work can be undertaken on those).
2. An additional veterinary officer to be engaged. (One such officer is there at present.)
3. The new pig hall to be brought into operation.
4. The use of the present calf hall (in which the old "prone" method of killing is employed) to be discontinued.

It has been found that in most of the abattoirs today which come up to the standards required by the Americans all the meat is now dressed on the hook rather than using the "prone" method.

The Hon. Sir NORMAN JUDE: I seek leave to make a short statement before asking a question of the Minister of Agriculture.

Leave granted.

The Hon. Sir NORMAN JUDE: I listened with some amazement to the reply just given by the Minister. I find it rather hard to swallow that the Minister virtually gives an explanation—

The PRESIDENT: The honourable member may explain his question but not debate it.

The Hon. Sir NORMAN JUDE: I shall endeavour to do so, Mr. President. The Minister explained that the American experts have told the abattoirs authorities here what will be expected of them with regard to various conditions in the killing of meat. My question to the Minister is: what percentage of the total beef, lamb and pork killings over the last five years has been exported to the United States of America? Also, does the Minister think that the requirements of American veterinary officers should be paramount over the requirements of other purchasers of our meat?

The Hon. T. M. CASEY: I cannot give the honourable member the figures that he requests, but I will endeavour to obtain those and let him know by letter what they are. I assure the honourable member that it does not matter what he or I or anyone else thinks regarding the standard of meat that should be allowed into America. The point is that this depends entirely on the American veterinary officers, and there is nothing that anyone, except those officers, can do about it. I make it clear that the Commonwealth authorities (the Department of Primary Industry in Canberra) are prepared, as I have said before, to bend over backward to help the American authorities in every way possible. However, if they stipulate a certain line, that line has to be adhered to, whether or not we think it is right. I am afraid that the situation we are faced with regarding our export of meat to America is that it gets back to the old story, namely, that we have to provide what the customer wants.

CANNED MEATS

The Hon. C. M. HILL: On behalf of the Hon. Mr. Story who is unfortunately out of the Chamber today because of illness, I ask the Minister of Agriculture whether he has a reply to the honourable member's question of November 25 on the subject of canned meats?

The Hon. T. M. CASEY: The Director of Agriculture has reported that regulations under the Commonwealth Quarantine Act prohibit the importation of canned meats into Australia unless such meats are accompanied by certificates certifying that they have been manufactured from animals subjected to ante and post-mortem veterinary inspection, and detailing the heat treatment to which they have been subjected. The heat treatment must include a declaration and a certificate by a Government veterinary officer that, in the course of manufacture, every portion of the contents of the can has been heated to a temperature of not less than 100°C and showing the temperature used for this purpose, and the length of time for which it was used. In the case of pigmeats, because it is not possible to get adequate sterilization of the central portion of the contents of cans in excess of 2 lb., this is the maximum weight of a can permitted entry, Exceptions may be made in the case of certain countries which are free of foot and mouth disease.

Tinned meats, subjected to this treatment, are quite safe as far as foot and mouth disease virus is concerned. The big United Kingdom outbreak in 1967-68 resulted from the importation from the Argentine of carcass meat in chilled or frozen condition, not tinned. The virus survives best under such conditions in bone marrow and lymph glands. The United Kingdom now requires carcass meats imported from South America to be boneless and have glands removed. Imports from South America have been resumed under these conditions.

Any importations into the Northern Territory are the responsibility of Commonwealth quarantine authorities in the Territory and we are aware that the particular matters referred to have been investigated.

WATER QUOTA

The Hon. L. R. HART: Has the Chief Secretary a reply from the Minister of Development and Mines to my recent question regarding water quotas?

The Hon. A. J. SHARD: My colleague states that the question has been expanded from that originally asked. The information that it is claimed was given by an officer of the Mines Department is a complete misinterpretation of a conversation that took place. There was no suggestion whatever that the basin would in any case be polluted within 20 years. Unless quotas are rigidly applied and enforced, contamination is a very serious probability.

ROAD SAFETY

The Hon. M. B. DAWKINS: I seek leave to ask a question on behalf of the Leader of the Opposition, who is unavoidably absent from the Chamber.

Leave granted.

The Hon. M. B. DAWKINS: On November 12 the Leader of the Opposition asked the Chief Secretary a question concerning road safety. Has the Chief Secretary a reply?

The Hon. A. J. SHARD: Yes. Generally, motor vehicle manufacturers and their dealers have refrained from using sensational-type advertising, for it is well known that advertisements extolling the virtues of speed, high power and the like do nothing to reduce the toll on our roads. The New South Wales Minister of Transport has recently announced that, unless elements in the motor car industry play the game, he will be forced to consider seriously recommending legislation to the Government to restrict undesirable motor vehicle advertising. Although the Minister of Roads and Transport is loath to introduce censorship in such matters, it is apparent that this Government must consider such moves if irresponsible advertisements continue to appear in the press and on television. The initiative to control the problem lies within the vehicle industry itself. However, whether this will remain so largely depends on the attitude displayed by the industry.

TOWN PLANNING

The Hon. C. M. HILL: Has the Minister of Lands a reply to the question I asked on November 24, in which I asked whether or not the Government intended to carry on the investigation set in train by the previous Government regarding the rights of aggrieved or third parties under the planning and development legislation in this State?

The Hon. A. F. KNEEBONE: The Minister of Local Government is considering whether the Planning and Development Act should be amended to confer a right of appeal upon persons who consider they are aggrieved by any approval granted by the State Planning Authority, the Director of Planning, or any council. This is a complex matter, with many implications, and the Government is desirous that a full investigation be made before considering any legislative amendments. Such a provision is included in the Victorian, Queensland and New Zealand Statutes, and the Director of Planning recommended earlier that an on-the-spot investigation should be made to determine how the procedure operates in practice. Subsequently, the Director recommended that further consideration of the matter be deferred pending the outcome of an appeal by C. R. Byrne and others to the Supreme Court. The effect of the judgment has confirmed that no general "third party" rights of appeal can be inferred from the present provisions of the Planning and Development Act. The questions whether or not there should be such rights, and what the precise nature of those rights should be, still remain to be determined. It is proposed that the Director of Planning should visit appropriate bodies both in Australia and New Zealand and submit a report.

ABALONE FISHING

The Hon. L. R. HART: I seek leave to make a short statement before asking a question of the Minister of Agriculture.

Leave granted.

The Hon. L. R. HART: Several days ago I was visited by two men, one the owner of a crayfish boat licensed to fish for crayfish and the other his crewman, who is interested also in abalone fishing on a part-time basis. The extent to which he would be involved in abalone fishing would depend entirely on the time required to service the crayfish pots. He has been informed by the Fisheries and Fauna Conservation Department that he will not be licensed to fish for abalone from the crayfish boat but that if he buys a smaller boat

he can obtain a licence to fish for abalone from that boat without restriction. Will the Minister say why, although this man cannot be granted a licence to fish for abalone from the crayfish boat on a part-time basis, he will be permitted to fish for abalone from a smaller boat on a full-time basis?

The Hon. T. M. CASEY: If the honourable member will supply me with the names of the people concerned, I shall be happy to take up the matter.

RAILWAY APPOINTMENTS

The Hon. C. M. HILL: Has the Minister of Lands a reply to the question I asked on November 24 concerning the possibility of making senior appointments in the South Australian Railways Department subject to Cabinet approval?

The Hon. A. F. KNEEBONE: The Minister of Roads and Transport states that the matter of appointments to senior positions in the Railways Department was one which the honourable member, in his capacity of Minister of Roads and Transport, did not bring to finality before the Government of which he was a member fell. The matter is not being further pursued by the Government.

SUCCESSION DUTIES ACT AMENDMENT BILL

Adjourned debate on second reading.

(Continued from December 2. Page 3260.)

The Hon. E. K. RUSSACK (Midland): This Bill has been covered fairly extensively in debate in this Chamber, and there are many points I do not wish to go over again. However, I should like to make some contribution to this debate. I notice in the *Encyclopaedia Britannica* and in *Chambers Encyclopaedia* some comments about death duties and taxes of this nature. *Chambers Encyclopaedia* says:

Death duties date back to the Roman era and certain feudal dues in the middle ages. Before the end of the 17th century England, France, Spain and Portugal had imposed inheritance taxes. A modern variety was imposed in France in 1796, a tax graded on consanguinity, and Italy produced a similar measure in 1862. Progressive British death duties started in 1894 and several American States introduced them during the 19th century. A United States federal estate duty began in 1916. Canada imposed a combined estate and inheritance duty in 1941 and other dominions imposed it either during the First World War or just after it.

Most current systems tax the bigger estates at higher rates, but some vary rates with consanguinity, charging near relatives less, or combine the two principles. The tax based on the inheritance principle could also be graduated according to the combined size of the inheritance and the property of the beneficiary. Most countries exempt small estates. In Britain if several deaths follow rapidly on one another the rates are reduced. Other exemptions may be for death on war service or for charitable bequests.

Death duties are agencies for the redistribution of wealth, the extent and pace of the redistribution depending on the type of tax and the level of the rates and of income tax rates. Moderate rates in both cases allow the property owner to save enough during his life-time to wipe out the duties on his demise. By taking out a life insurance policy he can convert death duties into an annual tax paid out of income.

I am suggesting that that original intent is not available by insurance. The *Encyclopaedia Britannica* says:

In Great Britain the earliest form of death tax, apart from feudal dues, was a stamp duty upon grants of probate and administration in 1694. The estate duty, based upon the Finance Act of 1894, is the only death tax in force. There were inheritance taxes in Great Britain from 1794 until 1949, when they were abolished.

I mention this point of history not to support the retention of succession duty but because it has perhaps been in existence for so long (and we live in a day when people accept change) that in this sphere a change would be a good thing. There has been change but, to put it in a Cornish phrase, "the improvement has been worse"; the change has had a greater impact as far as succession duties are concerned.

The Hon. D. H. L. Banfield: But I suggest succession duties have stood the test of time.

The Hon. E. K. RUSSACK: I suggest that there could be change in the form of taxation. I admit, as all honourable members would admit, and the public would accept, that there must be taxation for a Government to administer the affairs of State but, without reservation, I say that succession duties in many instances, and in most cases, have reached the stage where the taxpayer has not the ability to pay them. Recently in this State a receipts tax was introduced. Although the receipts tax was not accepted by most people, they did have the ability to pay it. Yet we find that that tax has been ruled invalid. Now we are discussing succession duties which, it is claimed, are valid taxes, but the taxpayer in many respects and in most cases has not the ability to pay them. We also hear put forward that we must compare our situation with that of

the other States; whatever the increase is, whatever the case may be, we must compare it with the position in other States and be level with them.

The Hon. D. H. L. Banfield: You want land tax reduced compared with what Victoria is doing.

The Hon. E. K. RUSSACK: In this case, we have been told that succession duties must be increased to compare with those of New South Wales and Victoria, because we have again become a State relying on further payments to us by the Commonwealth Government through the Grants Commission. However, recently we have been told that Western Australia is introducing legislation not to increase succession or estate duties but to decrease them, by between 20 per cent and 25 per cent. I suggest that we become comparable with Western Australia and that we have a reduction in succession duties. The Bill distinctly provides for a deductible amount or a rebate to widows and children under the age of 21 years. New section 55h provides:

Where the property is derived by the widow or a child under the age of 21 years of the deceased person the general statutory amount shall be the sum of the following amounts or of such of the following amounts as are applicable—(*a*) an amount of $12,000 . . .

New section 55i provides:

Where the property is derived by the widower or any descendant . . . the general statutory amount shall be the sum of the following amounts—(a) an amount of $6,000 . . .

So the amount is reduced from $12,000 to $6,000. With the proposed new age of majority, we shall find that many more people in this State will, if they come to be involved in successions in their lives, be paying double between the age of 18 years and the age of 21 years. It has been stated by the Government (and it was also stated in the policy speech of the Labor Party prior to the last State election) that in general terms there would be a rebate of 40 per cent for primary-producing property. This statement is somewhat misleading and not as clear-cut as it appears to be. Paragraph (*d*) of new section 55e provides:

Any interest in land derived from a deceased person which was held by that person as a shareholder in a company or as a joint tenant or tenant in common or as a member or a partnership.

I am certain that at least 65 per cent of primary-producing land is held in partnership or by tenants in common and, when it comes to the whole estate or the whole industry of any particular property, I suggest that more than 90 per cent is controlled by a partnership. The provisions relating to dwelling-houses and matrimonial homes do not apply only to the rich. Prices of land and real estate have escalated over the years. I recall that prior to the Second World War a friend of mine built a house for $1,600, and a few years after the war his property was sold for about $10,000. A house worth $20,000 today is not regarded as unduly valuable; such a house would belong to many people, particularly in the metropolitan area.

The provisions in the principal Act relating to form U should be continued, and the dwellinghouse and insurance policies should be treated separately from the rest of the estate. Great emphasis has been laid on the effect of this Bill on rural industries, because farming properties are subject now, more than ever before, to the possibility of disintegration because of succession duties. The *Encyclopaedia Britannica* says:

Death taxes have two main purposes. The first is to provide revenue . . . . The second main purpose of death taxes is to secure objectives of social policy. They are used to break up large estates in order to prevent the transmission from generation to generation. . . .

This Bill will lead to the fragmentation of estates to an extent that we have never seen before—not only large estates but estates that are already uneconomic because of the depressed state of rural industries. A letter I have received from the Stockowners Association of South Australia says:

I am directed by my executive to write to all members of the Legislative Council to make clear the association's attitude in regard to the Succession Duties Act Amendment Bill at present before the Council. It is desired to record the very strong opposition of the association to this proposed legislation in its present form and to impress upon all members the urgent need to reduce the incidence of succession duties on primary producers' estates considerably below that which would apply if the amending Bill is passed. Far from providing the relief promised by the Government, the Bill sets out to place an impossible burden of succession duty on holdings which are the backbone of the State's rural export production.

The Bill ignores the very large amounts of capital required for primary production on an economic scale and the seriously depressed condition of rural industry as a whole. It is of the greatest urgency and importance that the Bill should not be passed in its present form. I am directed to seek your active support for redrafting of the proposed legislation to enable members of a family unit on the

land to carry on in primary production, following the death of the landholder. Under the Bill a great many widows and sons would be unable to do so. Figures showing the comparative estate duties on various sizes of rural holdings are attached, together with a press release issued by the association's President. More detailed information is being obtained from pastoral houses, banks and insurance companies, and this will be passed on to you when available. In the meantime, it is hoped that you will use every endeavour to see that the present Bill does not become law.

In the early history of Australia primary production was the backbone of the country. It was on the basis of primary production that the nation was born, and our primary industries still serve a very useful purpose. However, the primary producer is now being persecuted by this iniquitous form of taxation. Mr. D. F. Cowell, the President of the Stockowners Association of South Australia, has said:

It is hard to believe that any Government would deliberately set out to destroy the State's rural export industries, on which the economic welfare of the whole community depends so much; but this must be the ultimate result of the Succession Duties Bill, now before Parliament, if it is passed in its present form.

So, the rural industries form a focal point in connection with this Bill. I wish now to quote a letter that deals with a pathetic situation that has come before my notice; however, I am sure it is not an isolated case. The letter is as follows:

May I quote to you an experience that has happened in our family, causing us all much anxiety for our children's sake. Some years ago my father died, leaving to our step-mother his estate for her lifetime and then to be passed on to his five children, free of probate, he having paid probate in advance. It was our father's will, and we respected it, even though we felt it unfair, as our own mother and the three elder members of the family had largely assisted in the business which had brought prosperity to our father.

The bombshell fell when our eldest sister died and her two children were called upon to pay probate of £4,000 (not dollars) each on the legacy, which was counted as part of her assets, although she had never had a penny of the money and, by all appearances, her children may not have either, but are terribly anxious lest they too should die, and this iniquitous burden be passed on to their children. One of the really inhuman features of this anomaly is that payment in cash was demanded within three months—in cash—and, without the wherewithal to do so, my niece was forced to sell her house. Such a practice by a Government is on a par with a bandit holding a gun to rob others of their all. To have an inheritance fall into your lap with a surplus to meet probate taxes is not to be compared with a legacy remote and with no ready cash to meet an iniquitous law's demands, although a "generous" Government is ready to advance a loan at, I believe, 15 per cent interest to meet this demand.

In my own case, as the years take their toll with no change in the circumstances, the repercussions of this fantastic situation weigh heavily upon me. My son, a wool farmer and grazier, is at present facing disaster; how can I bear to leave such a burden on him? My daughter's husband is T.P.I. They have no store of finance. Both have the responsibility of providing for a growing family. My own daughter has a young son entering university next year ambitious to do a medical course at great expense to his parents; to rear three intelligent children and meet the expenses of a new home they find the going hard.

I am convinced that many thousands of Australians do not know the almost criminal injustice of this law of probate and death duties. It is time that it was publicly exposed and thrashed out. I definitely feel that the husband's and wife's possessions, where they have saved together to secure the future of each, should be the remaining partner's exclusive right and free of probate. Humanly speaking, it is tragic that, at a time of great sorrow when one parts with a life partner, one is thrown into a state of confusion and insecurity through a heartless and greedy Government grabbing its pound of flesh, coldly calculating the value of taxation on one's legal possessions and treasured household goods. I plead of you to do your best to relieve the minds of those who have struggled through the years for a secure old age and now fear that all they have struggled for is lost to an extravagant and heartless Government. Particularly do I plead for notice to be taken and discussed in Parliament of the legacy anomaly.

That letter contains a specific case, although it would not be an isolated case. The Council is endeavouring to do something about this situation. I refer to the cartoon that appeared in one of our morning papers and say with confidence that the Council is not asleep nor is it almost dead to the degree that it should be buried. I suggest that it is very much alive and performing its function in its correct manner in a bicameral process of Government. Yesterday, the Opposition was accused of delaying this Bill and arousing public interest to a degree that people were becoming stirred up as a result.

Is this not a right of the Council and is it not the right of the public to know exactly what measures are going through Parliament and how they will affect them? Members of the public have the right to indicate to Parliamentarians how they feel on the matter of succession duties. This Bill was rushed through another place so that many Parliamentarians, as well as most members of the public, do not know all the ramifications or the

true implications of the Bill. The Council is not obstructive but is endeavouring to carry out its true task so that members of the public might be well informed and so that the intention of the people, whom Parliament represents, should be made known.

I reserve the right to indicate my way of voting on the second reading of the Bill when that stage is reached, and the way I shall vote will have a bearing on any amendments to bring the Bill into conformity with my convictions on succession duties.

The Hon. Sir NORMAN JUDE (Southern): For the past two or three weeks the Council has endured a spate of quite unnecessary propaganda regarding this Bill.

The Hon. A. J. Shard: Hear, hear!

The Hon. Sir NORMAN JUDE: I do not know whether the Chief Secretary and his colleagues realize that in the past fortnight the Council has dealt with about half of the legislation that has been put through this Parliament so far this session. If he thinks that that was quite a light amount of legislation and not worthwhile legislation, I should like to hear him say so. Many amendments have been proposed and carefully considered by both sides, and I am certain that the legislation has been improved as a result of that being done. This is the most important Bill to be introduced so far.

The Hon. T. M. Casey: A money Bill.

The Hon. Sir NORMAN JUDE: It is most important when it deals with money. Thus when honourable members say that the Bill must be looked at with care because we are handling the coffers of the people and, unfortunately, their dependants in many cases, we should be quite certain where we are going. When we consider that this very important Bill was passed in another House within some 48 hours, it behoves honourable members all the more to consider the Bill carefully. One would have thought that the propoganda media of the Government would be at full blast to inform the public of its views on this matter and would have said, "We need these funds. We are going to increase taxation by so much as a result of succession duties", and would have published the various formulae by which succession duties would be extracted from the people who, even to this day, remain in almost total ignorance of the final effect the Bill will have on their families and on their inheritors.

Last evening, we heard an extraordinary statement, again associated with the Grants Commission. For many years the commission was regarded with the greatest affection by the people who had the task of running this State in those days for the way in which it dealt with the problems ahead of the State. Had any Government members taken the time to read the commission's reports from year to year, they would not have found the commission advocating increasing this State's taxes to levels comparable with those in other States. I cannot understand any Government of any colour suggesting to its people that it is a bad thing that we are one of the lowest taxed people in the world, certainly in the Commonwealth, and that we must increase our rate of taxation to that of other States.

If a Government thinks it can exist on those lines, and that those lines are sound, the day will come when it finds that they are not so sound. I should not be surprised if the commission is not raising its eyebrows at these extraordinary statements that its deliberations will be affected by the propaganda statements that the grants will be withdrawn. Western Australia is still under the commission and, immediately the propaganda goes out from this Government that Western Australia is lucky and is doing very well, what does Western Australia do about succession duties? Western Australia is reducing them! Therefore, I take it that the commission will reduce payments to Western Australia smartly. Because Western Australia is better off than we are, is that any reason for us to raise our taxes in this State? Western Australia had the good fortune to strike rich mineral deposits. We must cut our coat according to the cloth and we must get what assistance we can from the commission.

It has always been found in past years that the commission's assessments have been reasonable. It was a matter of considerable pride to South Australians when we got away from the commission and felt that we could stand on our own feet. However, unfortunately, we have had to go back to the commission. Western Australia is suggesting a general reduction of 25 per cent overall in succession duties and, although I do not know the detailed figures, I accept that statement by a Western Australian Minister. It will be an across-the-board general reduction. I have heard several of my colleagues refer to the plight of farmers and to people walking off the land. I wonder how many Government members in the Council know that farmers are walking off the land now in Western Australia? Many of them did that last year because they

could not meet their commitments, and it was a matter of very grave concern to certain stock companies. Those are the facts of life. In many instances, because of wool prices, drought and other things, we are faced with similar conditions here.

Most of the technical criticisms concerning this Bill (those that we have been able to ascertain from the experts to date) have been put forward in this Council. Fairly close detailed scrutiny of the Bill has been given by certain honourable members, and certain clauses have been submitted to experts of similar calibre to those available to the Government. I suggest, with due respect, that the Government does not have a monopoly of all the financial brains of this State. I say that with respect, naturally, to members of the Treasury who have been handling this matter for the Government.

When an Under Treasurer is told by a Government that it expects to get X dollars out of a certain thing and is asked to devise a means of doing that, he must do it. I have not the slightest doubt that if the Government asked for four times that amount the Under Treasurer's ability would enable him to cope with that request. These are the requirements of the Government, and it cannot hide behind any suggestion that the Under Treasurer may have made a mistake in his computations.

The Hon. A. J. Shard: We haven't tried to hide behind anybody.

The Hon. Sir NORMAN JUDE: No, but the Government may do so before very long. The Government is responsible to the people ultimately for the degree of taxation inflicted on the individual person. The individual person is not particularly interested in the total amount collected: in the main, he is interested in the total amount to be paid by his children.

That there is something inherently wrong with this Bill is surely obvious when we hear the descriptions concerning it. I have heard many descriptions, some of which are quite unprintable. Amongst the descriptions I have heard are unjust, immoral, grossly unfair, ruinous, heinous, offensive, misleading, and inequitable—nice grammatical language refering to this Bill. As I have said, there are others that it would not be desirable to mention in this august House.

I refer again just in passing to the extraordinary attitude of this Government, which appears to be basking in some imaginary glory in that it is topping, or at least equalling, the taxes in other States. Worse than that, it is almost boasting about it. I remind honourable members of Standing Orders No. 430 and 434 of this Council. No. 430 is as follows:

Witnesses, not being members, when ordered to attend before the Council or a Committee of the Whole at the Bar, shall be summoned under the hand of the President, and, if desired by a Select Committee, by summons under the hand of the clerk.

No. 434 is as follows:

When the attendance of a member of the House of Assembly, or of any officer of that House, is desired in order that he may be examined by the Council or any Committee thereof . . . a message shall be sent to the House of Assembly to request that the House will give leave to such member or officer to attend, in order to his being examined accordingly upon the matters stated in such message.

I can go back many years to the time (before the time of many honourable members here) when someone from the banking world was called before the Bar of the Commonwealth House in regard to certain financial matters. I have raised this question because, if the Chief Secretary is unable to give concise and detailed answers to the questions that have been posed during this debate, it might be desirable to invoke these Standing Orders to which I have referred. I just make that comment for the Chief Secretary's benefit, and I shall leave it at that for the moment.

Why is it that accountants and lawyers are requesting copies of this Bill and then querying various parts of it? Those people are querying honourable members about these things. As we all know, generally speaking it is better for Parliamentary purposes to be an all-rounder than an expert. We have been at some pains to explain the various clauses of the Bill. The natural attitude of members is to get the first copy they can get of the Minister's second reading explanation for these professional people. However, after they have read it they invariably say, "This tells us exactly nothing." That is what they have said to me. If the Chief Secretary has any doubt about that statement he can go and ask some of these people.

The Hon. A. J. Shard: I hope it is more correct than one of your earlier statements.

The Hon. Sir NORMAN JUDE: As I have said, the Chief Secretary can make his own inquiries. At least three honourable members have referred to the subject of assessments, which is the great mystery. I understand from all the inquiries I have made that everyone in the metropolitan area has received the quinquennial assessment. I understand also on reasonable authority that assessments have

been made, naturally subject to some adjustments, in all the country areas. If the Government wants to give a clear explanation of how and where the funds are to be derived under this Bill, surely the citizens of this State are entitled to know how it will affect them.

Unless the Government can advance a really good reason why it is not desirable to give particulars in this matter, surely they should be given. The Government should show at least what the total assessment is over zone A and zone B and zone C. That would not be giving away any secrets that should not be divulged as to a person's assessment. We could then see what the new assessments envisage, and then we could start to consider how the Under Treasurer has worked out the Government's requirements. This Council would then be in a much better position to consider the matter. I wish I could convince the Chief Secretary that a little of this sort of information given to us would be by far the best way of hastening the progress that he is so anxious to make.

I have mentioned before that the Treasurer can mathematically assess an amount as required by the Government. However, we must remind the Government on this occasion that we are dealing not with robots but with human beings who have children and who, I might suggest (and no-one dare deny this), are terribly worried about the problems they have and about whether they can leave assets to their children without half of those assets having to be sold. I could emphasize at great length, but I do not intend to do so, the case of the ordinary rural farmer—not the big one, not the small one, but the man with two sons and 2,000 acres at about $80—say, $160,000.

Many people who do not care how much tax the other man pays would say, "That is a lot of money. If I had that . . .", and so forth. We all know the gentleman, well known in another place, who made this statement two or three years ago—"If I were left $100,000 I would be happy to give $40,000 to the Treasury". But where does he get $40,000 if he owns a farm worth $100,000? Let me tell the Chief Secretary that he cannot borrow such a sum on a property of that size today. It is unlikely that he would have any liquid assets. He has built up his property possibly for his widow during her lifetime and for his sons. We do not know what the tax will be. We have a fair idea, but we still have this mysterious Mr. X who may come in with regard to the assessment. It is amazing that members opposite do not seem to realize that this is not a single capital tax: it is being imposed in addition to the Commonwealth capital tax.

Properties of just over the figure mentioned by the Premier, $200,000, are comparatively small farms today, and if the people owning those farms—say, on Yorke Peninsula, for example— have two sons and no other assets, because they have ploughed everything back into their land and plant, as many good farmers do (perhaps owing $20,000, reducing the overall estate by that amount), how can they meet Commonwealth and State succession duties? Call the tax what you like; I could call it much worse names. How are they expected to meet it? As many of my colleagues have said, we would see this breakdown of these reasonable properties, some employing only one person, many not employing any, as I know personally. The wives work, too. They have a way of life, but their net return each year, as their taxation agents could tell us, and as the income tax people could tell us if they were allowed to, is far less on their capital than many other people get, and far less, as one honourable member mentioned, than any member of Parliament receives, tax free, on retiring from this Chamber.

The Hon. H. K. Kemp: What about the university professors?

The Hon. Sir NORMAN JUDE: They are in the same bracket, I gather.

The Hon. H. K. Kemp: They are better off.

The Hon. Sir NORMAN JUDE: Technical points taken were with regard to joint tenancies, insurance policies, and so on. I will await with great interest what I trust will be a full reply from the Chief Secretary.

The Hon. A. J. Shard: You are over-optimistic.

The Hon. Sir NORMAN JUDE: You will be, too, if I do not get that.

The Hon. A. J. Shard: You cannot threaten here.

The Hon. Sir NORMAN JUDE: I am only asking the Chief Secretary for a full reply. That is not a threat.

The Hon. A. J. Shard: You said if you did not get it—

The Hon. Sir NORMAN JUDE: The major reason for the Government's haste is to forestall public knowledge, particularly in the rural areas, but also in the metropolitan area, of what this Bill contains. Yesterday we saw the extraordinary attitude of the Chief Secretary

that he did not mind how members voted so long as they voted—and I am quoting him.

The Hon. A. J. Shard: No—as long as you make a decision.

The Hon. Sir NORMAN JUDE: As long as they vote. This is rather extraordinary. I wonder if the Government wants the Opposition to vote the Bill out.

The Hon. A. J. Shard: You are putting a complete misconstruction on it, and, what is more, you know it.

The Hon. Sir NORMAN JUDE: If we defeated the Bill members opposite would use it as propaganda against us.

The Hon. A. J. Shard: You are putting a complete misconstruction on it.

The Hon. Sir NORMAN JUDE: The Hon. Mr. DeGaris gave many details and figures showing anomalies and examples where the Government's statements appear, to most members on my side anyhow, as obviously inaccurate. The Hon. Mr. Gilfillan referred to the increase in capital taxation as the ultimate deterrent, which is quite right. I am quite certain that no-one on my side of the Chamber is under any illusion that this Bill will result in a considerable increase in the income of the Government. I remind honourable members that the Hon. Mr. DeGaris, as Leader of the Opposition, made a statement to the effect that if everybody was going to get alleviation under this Bill it was virtually a mathematical impossibility—and with that I agree. Possibly we could have an explanation of that from the Chief Secretary.

I come now to another rather interesting point. Yesterday we had before this Chamber a Bill dealing with the age of majority and associated Bills regarding voting, and similar matters. I gather that if the age of majority is reduced to 18 this will affect estates of people who die when they are 19. This, I take it, is another little side perk the Treasurer expects to collect, without referring to it or making allowance for it, if the Bill is passed. There is no reference to it at all. This could be a very serious matter. There are more problems with an inheritor of 19 years of age, slightly more immature than a person of 25, and at 19 there may be associated problems. The most likely one is that the widow would be still alive. Has consideration been given to this or is it an additional rake-off? It is another perk!

Finally, I emphasize that it is the Minister's duty to respond to the many questions asked, and to answer them in detail. I do not have to remind the Chief Secretary of the electoral speeches made, particularly regarding an estate of $200,000. I suggest that, if he refers this Bill back to his Leader and reminds him of the public statements, the Bill could be withdrawn for redrafting. Unless that can be done I can certainly give no indication of my attitude, at least until I hear him in reply.

The Hon. A. J. SHARD (Chief Secretary): I want to correct two statements made by the Hon. Sir Norman Jude before I reply, although I do not like saying that people do not know what they are talking about. One statement made was that Western Australia is under the Grants Commission. That is not the case. He also completely misconstrued what I said yesterday. To the best of my knowledge I did not at any time say that I did not care how members voted. I said I could not tell them how to vote. I said we should reach a decision. That was a complete misconception. At no time, to the best of my knowledge, did I say that I did not care how members voted. Those are two statements in the honourable member's speech that are completely wrong. I said it was the duty of the Council to reach a decision. That is what I said. If I am wrong, tell me so.

In closing this debate, there are a number of observations I should like to make. In the first place, it must be recognized that no taxation measure is a popular measure, and any measure that increases taxation is necessarily unpopular. Yet, so long as the populace requires the Government on its behalf to provide education, health, hospital, and other social service measures for its better protection and for improvement of its living standards, so long must the populace provide the Government with the necessary resources to provide those services. That means, inevitably, increased taxes, charges, and other imposts.

The Labor Government in 1966 submitted a Bill in all substance the same as the measure presently before the Council. It received approval in another place but was not approved by the Council and a conference failed to reconcile all the differences. Before the recent election it was made abundantly clear by the Leader of the Australian Labor Party that, if returned to Government, his Party would present a Bill comparable with the 1966 Bill that lapsed. The Labor Party policy was approved by the electorate and a Government of clear and substantial majority returned. Undoubtedly, a popular mandate was given by the electorate for this particular Bill.

Before submission in another place, the Bill was carefully reviewed by the Government paying careful attention to the amendments

proposed to the 1966 Bill both in this Council and in another place, whether those amendments were proposed by the Government or by the Opposition. The Bill as presented incorporated all the 1966 amendments passed in 1966 in another place, irrespective of whether proposed by Government members or others. It also incorporated a number of amendments proposed and accepted in this Council, rejecting only those that were contrary to the principles and effectiveness of the measure and contrary to the policy undertakings submitted to and approved by the electorate in popular general elections.

This measure continues the principle of a duty upon a succession as distinct from a duty upon a deceased estate. I think it fair to say that neither political Party in this State desires to revert to an estate duty as levied in each of the other States and the Commonwealth. Both Parties are agreed that the traditional South Australian preference for a succession duty is clearly fairer and to be preferred—at least, if we must have any such tax at all, and revenue necessities dictate that we must.

A pivot of this Bill is that all successions to any one person arising from the death of another person should be counted as one in determining how much tax should be paid. This is believed to be eminently fair, and this has been submitted to and approved at a general election. The present Act is capable, as we all know, of permitting considerable fragmentation in providing for succession. By arrangements whereby one particular beneficiary can receive benefit in a variety of ways from the one deceased person, the obligations for succession duty can be substantially reduced and, in a number of cases, even eliminated altogether. Provisions that were introduced into the existing Act mainly to look after particular cases that seemed to warrant special treatment have been used extensively, though technically quite lawfully, to reduce duty in cases where there was no warrant for special treatment.

A body of accountants and lawyers has been advising clients for fee, and quite lawfully, how they may take advantage of these provisions ("loopholes", they are called sometimes) to reduce their duty. It has, accordingly, been necessary in protection of the public revenues to remove these loopholes or escape clauses. I, like most other honourable members, greatly regret the complexity of a number of clauses in this legislation. We must, however, remember that teams of highly competent technical experts earn their income by finding ways around any loosely expressed or shortly stated legislation. We have had to match their techniques in utilization of loopholes for avoidance with equal techniques for closing these loopholes. In the circumstances, this is unavoidable.

I have said it was necessary to close these avenues of avoidance to protect public revenues. I should go further and say it is necessary to do so to protect the taxpayer who is unable or unwilling to take measures for avoidance for, if some avoid, it means simply that in some ways others may pay more to provide the necessary funds for our social and public services. Included in this Bill, in accordance with electoral undertakings endorsed in a general election, are greater concessions for immediate relatives of the deceased and also where primary-producing property is concerned.

The Hon. R. C. DeGaris: Would you mind repeating that last sentence, please?

The Hon. A. J. SHARD: Included in this Bill, in accordance with electoral undertakings endorsed in a general election, are greater concessions for immediate relatives of the deceased and also where primary-producing property is concerned.

The Hon. R. C. DeGaris: That means a reduction in duty?

The Hon. A. J. SHARD: Yes; that is what I say. On the other hand, for the larger successions there is provision for increased rates of duty—and this, too, was part of the electoral promises that received approval at the general election. The effective severity of the proposals in the Bill is still significantly below that in the other Australian States, all of which impose estate duties. By "effective severity" I do not mean revenue per capita: I mean that, if their levies were imposed upon deceased estates in South Australia, the revenues would be much higher than we presently actually receive.

As compared with New South Wales and Victoria, our lower levy calculated on a per capita basis would be equal to $6,000,000. Undoubtedly, to impose their rates on South Australian estates would not raise so much extra as $6,000,000 a year. The Commonwealth Treasury recently suggested to the Commonwealth Grants Commission that by our lower levy we were foregoing revenues of about $4,500,000 a year whilst the South Australian Treasury has submitted that this is an excessive estimate and believes that $2,500,000 may be a more reasonable measure. The Commission has yet to pronounce upon the matter but I point out that this Bill is estimated

to increase revenue by about only $1,500,000. It still would leave the effective severity of South Australian rates well below the levels in other States, and obviously if this State is to give as good social services as other States do, it must make up the shortage in revenues elsewhere in other taxes and charges. It cannot expect the Grants Commission to recommend a grant to make up such a difference.

Honourable members of the Opposition, and in particular the Hon. R. C. DeGaris, have quoted a mass of figures purporting to show that a number of successions will pay more duty under the proposed Bill than under the present Act. Whilst a number of the figures quoted by the honourable member were inaccurate, no one disputes that such cases will exist. Obviously, we could not expect to give greater concessions in smaller successions to near relatives and to give greater concessions where primary-producing land is concerned and still get $1,500,000 more revenue a year without some successions paying more. It is noteworthy that the cases quoted as paying increased duties were generally either those which presently receive the benefit of fragmentation of successions or those receiving large successions.

The Hon. Mr. Potter was good enough to acknowledge that the present Bill incorporates all but one of the amendments that he suggested to the 1966 Bill. This demonstrates the willingness of the Government to accept suggestions and advice entirely on their merits, and its readiness to remove ambiguities and seek clarity. The amendment which the honourable member suggested last time and which has not been adopted would, I fear, create more problems than it would remove. I remind him that this is a succession duty, not an estate duty. Therefore, it is logical that all property to which a beneficiary succeeds as a result of any decease should go to determine the rate of tax, just as with an estate duty all property making up the deceased estate goes to determine the rate. It is just when we try to have a bit of the estate concept with the succession concept to gain each way that problems arise.

I was rather disturbed to hear one honourable member say that it was the function of Treasury officers to submit legislative measures to secure sufficient revenues to balance expenditures without regard to the impact of those measures on individuals. This seems to me unwarranted and unfair. In any case, the Government accepts responsibility for the measure, which it has already submitted to the people and for which it has a clear mandate. Moreover, the Government believes the measure is fair and does have proper regard to individuals and to equity. Public Service officers, whether in the Treasury or in the State Taxes Department, or in the Draftsman's and Crown Law Offices, are very well aware and cognizant of the effect upon individuals of this and other legislation they may assist in preparing.

Several honourable members have expressed the view that succession and estate duties are bad taxes and should be abolished. They are entitled to their personal views, but I am bound to remind them that the electorate was given the opportunity of expressing its view on the matter and has done so clearly. I should, however, be interested to know what alternative revenues these honourable members would suggest to replace those lost, or would they perhaps suggest a reduction in health and education services, or perhaps paying doctors, nurses and teachers less?

I have been interested to hear the particularly strong comments of Opposition members regarding the impact of the duties upon rural property. Perhaps they do not realize that the rebate of 40 per cent proposed in this Bill is an increase on the 30 per cent introduced into the Act by the Playford Government and that only one other State gives a rebate of this nature, and that is 30 per cent in Victoria. All other States have some combination of Liberal and Country Party Governments, yet the L.C.P. Opposition is severely critical of the 40 per cent rebate proposed by a Labor Government.

There has also been some surprising comment critical of the restriction of the rural rebate, in that the Bill provides it shall not apply to land included in any succession if it was held by the deceased jointly or in common or in a partnership. I wonder do the critics realize that this is no new provision introduced by a Labor Government. It was an essential part of the provision introduced by Sir Thomas Playford many years ago, and supported by him as entirely equitable. It has been simply translated in the same form into the provisions of this Bill, and the Government would not be prepared to see it removed.

Much point has been made, too, that succession duties are an impost falling mainly upon the smaller people and the smaller estates. It is claimed, entirely without producing any evidence of it, that most of the revenues come from small estates. This is nonsense. Since

the South Australian levy is related to successions and not estates, it is not possible to quote direct figures of revenue related to estates. But the report of the Commonwealth Commissioner of Taxation does show South Australian duty that formed deductions from estates for purposes of Commonwealth duty. And this shows that 63 per cent of South Australian duty in 1968-69 related to estates that individually exceeded $80,000 net. With the operation of the new Bill, with its relatively heavier rates on large successions, its reduced rates on smaller successions, and its elimination of openings for avoidance that presently favour larger estates, it is likely that at least 75 per cent of revenues will derive from estates in excess of $80,000 net.

A number of honourable members, particularly the Hon. Mr. Hill, have made great play of the inequity of duty as proposed affecting the widow's home. They have suggested many poor widows will have to sell up their homes to pay the succession duty on them. This is gross misrepresentation. A widow succeeding to a jointly owned home on the death of her husband would not have to pay duty, even though the home were worth up to $36,000 debt free, provided of course there was not some other estate also coming to the widow. Despite suggestions to the contrary, the $18,000 half share she already owns does not come into the calculation at all, for that ownership is hers in any case and does not come to her as the result of her husband's death. The other $18,000 which was her husband's half share would itself not bear duty unless there was also some other property coming to her from her husband. Moreover, so long as the amount coming to her did not in all exceed $30,000, she would still be free from tax on $18,000 and only pay tax on the remainder.

Honourable members fail to appreciate that no other State except Western Australia gives a special rebate of duty in respect of the matrimonial home. In other States its value forms part of the estate whatever its value. This Bill proposes that $6,000 extra value is rebated beyond the normal $12,000 rebate to a widow so long as the total succession does not exceed $30,000. It is acknowledged that under the present Act the jointly owned matrimonial home stands apart from other successions for assessment purposes so that a widow can, with a jointly owned home, get two exemptions of up to $9,000 each. This present Bill still gives the total $18,000 exemption in such cases, and moreover extends that $18,000 to cases where the matrimonial home is not jointly owned. This considerable extension has not previously applied in South Australia, and applies in no other State.

The Hon. Mr. Hill has pointed out that the present Bill does not provide for a greater rebate on primary producing land over the complete range of values up to $200,000. This is quite correct and is, in fact, obvious from a simple arithmetic calculation. What the Treasurer promised was that there would be a greater concession for the smaller and moderate values but that there would not be any greater concessions for higher values, and mentioned $200,000 as a limit. The principle laid down by Cabinet was that for lower values the rebate should be 40 per cent instead of a present 30 per cent and that the rebate at $200,000 should be 16 per cent as at present. In developing a formula to achieve this, two objects were observed. First, it must be as simple a formula as possible and, secondly, the emphasis must be for the maximum benefit in the lower ranges.

A choice accordingly developed between continuing the 40 per cent rebate right up to the $40,000 level to which the present 30 per cent applies, and then cutting back the benefit sharply so as to arrive at 16 per cent rebate on $200,000; or continuing the full 40 per cent rebate up to, say, a value of $30,000 and then easing down rather more slowly. The choice was for the former and for a relatively simple formula, which meant that ranges of value around $30,000 to $60,000 gained rather more, but the higher ranges had rather less benefit than might otherwise have been provided. The Government has not said that all values right up to $200,000 were, without exception, to receive increased benefit. However, it did say that there would be no extra benefit over $200,000.

The Hon. R. C. DeGaris: That's different from the second reading explanation.

The Hon. A. J. SHARD: Very good. The simple formula set up only three pivotal groups—up to $40,000, between $40,000 and $200,000, and beyond $200,000. The new formula is the same as the present one at $200,000 and beyond, but below $200,000 it is different. However, I understand that honourable members and other people may have interpreted the expressed objective to mean that every range of value up to $200,000 would receive some extra concession. In the circumstances, the Government is prepared to agree to a rather more complex formula to achieve this, provided that the other features of the

primary-producing land rebate are accepted by the Council. If this is accepted, the Government will propose an amendment to clause 55j (*b*) so as to provide, in effect, that the amount of rebate between $40,000 and $120,000 increases by 12½ per cent and the amount of rebate between $120,000 and $200,000 increases by 7½ per cent, instead of a flat 10 per cent rate of change over the whole $40,000 to $200,000 range. This will ensure that all values under $200,000, without exception, will receive an added concession.

In the Committee stage I shall suggest one or two minor drafting amendments to clear confusions that might arise. While the Government and the Draftsman may take the view that the clauses in question say what they are intended to say, it is better to remove all possible uncertainty, if possible, at the outset. Likewise, the Government is prepared to consider on their merits amendments moved in Committee by Opposition members but, naturally, it cannot accept amendments which go against the substance and intent of the Bill or which will jeopardize the revenues. I hope that, in Committee, I shall be able to give reasonable replies. I say to the Hon. Sir Norman Jude that, if he wants every "i" dotted, every "t" crossed and every comma and every full stop put in their places, he is asking for the impossible from me.

Bill read a second time.

In Committee.

Clauses 1 and 2 passed.

Clause 3—"Interpretation."

The Hon. A. M. WHYTE: I do not intend to proceed with the amendment I had on file, as I have had some clarification of the matter. It appeared to me that the alteration to the definition could bring succession to bear when the father, who was a member of a family company in which he had retained a share, still retained some control of the company. There seems to be some confusion, and I should like the Chief Secretary to clarify the matter. If his explanation is satisfactory, I will not move my amendment.

The Hon. A. J. SHARD (Chief Secretary): I cannot follow what the honourable member is driving at. His proposed amendment would leave the way open to avoid the incidence of tax, and it should be opposed.

The Hon. A. M. WHYTE: The Bill alters the definition of "disposition". Does this mean that succession duty will be imposed on the father I have mentioned, who has already paid gift duty when he handed over the property to members of his family? Why is it necessary that the definition be altered?

The Hon. A. J. SHARD: I am informed that there is no definition of "disposition" in the Act.

The Hon. A. M. Whyte: I'm sorry: it's in the Commonwealth Act.

The Hon. A. J. SHARD: Then I cannot help the honourable member.

The Hon. F. J. POTTER: This clause for the first time imports into the Succession Duties Act a definition of "disposition". The Hon. Mr. Whyte has pointed out to me, and I have confirmed, that in the Commonwealth Gift Duty Act there is a definition of "disposition", and it seems that that definition was looked at when the definition in this Bill was considered. However, the two definitions are different. In the Commonwealth Act "disposition" is defined to be a release, discharge, surrender, forfeiture or abandonment at law or in equity of any debt, contract or chose in action or of any interest in property. Honourable members who have been following what I have said will note the similarity of the words used in the earlier part of the definition. However, the definition in this Bill goes further, because it adds the words "not only of any interest in property but interest in or over any property". I think the Hon. Mr. Whyte is anxious to learn from the Minister why it was considered necessary to have this expanded form of definition.

The Hon. A. M. Whyte: Why include the words "or over"?

The Hon. F. J. POTTER: I think that is the real point at issue here. I think the honourable member had some fear that the expansion of this definition might have some unexpected effect upon dispositions that had been made, particularly of rural land, where the original owner of the land had disposed of it to a company and, by his shareholding in the company, might be deemed still to have some further disposition over the property of which he had disposed. I have had a discussion with the honourable member about this, and I think I have convinced him that his fears are unfounded. However, I know that he is still interested to know why this expanded definition from that used in the Commonwealth Act, which was obviously taken as a precedent, was thought to be necessary.

The Hon. T. M. CASEY (Minister of Agriculture): Just because the Commonwealth Act states something, it does not necessarily follow that the State Act has to do exactly the same. It was thought that the Commonwealth Act

was open to some areas where avoidance could be made, and that is why this clause was worded in this way. It is desirable to retain the word "over", otherwise a person may retain the power of disposition, avoid gift duty by this means, and then avoid succession duties. An ordinary shareholder does not have a power over the property. I think that is the explanation the honourable member is seeking.

The Hon. Sir ARTHUR RYMILL: I should like to put a simple example for the Minister to consider. Under many wills, a life interest is left to a widow with a life interest on to the children and, after that, a power of appointment by those children either to a class of people or in general and, in default of appointment, to certain specified people. Although it has not been said, it seems to me that this clause is designed to catch that and duty the estate again if the power of appointment is not exercised. At present, as I understand the law, if that power of appointment is not exercised and will operate under the provision in default of appointment, then the estate is not dutiable over again. However, as I read this clause, if someone fails to exercise the power that they have, then it is deemed to be a new disposition. Can the Chief Secretary clarify this matter?

The Hon. A. J. SHARD: I shall try to find out that answer.

The Hon. H. K. Kemp: You said this was a simple Bill.

The Hon. A. J. SHARD: It is all right for the honourable member to be smart. If this sort of thing is going to happen on every clause, we will not get very far. We have done our best to answer questions, and we are trying to find out these things. It seems that the legal fraternity itself cannot agree in the matter.

The Hon. F. J. Potter: Sir Arthur has raised a different point altogether.

The Hon. A. J. SHARD: That is so. We are doing our best to get the answers.

The Hon. T. M. Casey: Sir Arthur could raise a hundred points.

The Hon. C. M. Hill: You are not blaming us for asking questions, are you?

The Hon. A. J. SHARD: No.

The Hon. C. M. Hill: It sounds like it.

The Hon. Sir Arthur Rymill: You can't blame us for trying to understand it.

The CHAIRMAN: Order! I point out to the Committee that no amendment has yet been moved.

The Hon. A. F. KNEEBONE (Minister of Lands): We are endeavouring to answer all these questions. It certainly seems as though members opposite are trying to trip us up in the matter. We are not knowledgeable in the law, but we are endeavouring to answer questions to the best of our ability, and we are consulting our advisers. I think members opposite should realize this and not try to trip us up in every respect. If honourable members see pitfalls in clauses, it is up to them to move amendments. The answers can be given in conference between the managers of the two Houses, if the matter goes that far. The answer to the question Sir Arthur Rymill has posed is difficult to put into words. I respect his ability as a lawyer, and I cannot put things in the same way as he can. As I understand this clause, it is necessary that it be worded in the way it is so that there can be no escape from the payment of duty.

The Hon. R. C. DeGaris: It could quite easily mean that a double tax was payable.

The Hon. A. F. KNEEBONE: If the Leader thinks that—

The Hon. R. C. DeGaris: I don't know.

The Hon. A. F. KNEEBONE: The Leader is arguing that something is possible. If he thinks that, it is up to him to move an amendment. Has the Leader not the legal knowledge necessary to move the amendment that he thinks is necessary? He is asking me to have the knowledge, but he does not have it himself.

The Hon. Sir ARTHUR RYMILL: I deeply resent the suggestion that I am trying to trip anyone up. I am trying to understand this complex Bill, and when I ask a simple question I am told that I am trying to cross-examine people and to trip them up. It is quite ridiculous. I could not have asked a simpler question. I gave a classic example of what happens in many deeds and wills, and the Government, which has presented this Bill, is showing total ignorance of what it means and is telling us that we are being obstructive and trying to block things. The Ministers themselves obviously do not understand what they are doing. I am entitled to an answer, and I am entitled to say I will not vote for the clause until I get a reply to a simple, reasonable, ordinary question.

The Hon. F. J. POTTER: Apparently it is being suggested that amendments should be moved before we can get answers to questions. This seems rather strange, because surely in deciding whether an amendment should be moved members are entitled to have replies to questions about the meaning of the existing

clauses. If the explanation is satisfactory, there will be no need for an amendment.

I accept the answer given by the Minister of Agriculture on the matter I raised. I agree entirely that this solves the problem of the Hon. Mr. Whyte. I suggest that because the explanation is satisfactory, he may decide not to go on with his amendment. However, the matter raised by the Hon. Sir Arthur Rymill has nothing to do with that. He asked an entirely different question, and whether or not he feels disposed to move an amendment, having regard to the answer he receives, is for him to decide.

The Hon. A. M. WHYTE: Apparently I have bamboozled the Ministers. I did not intend to do this. I thought that, if we got clarification on my amendment, I would not need to move it. I am sorry to have caused this disruption. I will go straight ahead with my amendment and members can vote and fight as much as they like from there on. I move:

In paragraph (*b*) to strike out "right, power estate or" and "or over".

The Hon. A. J. SHARD: If we can get the answers we will do so. I think the Hon. Mr. Whyte's question has been answered satisfactorily through the Hon. Mr. Potter. The question raised by the Hon. Sir Arthur Rymill is quite different. He mentioned the power of disposition over property. It is most desirable that this loophole of avoidance be not opened. The position stated by the Hon. Sir Arthur could occur.

The Hon. Sir ARTHUR RYMILL: I think the Hon. Mr. Whyte has hit the nail on the head, but I do not know whether it was the nail he was aiming at. The honourable member apparently had his suspicions aroused because the wording in this clause differs from the wording of a similar clause in another Act. In my opinion, double taxation would be involved under this clause, but Mr. Whyte's amendment, if carried, would avoid this. I strongly urge members to accept the amendment. It has been mentioned that I am a lawyer, and I know that when clauses vary from standard clauses they always should be looked at. I suggest that members should bring this back to what is apparently the standard and thus avoid double taxation. Apparently the Government did not intend this to happen, because I gave a very simple case and members opposite said they did not know the answer.

The Hon. A. J. Shard: I said it could happen.

The Hon. Sir ARTHUR RYMILL: I did not understand that to be the answer. If it is, I am very happy to have revealed what this intended.

Amendment carried; clause as amended passed.

Clauses 4 and 5 passed.

Clause 6—"Succession duties payable."

The Hon. R. C. DeGARIS (Leader of the Opposition): I move:

In new subsection (2) before "The duties" to insert "Subject to subsection (2a) of this section,".

I am grateful to the Chief Secretary for his reply in the second reading stage. The Bill contains a new concept of rebate. It is not an exemption but a rebate that fades out completely at $42,000 in relation to the matrimonial home. The Bill removes all separate successions in relation to joint tenancy. We have heard much so far about the Bill's aim being to close all the loopholes in the present Act, yet we still leave loopholes that suit certain people. When the legislation was originally changed in 1966, doing away with the joint tenancy homes provision and substituting in its place the matrimonial homes provision, there was an interesting story behind it because, when the measure was first introduced, there was no matrimonial homes provision; the argument put forward by the then member for Onkaparinga in another place (Mr. Shannon) forced the Government to change its mind and it included in that Bill a matrimonial homes provision, which is again included in this Bill.

In my second reading speech I did explain (fully, I think) what can happen with the change in procedure. I said then that I knew the Chief Secretary was a compassionate man. May I reiterate the need for continuing with a joint tenancy homes provision? The position is that on the death, say, of the husband where the house is in joint names, that half of the house that belonged to him before he died can pass to the widow straightaway with the payment of duty on the deceased's share of the house, under the joint tenancy provision. That means that that widow can, straightaway, take that estate involved in the joint tenancy home and do with that home exactly what she will. She may wish to sell it and move to a home unit or live nearer her children. She can do it without any complications.

However, under the matrimonial homes provision, which aggregates the whole succession, she cannot do anything with that home until such time as the estate has been processed,

and then at that stage if she wants to do anything with that home she is forced to pay succession duties on the sale of it. We then reach the ridiculous position of asking: who will decide how long that widow can live in that home without being once again dragged into paying duties on it? So there is a compassionate reason (and I am certain the public has not so far fully understood this) why the joint tenancy homes provision should still be maintained. The matrimonial homes provision is nowhere near as able to provide assistance to the widow as is the joint tenancy homes provision. Although the first amendment is minor, it introduces the others. I should explain the others that will follow after this amendment has been dealt with.

The CHAIRMAN: You are taking all these amendments together?

The Hon. R. C. DeGARIS: Yes.

The Hon. A. J. Shard: That is, all to do with clause 6?

The Hon. R. C. DeGARIS: Yes. The second amendment, which is covered in new subsection (2*a*) (*b*), concerns the schoolteacher, the bank manager or anyone like that who, dare I say, has an itinerant profession—because a schoolteacher or a bank manager may be moved from place to place. He has no matrimonial home now but at some time in the future, maybe on retiring, he intends buying and establishing a matrimonial home of his own. To achieve this, the husband and wife have a joint savings bank account in which there is a sum of money for this purpose. The complete removal of the joint tenancy homes provision means that these people will have this sum of money aggregated into their estate whereas, if they have already purchased their matrimonial home, they will have got almost a complete exemption. That is a situation in which one section of the community has a great advantage over the other. At present the joint tenancy bank account comes into a separate succession and rightly so.

Paragraph (*c*) adds little to the present position. Under the present Act there is a separate succession for a joint tenancy home but there is no matrimonial homes provision. Paragraph (*c*) carries the matrimonial homes provision further in the present context. The Government talks a lot about closing loopholes. In this it may or may not be right. It is an extremely complex situation, as we saw a few moments ago in a previous clause that we were trying to understand. I do not think any honourable member of this Committee objects to any loophole that exists being blocked. If any loopholes do exist and the Government closes them, it will have the support of this Committee, but one cannot claim that the joint tenancy homes provision and the joint tenancy savings bank accounts provision or the matrimonial homes provision are loopholes: it is normal justice in South Australia's context.

To be perfectly fair to all concerned, there is a need to preserve the separate successions in these three fields, and it cannot be said that these are loopholes: they are not. It is a perfectly logical and compassionate way for the succession duties legislation to operate.

The Hon. C. M. HILL: I support this amendment, which involves one of the major principles that should apply to succession duties in South Australia. It is a principle that should be completely understood and supported by people who want to see the citizens of South Australia treated fairly and justly in respect of succession duties. It is not sufficient to say that, because succession duties are operated differently in another State, we should act likewise: we are concerned only with South Australia in this matter.

It is an important principle that the matrimonial home or the money put aside for the purpose of purchasing a matrimonial home be treated entirely as a separate succession or cut out altogether so that, when the matter of succession duties arises, the widow can at least have the benefit of freedom from this form of tax as it relates to either the matrimonial home or the money saved for the purpose of buying one.

Dealing directly with the practicability of the matter and trying to look at the human and social justices involved, we simply ask ourselves the question: is it not right that any husband should be able to live in the knowledge that, when he dies, his widow can go on living in the home that he has provided during his lifetime without the worry of having to find money for special succession duties on the value of that home?

The Chief Secretary has stressed the subject of aggregation, and he is correct when he says that the Government is not accepting the principle of aggregation so that, in effect, an estate duty applies. However, the aspect of aggregation that concerns us is the aggregation of the various successions. If a widow receives as a beneficiary so much money in a bank account, so many shares, her late husband's interest in the matrimonial home, an interest in an insurance policy assigned in her name on which her late husband had been paying the

premiums, these are separate successions; however, under this Bill they are aggregated.

So, it is not good enough for the Government to say that it is not aggregating successions, because it is doing so in this Bill. I am pleased that the Hon. Mr. DeGaris has taken the matter of bank accounts into consideration. Bank managers save money during the major part of their business careers so that, on retirement, they can buy a home in which to retire. To have a bank account in the joint names of husband and wife treated in the same manner and exempted as this amendment will exempt it—

The Hon. R. C. DeGaris: The amendment provides that it will not be aggregated.

The Hon. C. M. HILL: Yes. I strongly object to the principle of aggregation of successions. Any South Australian man ought to be able to live in the knowledge that the house in which he and his wife live can pass to his wife and that the value of her inheritance in that house will not be aggregated and taxed unfairly. I support the amendment.

The Hon. F. J. POTTER: I support the principle of the amendment, but I am concerned about some aspects of it. First, the term "dwellinghouse" is not defined; it would be necessary to define it if we accepted this amendment. New section 55e provides:

> "dwellinghouse", in relation to the widow or widower of a deceased person, means a house which the Commissioner is satisfied was the principal permanent matrimonial home of the widow or widower and the deceased person at the time of the death of the deceased person:

The amendment, as it stands, could mean that any dwellinghouse or a number of dwellinghouses held in joint tenancies would all qualify for separate assessment. I agree that we should have a separate assessment of the matrimonial home and perhaps of a bank account, if it represents savings for a matrimonial home. What concerns me most is that this joint property should be separately assessed. We could get to the extraordinary situation where there might be a house property worth $18,000 and it passed to a widow, $9,000 being her share. Under the principal Act she would pay nothing, but under this amendment she would pay $1,350, because the rates of duty provide for duty of 15 per cent up to $20,000. I am sure that the Hon. Mr. DeGaris did not intend that that should happen: I think he intended to preserve what we have in the principal Act—that some separate assessment of jointly owned property in these categories should be allowed, with an exemption.

If this amendment is carried, the Hon. Mr. DeGaris would have to consider defining the term "dwellinghouse" and he would have to consider including in the Bill another schedule of taxation. I know that the Leader has been working under some stress recently; in these circumstances amendments can sometimes be constructed to give effect to a principle but they may not be followed through completely. I am in sympathy with the principle of separate assessment of a jointly owned matrimonial home or, indeed, of a matrimonial home, but I do not favour a widow having to pay $1,350 for a $9,000 succession, particularly when we realize that she would have to pay nothing under the principal Act.

The Hon. R. C. DeGARIS: I am grateful to the Hon. Mr. Potter for pointing out these difficulties. True, we have been working under much pressure in this place; we have had to deal not only with this Bill but with a whole series of complex Bills. The purpose of the amendment is not to disagree with the Government in its aim to block loopholes. However, the purpose of the amendment is not to agree with the Government that separate succession for a joint tenancy home or a bank account for that purpose or an interest in a matrimonial home is a loophole: it is not—it is a compassionate way of dealing with the matter. I can see that the situation may be as the Hon. Mr. Potter has described it. Consequently, I ask the Chief Secretary to report progress to allow me to check this matter and to see exactly where the amendment stands in that regard.

The Hon. A. J. SHARD: I want to be reasonable, but I do not know how much time the Leader wants for his consideration of the matter. The Bill has been before this place for some time. The Hon. Mr. Potter has put up a good case.

Progress reported; Committee to sit again.

Later:

The Hon. R. C. DeGARIS: The amendment I moved was found to be somewhat deficient, and before proceeding I ask leave to withdraw the amendment before the Committee with a view to moving a further amendment.

Leave granted; suggested amendment withdrawn.

The Hon. R. C. DeGARIS: I now move:

In new subsection (2) before "The duties" to insert "Subject to subsection (2a) of this section,"; and to insert the following new subsection:

(2a) In the case of property being—

(*a*) an interest in a dwellinghouse held by the deceased person together with the person deriving that interest on the death of the deceased person as a joint tenant and occupied by the deceased person at the time of his death as his principal place of residence;

(*b*) an interest in a savings bank account held by the deceased person together with the person deriving that interest on the death of the deceased person as a joint tenant; or

(*c*) an interest in a dwellinghouse occupied by the deceased person at the time of his death as his principal place of residence,

the net present value of such properties shall not be aggregated for the purposes of subsection (2) of this section but the duties in relation to a particular person shall be assessed upon the net present value of each such property derived or deemed to be derived by that person from the deceased person as a separate succession and shall be chargeable and payable accordingly and shall be subject to the rebate provided for in Part IVB of this Act.

I have informed the Committee to the best of my ability of the intention of the amendment, which is to preserve as a separate succession an interest in a dwellinghouse held as a joint tenancy, an interest in a savings bank account held by the deceased person together with another person, or an interest in a dwellinghouse occupied by the deceased person. Unfortunately in the previous amendment there was some doubt whether this was to be looked on as a separate succession. The amendment has been redrafted and it is before members at present. I think it is now quite clear that these things will be looked on and duty will be levied as a separate succession. I do not want to go through all the reasons why I believe this should be the situation because I have already done that.

The Hon. F. J. POTTER: The new amendment as drafted by the Hon. Mr. DeGaris takes care of the matter I referred to, and I think quite satisfactorily deals with the matter as a separate succession and will allow the rebate provided by Part IVB of the Bill. I have pleasure in supporting the amendment.

The Hon. R. A. GEDDES: Under the original interpretation by the Leader and as a reason for his amendment dealing with interest in a savings bank account, he used the argument that such an account was to help people such as bank managers, schoolteachers, or itinerant people who, because of their occupation, have lived in various areas for long periods and saved up their money to move eventually into a central place to build or buy a home on their retirement or at some other time.

The Hon. Jessie Cooper: Ministers of religion, too.

The Hon. D. H. L. Banfield: Anyone excluded from voting for the Legislative Council—not property owners.

The Hon. R. A. GEDDES: The problem that worries me is that many married couples I could name have quite a few joint savings bank accounts. I know of one couple who use a bank account to look after their share investments, their speculations. Another couple has a joint account for sharing wins and losses at the races. I know of property owners who have joint savings accounts to help with the running of their properties. Often a bank account is used for a rainy day. As I read the amendment it is an interest in a savings bank account of any sort. Is this the intention of the Leader?

The Hon. R. C. DeGARIS: Yes.

The Hon. A. J. SHARD: The Hon. Mr. DeGaris is moving that these items form a separate succession for the purpose of duty. That provision is entirely contrary to the principle of the Bill and cannot be accepted. There is already provided elsewhere what is considered to be a reasonable concession regarding the matrimonial home. This provision is not restricted to the widow. It may apply to any beneficiary, even though he is not a blood relation. It may apply irrespective of the value of the house or the amount of the savings deposit. It remains a serious loophole for avoidance and it is contrary to the principle of the Bill and quite unacceptable. The Government is prepared to move or accept an amendment later which will not insist that a widow must intend to live subsequently in the matrimonial home in order to get the special rebate already provided in the Bill. I ask the Committee not to agree to the amendment before the Chair.

The Hon. R. C. DeGARIS: We are still bogged down on the question of loopholes. The Chief Secretary has implied—and if I am wrong in my interpretation he can correct me—that this amendment is putting back in the Act a loophole.

The Hon. A. J. Shard: Yes, it remains a serious loophole.

The Hon. R. C. DeGARIS: What I am going to say might not be directly in relation to this amendment or in reply to the Chief Secretary's point. We have, in the whole tenor of this Bill, altered the approach from a succession duty Bill to an aggregated Bill where

the duty is levied on the succession. In doing this, we still have left untapped the greatest loophole that, in my opinion, exists—the matter of the person (I have used the illustration of members of Parliament, but perhaps it is wrong to restrict it merely to them; I used it as an illustration, and nothing more) who serves in Parliament and dies, and his widow enjoys a capital gain of possibly $30,000 or $40,000 without the payment of any succession duties. Yet it is alleged that this amendment introduces a loophole! If it is fair and reasonable that one privileged section is left out and there is a loophole in that regard in respect of the widow, then I cannot see how this provision causes that loophole. It only makes it fair.

The Hon. D. H. L. Banfield: But you do not confine it to a widow.

The Hon. R. C. DeGARIS: There would be nothing wrong with the Hon. Mr. Banfield's moving an amendment to my amendment; that is permissible under our Standing Orders. I have proposed an amendment to the Bill. For eight sitting days we have been dealing with this Bill and 35 other Bills. I know that the amendments as drafted do not satisfy me; I freely admit that. If the Hon. Mr. Banfield says there are flaws in my amendment, I ask him to get to his feet and move an amendment to my amendment, to show how he thinks on this matter. But let the honourable member put himself in my place of leading this Council in the last eight sitting days when we have been considering this Bill and 35 other complicated Bills. I have been trying to draft amendments to put before the Committee in that time. I freely admit I have made mistakes in these amendments, but I have done my best. I hold to them but, if the Hon. Mr. Banfield wishes to draft amendments to my amendments, I am prepared to see them and, if he can show some reason why my amendments are wrong, I shall be only too pleased to admit it.

The Hon. D. H. L. BANFIELD: I am satisfied with the Bill as it is. The Hon. Mr. DeGaris comes along with his amendment and says that the widow is the one who is suffering in this case, but his amendment is not confined to a widow: it applies to anybody with a joint account. If the honourable member is only pushing for the widow, let him say so in his amendment. Far from my wanting to move an amendment, I am happy with the Bill as it is.

The Hon. R. C. DeGARIS: I understood that the Hon. Mr. Banfield did not intend speaking for the rest of the session.

The Hon. D. H. L. Banfield: You tell lies; somebody has to correct you.

The CHAIRMAN: Order!

The Hon. R. C. DeGARIS: I have been accused of telling lies to the Committee. If the Hon. Mr. Banfield can point to any occasion when I have told lies to this Committee, I shall be pleased to hear from him.

The Hon. D. H. L. Banfield: You said that this amendment was for a widow, but it is not only for a widow.

The Hon. R. C. DeGARIS: I admit that. The number of inheritors who are widows is 15 per cent of all inheritors in the State. While I admit that there are some minor benefits for widows in this Bill, we must remember that those minor benefits are being given to only 15 per cent of the inheritors in South Australia. As far as the dwellinghouse is concerned, if a daughter is living with her father and the house is in joint names, this can apply in that case just as much as it does in the case of a widow. If that situation arose in joint tenancies or in relation to a dwellinghouse—

The Hon. D. H. L. Banfield: Or a bank account.

The Hon. R. C. DeGARIS: —that should apply. The number of cases in South Australia where there is a joint tenancy in a dwellinghouse with a stranger in blood is infinitesimal.

The Hon. D. H. L. Banfield: Why?

The Hon. R. C. DeGARIS: Read the wording of the amendment, and you will see. In 99.9 per cent of the cases that the amendment refers to, it would be husband and wife, husband and *de facto* wife, father and daughter, or father and son.

The Hon. T. M. Casey: It could even be a bank.

The Hon. R. C. DeGARIS: A bank?

The Hon. T. M. Casey: Yes, because a woman left all her money to a bank the other day.

The Hon. R. C. DeGARIS: I think the argument is getting completely beyond the bounds of reality.

The Hon. D. H. L. Banfield: Like your amendment!

The Hon. R. C. DeGARIS: Perhaps the Minister of Agriculture will tell me where a bank pays succession duties. That might solve the problem.

The Hon. T. M. Casey: That is the whole point.

The Hon. R. C. DeGARIS: The argument advanced that it will be a magnificent loophole where estates can be passed over and the provision misused, as a loophole, probably affects only .1 per cent of the total population. As I say, by this amendment 99.9 per cent of the people would be within the family group. I know of no dwellinghouse owned in joint tenancy where the tenants are not husband and wife, father and son, father and daughter, mother and son, or mother and daughter. The argument put forward in that respect is irrelevant to this amendment.

The Committee divided on the suggested amendment:

Ayes (14)—The Hons. Jessie Cooper, M. B. Dawkins, R. C. DeGaris (teller), R. A. Geddes, G. J. Gilfillan, L. R. Hart, C. M. Hill, Sir Norman Jude, H. K. Kemp, F. J. Potter, E. K. Russack, Sir Arthur Rymill, V. G. Springett, and A. M. Whyte.

Noes (4)—The Hons. D. H. L. Banfield, T. M. Casey, A. F. Kneebone, and A. J. Shard (teller).

Majority of 10 for the Ayes.

Suggested amendment thus carried; clause as amended passed.

Clause 7—"Property subject to duty."

The Hon. F. J. POTTER: I move:

In paragraph (*c*) (*e*) after "settlement" to insert "made by the deceased under which the deceased had an interest of any kind".

Paragraph (*c*) (*d*) deals with property that is the subject matter of a gift by way of a *donatio mortis causa* made by the deceased person, and paragraph (*c*) (*f*) deals with property given or accruing to any person under any deed of gift made by the deceased person if he dies within one year after the date of the deed of gift. The whole series of subparagraphs, except subparagraph (*e*), refers to property in which the deceased had some interest. Subparagraph (*e*) provides:

Property given or accruing to any person under any settlement, such property being deemed to be derived from, and upon the death of, the settlor or other person upon or after whose death the trusts or dispositions take effect.

The Commonwealth legislation defines certain categories of gift that are dutiable. That legislation deals with gifts of property in which the deceased had some interest and, in particular, it includes property comprised in a settlement made by the deceased under which he had any interest of any kind for his life, whether or not that interest was surrendered by him before his decease, unless it was so surrendered three years before his death. In other words, under the Commonwealth legislation all the placita relate to property in which the deceased had some interest. I suggest we should limit the aggregation of property to that in which the deceased had some interest of any kind.

I do not see why the property accruing to any person under any settlement should be aggregated for the purpose of succession duties if, in fact, the deceased person himself had no interest whatever in that property. If I am the person who is designated upon whose death certain dispositions of property should take effect and I never had any interest in that property at all, it seems to me that to aggregate that property as part of a succession derived by any person following my death is quite wrong in principle. I know that the Chief Secretary will probably produce reasons to show that in a few isolated circumstances this might provide a loophole, but I think it is wrong in principle.

The purpose of my amendment is to bring the provision into line with the kind of definition that exists in Commonwealth legislation—it is only property accruing to any person under any settlement made by the deceased under which the deceased had an interest of any kind that is aggregated for the purpose of duty. If a gift of property is made to my children by someone, to take effect on my death, that is purely a point of time that is designated under the settlement, and it seems quite wrong in principle that that should be aggregated as part of the property deemed to be derived as from me on my death.

The Hon. R. C. DeGaris: The deceased may not have had any control over it.

The Hon. F. J. POTTER: He may have had control over where it went, and he may not have. It is completely out of place in this whole system of things when one looks from paragraph (*d*) to the end, where it mentions property of any kind in which the deceased had some interest, but not this one. It did not matter under the existing Act because it was separately assessed, whereas under the Bill it will be aggregated. It is wrong in principle that the property aggregated under the Bill might include property in which the deceased had no interest himself. I think that the Commonwealth Act relating to estate duty is more appropriate.

The Hon. A. J. SHARD: The amendment cannot be accepted. The honourable member suggests that it is to remedy an inequity in a case which is an extremely unlikely contingency. However, it would open wide not a

loophole but a broad avenue for extensive avoidance of duty by adopting settlements rather than direct bequests. If the amendment were accepted, a person could remove a settlement from being dutiable with his own estate by making the settlement effective on someone else's death: then it would be equally free of duty on the death of that someone else. Also, he could adopt the device of making a settlement before his own death, but effective on his own death. Then, because at his death he had no interest in the property, having divested himself of it earlier, it would be freed from duty by the proposed amendment.

This clause has been in the legislation in substantially this form for three-quarters of a century. The clause serves a vital necessity to protect proper revenues. This is just another case where, in an attempt to remedy a very minor point, it is proposed to take measures that would produce a major inequity. The point which the mover has made is indeed no real inequity. As I have said earlier, this is a succession duty. It is the code to have the duty determined by the amount of succession resulting from a particular death. This is pertinent, whether or not the deceased actually owned the property. The deceased estate would not be really liable for the extra duty involved but it would ultimately naturally come out of the property in the settlement concerned. In any case, when such an unusual settlement was made one would assume it was done by the original settler with his eyes open and because advantage was thought to accrue from an unusual rather than from a normal bequest.

The Hon. F. J. POTTER: The Chief Secretary did not say that this had been the subject of a separate assessment. It no longer is in that category but becomes part of the aggregation of the property. I agree that the circumstances may be very limited in which this kind of settlement will become aggregated. I point out to the Committee that, in settlements of this kind, gift duty would have been paid at the time the disposition was made; so to say that it entirely escapes duty is wrong.

The Hon. T. M. Casey: Do you say that gift duty would have been paid?

The Hon. F. J. POTTER: Definitely. At least, if it had not been paid prior to the latest gift duty legislation enacted last year, it would be liable for duty under that legislation now. It would attract Commonwealth gift duty at any time because that legislation has been in force for many years. It is only in recent years that estate duty has also been caught up in this kind of disposition. It is now proposed that this will become part of the aggregation.

The Hon. R. C. DeGaris: Can you give an example of such a situation?

The Hon. F. J. POTTER: There could be the unforunate situation that arises in the case of a person who may have been appointed merely as a trustee or as an administrator of someone else's estate. Just because he assumes that responsibility and has that power to dispose of property, under the exercise perhaps of a power of appointment, he may be caught by the provisions of this section. It is wrong in principle that that should be the subject of an aggregation. It is also wrong that, if property is given by, say, another relative to my children, subject to my death, that property should be aggregated as part of my estate. I agree that these would be rare circumstances.

Not everyone thinks of making these kinds of settlement, but they occur occasionally. After all, the Commonwealth works on an aggregation estate duty principle and, for certain purposes, we are, as a preliminary exercise, working on an estate duty principle, namely, the aggregation of all benefits. Subsequently, we switch and turn to a succession duty assessment. I see no reason why we should not adopt, for these purposes, the same kind of definition as is contained in the Commonwealth Act. My amendment will bring this matter into line with the Commonwealth legislation.

The Chief Secretary was good enough earlier to acknowledge that most of the amendments I moved on the last occasion were accepted by the Government. In fact, this one was the only one that was not accepted. However, I will persist with this amendment because I think there is justification for it in principle. I recognize that there may be certain circumstances in which it may appear that a loophole is being used. It involves only certain unusual circumstances, and not the ordinary run of events. However, I am talking about principles here, and it seems to me that, as the Commonwealth has recognized this principle, the State should recognize it also.

The Hon. C. M. HILL: The Chief Secretary referred to "avoidance". This word has been used on several occasions as though it was almost criminal.

The Hon. A. J. Shard: No, I said earlier that it was quite legal.

The Hon. C. M. HILL: I have heard the word used again since the adjournment.

The Hon. A. J. Shard: In the reply to the second reading, I said it was done quite legally.

The Hon. C. M. HILL: That may have been said.

The Hon. D. H. L. Banfield: This does not suit your argument now.

The Hon. C. M. HILL: The Chief Secretary used the word "avoidance" in his reply to the Hon. Mr. Potter, and before the adjournment the word was uttered by Government members with some emphasis. Therefore, I think it is about time we got down to its basic meaning. It seems to me that there is a considerable difference between "avoidance" and "evasion". I do not mind the Government's criticizing people who are doing the wrong thing.

The Hon. A. F. Kneebone: What term do you prefer?

The Hon. C. M. HILL: If anyone is evading his obligation and evading the existing law, I am on the Government's side, for I do not have any truck with anyone who tries to evade the law. On the other hand, any individual in this State, provided he adjusts his estate within the law, surely should be given the opportunity to avoid the payment of succession duties by his beneficiaries.

The Hon. A. J. Shard: People have been avoiding the payment of succession duties for years.

The Hon. C. M. HILL: The Chief Secretary has not got my message. Those who adjust their affairs within the law should not be accused of "avoiding" the payment of succession duies in the sense that they are not playing the game. If the Government is trying to get within the net the evaders, then I am on its side. However, I say that people are perfectly at liberty to endeavour within the law to avoid succession duties or to reduce the impact of those duties and to minimize the succession duty that their beneficiaries have to pay.

The Hon. A. J. Shard: We are trying to close them up.

The Hon. C. M. HILL: But the Chief Secretary has no right to try to close them up, because they are acting within the law.

The Hon. A. J. Shard: We are trying to put them within the law.

The Hon. C. M. HILL: This matter should not be treated lightly. Any individual in this State is entitled to take advice or to act on his own interpretation of the law of the State and to make arrangements so that in the event of his death his successions will be minimized. If members of the Government think that that is wrong, let them get up and say so.

The Hon. D. H. L. Banfield: We are changing laws all the time. What's wrong with changing this one?

The Hon. C. M. HILL: I am not opposed to this law being changed to effect a reasonable increase in succession duties. All I am saying is that the Government's attitude seems to be that this word "avoidance" is a dirty word.

The Hon. T. M. Casey: I am not saying that.

The Hon. C. M. HILL: It would not be the first time that the Minister had a different opinion from that of the Chief Secretary. However, I am directing my remarks to the Chief Secretary, who is the man who really counts on the Government side. He has no right to criticize any individual in this State who endeavours, within the law of the State, to adjust his estate so as to reduce the impact of succession duties. I say in all seriousness that this word "avoidance" should not be used as a dirty word. If the Chief Secretary wishes to condemn those who evade—

The Hon. A. J. Shard: Not within the law.

The Hon. C. M. HILL: —and attack those who evade, them I am on his side, and I agree. I suggest the word "avoidance" should not be used, because there are many little people in South Australia who do their best to see that, in the event of their death, their wives obtain the maximum capital they are able to save. Many little people want to adjust their estates in accordance with the law, and they want to see the maximum benefit passing to those who follow them, whether it be their widows or members of their families. Because they do have some knowledge of the existing law, and because they adjust their estates, it must not be said against them that they are avoiding succession duties, and I make a plea to the Government, if it is in common agreement with what I am saying, to refrain from using the word "avoidance". It may condemn, if it wishes, those who evade, but those who are entitled to and do adjust their estates and avoid within the law, to a maximum, the payment of succession duties by their beneficiaries should not be condemned and should not be put in this general catergory. I think the word is completely out of place in this context.

The Hon. A. J. SHARD: I say for the second time today that I have been misquoted, and for the second time I have proof positive that this is so. What I said in reply was that provisions have been used extensively that were

introduced into the existing Act mainly to look after particular cases which seemed to warrant special treatment. They are technically quite lawful for use to reduce duty in cases where there is no warrant for special treatment. A body of accountants and lawyers has been advising clients for fee, and quite lawfully, how they can take advantage of these provisions—loopholes, they are called sometimes—to reduce their duty. What we are after is to close this loophole so that people who should be paying duty will pay it. We do not want laws which permit avoidance, that is, where people are able to dodge—and might I say that with the greatest respect—the real intention of the law. I say quite candidly that this is what has been going on. The intent of this Bill is to block the loophole so that there will be no lawful way to dodge the purpose of the Act. I hope I have made that clear.

The Hon. R. C. DeGARIS: I am in disagreement with the Chief Secretary. He is constantly hammering this question of loopholes. In this case maybe he is trying to block a loophole, but he is creating a situation where a person who has no interest whatsoever in a certain disposition may pay double tax or probably treble tax.

The Hon. T. M. Casey: How does he pay double tax?

The Hon. R. C. DeGARIS: It could be double or treble, because it is aggregated to his estate. It is not a simple sum of money.

The Hon. T. M. Casey: He still owns the property.

The Hon. R. C. DeGARIS: No, he has never had anything to do with it.

The Hon. T. M. Casey: How can you tax such a property?

The Hon. R. C. DeGARIS: The Government is doing it in this Bill. This is the very thing the Hon. Mr. Potter has been talking about. It is exactly the point. If the Minister can get into his head that this is what it does he might come out on our side.

The Hon. T. M. Casey: You said he had no interest in the property. If he had no interest how could he own it?

The CHAIRMAN: Order! The honourable member should have the opportunity to speak. We will have one speech at a time.

The Hon. R. C. DeGARIS: The Minister of Agriculture has not grasped the point. In this very situation of trying to block what is called a loophole the Government is creating a situation where, if a person who is not interested in any piece of property dies—or as Mr. Potter said, he may be a trustee for an estate—that amount of money in some circumstances can be aggregated into his estate going to his own children. This could be quite easily treble tax, because it is being aggregated into the estate.

We are talking of loopholes. If the Government can demonstrate these to us we are not going to oppose blocking them. But the situation arises—and the Chief Secretary himself has hinted that he is using a certain loophole that is not being blocked—when we come to the question of superannuation, that a loophole is left completely open, thus creating a privileged class. I suggest this talk of loopholes be dropped.

The Committee divided on the suggested amendment:

Ayes (14)—The Hons. Jessie Cooper, M. B. Dawkins, R. C. DeGaris, R. A. Geddes, G. J. Gilfillan, L. R. Hart, C. M. Hill, Sir Norman Jude, H. K. Kemp, F. J. Potter (teller), E. K. Russack, Sir Arthur Rymill, V. G. Springett, and A. M. Whyte.

Noes (4)—The Hons. D. H. L. Banfield, T. M. Casey, A. F. Kneebone, and A. J. Shard (teller).

Majority of 10 for the Ayes.

Suggested amendment thus carried.

The Hon. R. C. DeGARIS: I move:

At the end of subsection (1) to strike out paragraphs (*j*) and (*k*).

I am not completely happy with this amendment. I have been thinking of ways and means of making the position fair to all concerned in South Australia but I have been unable to devise a solution, other than to strike out paragraphs (*j*) and (*k*). Under the present Act, all superannuation is free of succession duty. A person can take out a superannuation policy whereby, on his death, his widow will get a certain pension for the rest of her life. It is reasonably easy for a member of Parliament, a public servant, or any person engaged in industry to make sure that, on his death, his widow can live reasonably well. Under the present Act, a self-employed person who decides, as any prudent person does, that he wants to provide for his wife on his death does so by means of an insurance policy.

At present, that policy can be assigned to the widow and assessed as a separate succession at the lowest possible rate. As a separate succession, there is some parity between the situation of the person who dies and whose widow receives some part of his superannuation as a pension and the situation of the self-employed person who decides, prudently, to provide for his wife and family. As the

whole tenor of the Act is changing and there is to be an aggregation of the whole succession, in which an insurance premium assigned has not an exemption but only a proportionate tax rebate at the highest level, we must sit down, rethink the matter, and either bring superannuation into the scope of taxation or give some exemption to those self-employed people who, in their own way, are prudently providing for their widows and families.

The Hon. C. M. HILL: I support the principle that the Hon. Mr. DeGaris has spoken of which, as I understand it, is that any South Australian man should have the right to take out life assurance for the sole purpose of paying the succession duties payable on his death. That principle ranks alongside the principle of the matrimonial home as being a vital principle that I hope Parliament will recognize in its legislation, both on this occasion and at other times. I do not care what the system is in Queensland, New South Wales, Victoria or Western Australia: this Parliament is concerned with South Australia and this whole matter is involved with social justice. The little man, the man who is a tradesman in a factory in metropolitan Adelaide, who marries, has his family, establishes his family home in the suburbs, and acquires, through thrift and a disciplined and orderly life, an occasional asset, whether it be a small investment in bonds, a motor car, a boat, a shack on the river—

The Hon. R. C. DeGaris: Or a house.

The Hon. C. M. HILL: —or a house, should be able to say to himself, "I will take out a probate policy; I shall adjust my annual spending to give top priority to the premiums required. I will go without luxuries and other items of expenditure to meet these premiums and I will live in the knowledge that, when I die, my widow, who is my beneficiary, will use this policy to pay succession duties." I challenge the Chief Secretary to find flaws in that argument and to stand up in this Chamber on behalf of the workers of this State and say that that is a bad thing, a bad principle. He cannot do it, nor can anyone else.

It is our duty to see that every South Australian husband, no matter whether his assets are small or large, is given the right to take out life assurance for this purpose. He ought to be able to live and die in the knowledge that the asset that he has acquired will be passed on. Because he has refrained from certain kinds of expenditure and has used the money so saved to pay life assurance premiums, he should be able to live and die in the knowledge that the policy will meet the succession duties that are payable after his death.

Where does the Labor Party stand on this principle? It appears that it does not have any regard for the workers' welfare; if it did, it would agree with this fundamental principle. The worker should have the right to take out a life assurance policy to cover his probate and succession duties, and this principle is covered in the amendment. Some of the rough edges should perhaps be knocked off the amendment; all insurance policies should not come within this exemption.

If a man takes out an assurance policy purely and simply as an investment, that policy must be regarded as part of his estate. For example, one man may make some investments from time to time on the share market or in real estate; in that case he is building up an asset on which succession duties should be levied. Another man may decide to take out a considerable amount of life assurance instead of investing his money in those ways.

The principle I have enunciated should not apply in respect of the man who takes out life assurance for investment purposes. I am concerned about the policy taken out for the purpose of its being applied to pay succession duties. With the co-operation that our side is offering, an amendment to the amendment might be made to take a few rough edges off the amendment. However, as there is no clearly defined move along those lines, I will support the amendment that has been moved. If we let this principle go we will bring everyone down to a denominator of a fairly low level, and Australians have not lived under those conditions and should not be expected to.

For those reasons, although I think the amendment goes a little too far, I ask honourable members to support it. If the Government encourages the working man to take out a policy to cover his probate and succession duties it will be doing him a great service.

I am satisfied that the rates under the existing system can be increased to meet the wishes of the Government so that it can honour its promise made to the people prior to the last election, but in this area of succession duties it should be compassionate and reasonable in the interests of working people above all others.

The Hon. A. J. SHARD: The Leader has moved for deletion of these so that the insurances concerned therein shall not be dutiable. This is unacceptable as it will permit people, particularly with fairly liquid resources, to pass

on property extensively without paying duty. I ask the Committee to oppose the amendment.

The Hon. R. C. DeGARIS: I agree with what the Chief Secretary has said.

The Hon. R. A. Geddes: Why are you in agreement?

The Hon. R. C. DeGARIS: The amendment allows a person to place all his assets into life assurance, thereby avoiding any duty. The reason for the amendment is to point out the problem to the Government and to make it clear that people who, when they die, are able to ensure that their wives have a steady income for life, should be able to make such a provision without being penalized. I am unable to draft an amendment to cover this provision, although we might be able to compromise on this matter.

The Hon. A. J. Shard: In other words, there is room for a compromise?

The Hon. R. C. DeGARIS: Yes, that is my point.

The Hon. L. R. HART: The Chief Secretary implied that a person could put all of his assets into one insurance policy, if an insurance company would issue such a policy; he would take out such a policy to avoid taxation. The other category of person contributes to an insurance policy so that his estate can meet succession and probate duties more easily. The Chief Secretary said that we should block devices that permit avoidance so that more income would be available to the Government; but we have not been told the amount of succession duty that has been avoided by the use of these devices. Is it substantial or only minor? We have been told that the level of our rates should be as near as possible to those operating in other States, but there are means other than succession duties by which social services can be paid for.

The Hon. A. J. Shard: Such as?

The Hon. L. R. HART: That is not for me to debate tonight. If we block these avoidance devices, surely people will arrange to meet succession duties in some other way because it is only prudent for any person to secure his estate against the eventual payment of succession duties.

Suggested amendment carried; clause as amended passed.

Clause 8—"Enactment of sections 10b and 10c of the principal Act."

The Hon. A. F. KNEEBONE: I move:

In new section 10c to strike out "shall" and insert "need".

The amendment removes the mandatory character of the provisions of new section 10c which provide that, in determining the net present value of an interest in a partnership of a deceased partner, no regard shall be had to any agreement between the partners as to the purchase price, etc., of the interest or to the passing of the interest on the death of the deceased partner to another partner for no consideration or for a consideration that is less than its actual value. The amendment alters the word "shall" to "need" and, as amended, the provision will read as follows: "no regard need be had to any agreement between the partners", thus making it possible, where circumstances warrant, to have regard to such an agreement.

The Hon. R. A. GEDDES: The marginal note to this proposed new section is "Agreement as to value of share in partnership to be disregarded". Under the proposed amendment, no regard need be had to any agreement between the partners as to the purchase price. I am aware that when we talk about the purchase price we are talking about the valuation that shall be regarded in the estate of the deceased person. I am at a loss to follow this.

The Hon. A. F. KNEEBONE: It will mean that agreement as to the value of the share in the partnership may be disregarded.

The Hon. M. B. DAWKINS: I intend to oppose the whole clause. However, I believe that the substitution of the word "need" for "shall" makes the whole clause slightly less objectionable. When this amendment has been disposed of, I intend to oppose the clause as it stands. However, at this stage I am prepared to support this small amendment.

The Hon. F. J. POTTER: I support the amendment, which I think makes only a marginal difference to the word that was originally inserted. It makes a marginal difference in favour of the deceased partner. I hope that the Government or Commissioner of Succession Duties will not lightly disregard arrangements that have been made between partners for the purchase of a share of a partnership arising upon death. It is quite common amongst lawyers or anyone engaged in a professional partnership of some kind to provide that on the death of a partner his share may be acquired by the remaining partners. My experience has been that the figure arrived at in any particular circumstance is not one that is just plucked out of the air, as it were. One has to consider what is actually the value of the share of a partner who dies or retires. In truth, it is worth very little, because in fact all he has

is perhaps some little goodwill that he may have attracted to the firm. When he passes on, he can no longer contribute to the work of the partnership, and the very best that can be said is that he has some personal goodwill, which is not worth very much.

After all, all the professional person has sold during his lifetime is knowhow and time. Consequently, it is quite common for professional people who are working in partnership to fix some reasonable but perhaps what might be considered a nominal amount as consideration for payment to the widow as goodwill. This may vary from $3,000 to $5,000, and it seems to me that it would be almost impossible for the Commissioner of Succession Duties to say that that was an unrealistic figure or that in the circumstances of the case that particular amount was too low.

I do not think this need give us any great problem. However, I am pleased that the amendment has been moved, for I think it means that the Commissioner may adopt a less rigorous attitude, and that he is not actually completely held by the legislation to disregard any figure that may have been carefully arrived at between the parties. Therefore, I support the amendment. Of course, it may be still open to the Commissioner, in cases where a very nominal consideration may have been fixed, to look further into the transaction. I do not know whether or not in rural partnerships it is common that some nominal figure is fixed; I have not had any experience of that. However, I think the amendment is to be commended. I do not know whether it will solve all the problems, but I think it will ensure that the Commissioner will not be difficult in his attitude towards the fixed price that may have been agreed between existing partners to be paid to the widow or the descendant of a person who dies during the life of the partnership.

The Hon. A. F. KNEEBONE: Attention has been drawn to the fact that the marginal note will not now correctly describe the clause. Perhaps the word "may" could be inserted in lieu of "to".

The CHAIRMAN: That is a clerical matter that would be attended to.

The Hon. M. B. DAWKINS: I mentioned this matter when I spoke in the second reading stage, and I invited the Chief Secretary and his colleagues to explain the clause; unfortunately, they have not been able to do so. I sought professional advice, and discussed this matter with a solicitor, who has had considerable experience in partnerships and small proprietary companies, and also with an accountant experienced in these businesses. The considered opinion of these two gentlemen is that, far from providing the loopholes we have been discussing, this clause could be an all-enveloping dragnet for small companies.

The clause refers to the valuation of unlisted shares and to an agreement as to the value of the share in a partnership. It is intended to insert two new sections in the principal Act. I believe the administration of the clause by the Commissioner without, as far as I can see, any right of appeal against his decision could well cause duties ruinous to some people.

The Hon. C. M. Hill: The whole clause?

The Hon. M. B. DAWKINS: Yes, clause 8. I am suggesting to the Committee that, because we have not time to draw a satisfactory amendment, this clause should be voted out. There seems to be no right of appeal against the Commissioner's decision. I am not suggesting that this should be deleted completely with the idea that it would stay permanently deleted. I think it is possible that the clause could be redrafted, but what I suggest seems the only course of action at present.

I mentioned yesterday that this clause would affect a very large number of small proprietary companies and partnerships in farm properties, and also small businesses, which have been converted into this type of arrangement to provide for a reasonable disposition to the children or the wife of the "main operator" or previous owner. He does not escape duties of some kind. If he disposes of his property to a partnership or company by gift, he must pay gift duty. If he lends money to the company to take over the business, he has a considerable amount of money on loan account, or if the company is in a position to pay him he has a considerable sum on which to pay duty. He does not avoid succession duty but probably he does avoid some escalation. In some cases there has been very considerable escalation in values since companies have taken over these enterprises.

From the discussions I had with the solicitor and the accountant I mentioned I believe the clause which, as I have said, seeks to insert two completely new provisions into the Act, while at the same time the Act is operating successfully without them, should be deleted. I intend to oppose it and I invite the Committee to delete the clause.

The Hon. F. J. POTTER: I cannot agree with the honourable member about this clause. I agree that it is a new clause in the Act, but I have looked at the wording very carefully and

I think it follows the normal processes of valuation of shares. I am pleased that it does not go anywhere beyond the normal principles of valuation. We have already dealt with the amendment concerning partnerships.

I do not agree that there is no right of appeal. There is a general right of appeal to the Supreme Court against the assessment of any duty. This is an amending Act, and one must go back to the original Act to find the right of appeal; it is there. I know that the questions of shares in proprietary companies and the valuation thereof on death have been matters of concern in the business community in Adelaide for some time. We have heard rumours of all kinds of drastic action likely to be put in train.

The Hon. C. M. Hill: This is only certain types of shares, isn't it?

The Hon. F. J. POTTER: Yes, but it seems to me that this clause is unexceptionable. For the purposes of the Act all shares, whether class shares or otherwise, which constitute or form part of the property of the deceased, are to be valued as if those shares were listed on the Stock Exchange. That is following the normal valuation principle.

The Hon. C. M. Hill: Why was not a clause to this effect in the Act earlier?

The Hon. F. J. POTTER: I do not know. In fact, they have been valued on normal Stock Exchange principles. The value of shares in a company can be determined on one of two bases: either on a profit-making basis or an assets backing basis. Sometimes one is adopted, sometimes the other. In my experience the department has been pretty fair and reasonable in adopting one or other of the valuations normally accepted. This amendment no more than spells out a method of valuation which has been more or less agreed or adopted in practice over the years. I see no objection to the clause and with the existing right of appeal, which is not interfered with, and I think we may feel that the question of valuation of shares in unlisted companies is very reasonably taken care of in this amendment.

The Hon. C. M. HILL: I oppose the amendment of the Hon. Mr. Dawkins. Formalizing the approach to valuation on the basis of a Stock Exchange rating could work to some advantage to the individual involved, and my role here, of course, basically is to consider the welfare of the individual. If valuation of shares is made on the principle that they are listed on the Stock Exchange for succession duty purposes that, in my view, is a very fair method of approach and could, I think, react more favourably towards the individual than if an alternative approach is adopted. That is my first point.

The Hon. F. J. Potter: The measure is what would be a fair valuation for any willing buyer.

The Hon. C. M. HILL: What makes me take my point of view is that there are many instances where the asset backing of shares on the Stock Exchange can be two or three times their quoted sale price on the Stock Exchange. The Stock Exchange value is based upon the price that a willing buyer is prepared to pay and a willing seller is prepared to accept. So, from the individual's point of view, in many instances, prices are paid for shares on the Stock Exchange that are only 50 per cent or 33⅓ per cent of the actual asset backing of the shares. When we go on to the open market, as we do on the Stock Exchange, and we value shares on that basis, I do not think a fairer approach can be adopted.

In regard to the last provision, which deals with partnerships (and this is involved in the amendment of the Hon. Mr. Dawkins) from my experience the senior public servants who deal with matters of assessment (and this new section 10c is part of the clause that the honourable member is moving to delete) when questions such as these come up for consideration are fair and just. They look at things in a most unbiased and impartial way.

The Hon. F. J. Potter: We would be worried if they did not.

The Hon. C. M. HILL: Exactly. It is, of course, our job to lay down the guide lines for the public servants and those who consider whether an interest in a partnership of a deceased partner need be taken into account or not.

The Hon. T. M. Casey: I think the honourable member was a little confused about this partnership, and what it means.

The Hon. C. M. HILL: I did not think the honourable member was confused; I thought he put his case very well. He said that he had received some expert guidance. I do not criticize him for moving his amendment. It is his right and I think he put his case very well but, when we are considering legislation that uses words to the effect that an interest in a partnership need not be considered, we are coming close to the problem of the public servant considering this issue when it comes before him at a later date. I simply make the point (and I am using this opportunity to compliment those people who make decisions

in this regard) that I have always found these people most unbiased and fair. The chief reason for my rising was that I think that, if we base our assessment on the principle that the share is listed on the Stock Exchange, that principle cannot be bettered—that we look at the whole area of being fair; that is the best of all approaches and it should be adopted in cases like this.

The Hon. A. F. KNEEBONE: This clause that the Hon. Mr. Dawkins has spoken to is necessary for the Bill. It is almost identical to a clause that was put in the Gift Duty Bill by the previous Liberal Government. The Hon. Mr. Hill may remember that.

The Hon. C. M. Hill: I was not altogether happy with everything that went into that Bill.

Suggested amendment carried; clause as amended passed.

Clauses 9 to 30 passed.

Clause 31—"Repeal of Part IVB of principal Act and heading thereto and enactment of new Part and heading in their place."

The Hon. R. C. DeGARIS: I move:

In new section 55e to strike out paragraph (*a*).

The position here, I fear, is that this is part of the application of the primary-producing rebates. As I understand the position, where an estate is left to an uncertain person—perhaps to a child in the uncertain event of that child reaching the age of 25—no rural rebate applies. I cannot see the justice of this provision. If there is a rural rebate to be applied, it should apply to whichever person (being a descendant or part of the family) inherits the property.

The Hon. F. J. Potter: You want to look at the circumstances that apply after the death of the former owner of the property.

The Hon. R. C. DeGARIS: Yes.

The Hon. C. M. Hill: Can you give us an example?

The Hon. R. C. DeGARIS: If a rural property is left to a son on his attaining the age of 25 years, the rural rebate does not apply—that is how I understand it. I cannot see why the rural rebate should not apply in those circumstances.

The Hon. A. J. SHARD: I remind the Leader that this provision was part of the Playford Government's original provision, and it is necessary both for clarity and for reasonable equity. The design of the rural rebate has always been to operate only in cases of clear and simple bequests. To remove this provision would open the way to devices for avoidance.

The Hon. R. C. DeGARIS: The Chief Secretary referred to the original Bill, and I am inclined to agree with him that some of the provisions to which I now object were in the original Bill of the Playford Government. However, the whole basis of the legislation has been changed by this Bill. We are dealing with an entirely different situation: we are dealing with an aggregated succession. In connection with the original concept of succession duties legislation, there was some validity in these provisions, but the validity has now gone, because of the changed concept of succession duties in this Bill.

The Committee divided on the suggested amendment:

Ayes (14)—The Hons. Jessie Cooper, M. B. Dawkins, R. C. DeGaris (teller), R. A. Geddes, G. J. Gilfillan, L. R. Hart, C. M. Hill, Sir Norman Jude, H. K. Kemp, F. J. Potter, E. K. Russack, Sir Arthur Rymill, V. G. Springett, and A. M. Whyte.

Noes (4)—The Hons. D. H. L. Banfield, T. M. Casey, A. F. Kneebone, and A. J. Shard (teller).

Majority of 10 for the Ayes.

Suggested amendment thus carried.

The Hon. R. C. DeGARIS: I move:

In new section 55e (*d*) to strike out "or as a joint tenant or tenant in common or as a member of a partnership".

This amendment follows the amendment in relation to the rural rebate. I agree that the provision was part of the original Bill of the Playford Government but, as we are completely altering the basis of succession duties in South Australia, that is no longer applicable. The rural rebate at present applies to only about 20 per cent of rural properties in South Australia. The situation has changed dramatically since the original Playford Bill was drafted in that, because of the downturn in the rural economy and because farmers must meet rising internal costs not under their control, more and more farming enterprises are in the form of partnerships or joint tenancies or, more commonly, tenancies in common.

It has been submitted that the reason why this was included was that when a person divided his property between two people, namely, husband and wife or father and son, and both held it as tenants in common and farmed as a partnership, the estate had already been split up. However, this is not the position in all cases. There may be arguments to take the rural rebate away from those people farming as joint tenants because, obviously, it was

treated as a separate succession but, with the aggregation, this has been removed completely.

There is no separate succession as far as joint tenancy is concerned; yet because a person happens to be farming as a joint tenant with his wife or son, and because he holds his land as a tenant in common with his wife or son, the rural rebate does not apply. This is an impracticable situation. I recently had the opportunity to examine a farming area in South Australia where four people were farming as tenants in common. Knowing the family, who were efficient farmers, I looked at their profits and losses for the last five years. The return on that farm to those four people has averaged not much more than $2,000 each person, which is less than the basic wage.

One of the partners died and left his estate to the three surviving partners. The estate valued at $119,000 had to find almost $40,000 in succession duties and in Commonwealth estate duties. That family admitted that, if one more of the group died, the whole farming enterprise would be bankrupt. In this provision there was a valid argument when we had joint tenancy as a separate succession and taxed separately; but this Bill alters the Playford concept of succession duties. There is no reason why this clause should be retained. There would be some difficulty in exempting a shareholder who is not an active partner. However, this is done in Victoria, where the rural rebate is applied to the shareholder in a company engaged in rural production. I seek the Government's support in the removal of the question of joint tenancy or tenancy in common or a member of a partnership in the business of rural production.

The Hon. C. M. HILL: I support the Leader. The amendment contains a most important principle. It seems ridiculous, if not deceitful, for the Premier to say, "The Government will increase the rebates for those in primary production", when only a small number of people will gain such a benefit. Surely those engaged in primary production should be assisted, but, of course, they are not assisted. The catch is that if a person owns rural property as a joint tenant, or if people own property as tenants in common, or if a man on the land has an interest in a family company that owns property, he does not gain any benefit.

If I went out into the street and asked a person, "Have you heard that those engaged in primary production are to obtain relief as a result of this Bill?", the answer would be "Yes". However, about 65 per cent of the people engaged in primary production will not gain any benefit. Sons work on their father's property for so many years, and part of the arrangement is that, ultimately, the sons are brought into part ownership of the property. We know that this applies to both sons and daughters and, in many instances, to wives as well. Who, amongst all the women in this State, have worked harder during their lives than the wives of primary producers?

The ownership of farms naturally drifts ultimately into a form of joint ownership or partnership. The Government has said that it will give rebates to those employed in primary industry. However, in the case of joint tenancies between a farmer and his wife or between a farmer and his son, there is no benefit at all, and that is not fair or just. If the family have changed to a form of family company ownership, those people, in the event of the death of one, do not benefit at all. As I believe that 65 per cent of the people in primary production are excluded from benefit, I strongly support the Leader's amendment.

I should like to know the meaning of the words "or as a member of a partnership". Does this mean that a farmer who has taken advice and has learnt that if he does not give his son a partnership or if he does not give his wife an interest in the property or enter into any sort of arrangement he will get some benefit by way of rebate as a primary producer, but that if he signs any agreement whatsoever with a member of his family indicating that a member of his family has some interest in the running of the farm he will receive no benefit? I think the simple answer is that the only people who will receive a benefit are the individual farmers who have no agreement in any respect at all with members of their family. If the Government was sincere in this matter, it would give some benefit to people whose total or principal business was that of rural production. I would not care if the Government reduced the rebate; nor am I opposed to its gaining some increase in totality as a result of this Bill. Its commitments are such that it is running wild with expenditure, and the State will suffer unless more revenue is obtained from somewhere. I am concerned merely with the principle. The Government has promised the people that it will give a rebate to those in rural production, and I say that it must do that.

The Minister mentioned one or two instances where people of great liquidity had ruffled the hairs on the necks of the Government because

they had done something that they should not have done. However, that is no reason why sincere and honest people from the country areas should be ensnared in the way they are being ensnared now. If one or two people have schemed and have spent more time in heeding advice and working at this area of their activity than they have spent out on their farms, let the Government pursue them with all the backing that the law can provide. However, that is no reason why the great mass of people on the land should suddenly find themselves in the net.

They have looked with some hope (and indeed, in some circumstances, with some confidence) to the present Government following its Leader's address to them at Elder Park, but they find in most cases that there is no benefit at all, and if this Government wants to help people following rural pursuits it should look again at this question and use as its measuring stick whether or not a man is involved in rural production as his major activity. I am not concerned with the King William Street farmer who has a business in one of the big buildings and runs a farm in the South-East as a side interest: I am concerned with the man whose full-time occupation is on the land, or whose principal business is that of rural production. I support the amendment.

The Hon. V. G. SPRINGETT: A group of people, few in number but growing in importance, are the migrants from overseas, many of whom are not English speaking. They do not come with a great deal of capital, but in many cases they bring a certain amount of know-how. They probably borrow money on various securities, and the whole family works together to prosper. One death could ruin that family. For that reason I strongly support the amendment.

The Hon. L. R. HART: The purpose of joint ownership is not necessarily to avoid the payment of succession duties. It is an arrangement of convenience at a point in a man's life when he is not in a position to make over the whole property to his son. If we are not to accept that a primary producer's rebate should be available to a joint tenancy, we will force a situation where people will take out individual titles on properties, in which case the property inherited attracts the primary producer's rebate.

The Government may have an ulterior motive in working to force such a situation. In the taking out of individual titles it must gain by the payment of stamp duties. The Commonwealth Government recognizes the value of keeping primary-producing properties as viable units. It has reduced the impact of estate duty on primary-producing properties. If the Commonwealth Government recognizes the advantage of this, surely this Government could see its way clear to allow joint tenancy properties to attract primary producer rebate now that it is attempting to aggregate all successions into one for the purpose of succession duty.

How much money is involved? How much revenue is the Government likely to lose by allowing this rebate? The Government knows well that the primary producing section of the community is in dire straits, and probably it is endeavouring to raise money to assist that sector, but in the process of doing so it is endeavouring to take it from the very people it may ultimately have to help. The Government is forcing primary producers into having to accept social service benefits. Apparently it accepts the view that if a farmer cannot meet his succession duty commitments he can fall back on social services.

The Hon. T. M. Casey: If the farmer died he would not be here to pay succession duties. You cannot talk like that.

The Hon. L. R. HART: I do not need the Minister of Agriculture to tell me this. I am referring to the beneficiaries. The Minister himself is the owner of a primary-producing property. He should recognize the problems.

The Hon. C. M. Hill: He should be defending the people on the land.

The Hon. L. R. HART: He may be involved in a joint ownership on his own property, and he may not be making any more profit than anyone else. If he is, I would like his recipe. The Minister of Agriculture is a practical man and knows the situation. I ask him to try to instil a sense of responsibility into other members of the Government who do not understand the present plight of the primary producers. I implore the Government to look closely at this matter and allow a joint tenancy property to attract the primary-producing rebate. I support the amendment.

The Hon. A. F. KNEEBONE: The Hon. Mr. DeGaris has moved to delete the reference to joint tenancy and tenancy in common. This would so widen the availability of the concession as to be unacceptable to the Government. A beneficiary who is already a joint tenant is in any case receiving considerable benefit because his joint share does not attract any duty.

In reply to the Hon. Mr. Hill, if it is legally a partnership, no rebate is available.

The law on partnerships is clear. This is no new clause from this Government: it is in the present Act and derives from the Playford Government.

The Hon. R. C. DeGARIS: The Minister spoke about partnerships. Does this mean that five people owning land in their own names separately, not as tenants in common or in a joint tenancy but farming for the purposes of the business as a partnership, are excluded as beneficiaries from receiving rural rebate on that land?

The Hon. A. F. KNEEBONE: The availability of the concession is so wide that it can be extended a great deal. Whatever the answer is, I do not think I can convince the honourable member, anyway.

The Hon. R. C. DeGARIS: This is the very point I have been stressing, that today farmers are coming together not only as tenants in common but also as a partnership, not for the purpose of avoiding duty but purely to increase the efficiency of their operation.

The Hon. A. F. KNEEBONE: There is no difference between a partnership and a tenancy in common in that case. This amendment is too wide for the Government to accept.

The Committee divided on the suggested amendment:

Ayes (13)—The Hons. Jessie Cooper, M. B. Dawkins, R. C. DeGaris (teller), R. A. Geddes, G. J. Gillfillan, L. R. Hart, C. M. Hill, Sir Norman Jude, H. K. Kemp, F. J. Potter, E. K. Russack, Sir Arthur Rymill, and V. G. Springett.

Noes (4)—The Hons. D. H. L. Banfield, T. M. Casey, A. F. Kneebone (teller), and A. J. Shard.

Majority of 9 for the Ayes.

Suggested amendment thus carried.

The Hon. R. C. DeGARIS: I move:

In new section 55e after paragraph (*d*) to insert the following definition:

"Rural property", in relation to a deceased person, means land used for primary production by him at the time of his death and includes animals, farm produce, plant and machinery used or held by him at the time of his death exclusively for the business of primary production in connection with that land, but does not include any motor vehicle designed primarily for the conveyance of persons, household furniture, furnishings and appliances.

The Government's promises were not genuine at all, because the Government did not keep them. At the farmers' march the Treasurer clearly said in my hearing that there was to be effective relief from succession duties for the primary-producing community on properties worth up to $200,000. The *Country Times*, a paper circulating widely in the rural community, published a statement that was similar to what the Treasurer said. The Chief Secretary's second reading explanation says:

This reversion to the original pattern has been decided upon because both the Government and the Opposition in our election undertakings proposed higher rebates upon the existing pattern than presently apply so as to give relief to primary-producing properties.

The Bill does not carry out that promise. I defy the Government to show me in this Bill where there is any increased rebate to the primary producer, except in one or two minor areas (where the rebate may be about 2 per cent or 3 per cent). The rebate is increased from 30 per cent to 40 per cent for a start but it then falls very rapidly until it comes down to the normal rebate at $80,000. Furthermore, the rebate is applied to a much higher percentage of duty so that, in effect, there is no relief for primary-producing properties in this Bill. Today, in replying to the second reading debate the Chief Secretary (and I know he does not purposely mislead this place) said:

I have said it was necessary to close these avenues of avoidance to protect public revenues. I should go further and say it is necessary to do so to protect the taxpayer who is unable or unwilling to take measures for avoidance for, if some avoid, it means simply that in some ways others may pay more to provide the necessary funds for our social and public services.

Not one honourable member in this Committee disagrees with that statement. The Chief Secretary continued:

Included in this Bill, in accordance with electoral undertakings endorsed in a general election, are greater concessions for immediate relatives of the deceased and also where primary-producing property is concerned.

I interjected as follows:

Would you mind repeating that last sentence, please?

The Chief Secretary repeated it, as follows:

Included in this Bill, in accordance with electoral undertakings endorsed in a general election, are greater concessions for immediate relatives of the deceased and also where primary-producing property is concerned.

I again interjected as follows:

That means a reduction in duty?

The Chief Secretary replied:

Yes; that is what I say.

There are no increased concessions, and there is no reduction of duty for the primary producer. I wonder how the Minister of Agriculture can sit in his seat (one may say as the

patron saint of the farming community of South Australia) and see this Bill pass through this place and support it, when he knows very well that this Bill increases succession duties on the rural community by up to 44 per cent. It would be a dereliction of duty for this place to allow this Bill to pass without making sure that it provided for the people of South Australia exactly what the Government had promised for those people. That is all my amendments set out to do, and no more; indeed, I am doubtful whether they go far enough to bring that about. However, they do go far enough to ensure that the primary producer will not be paying any more duty than he is now paying.

I do not go quite as far as the Government's promise that there will be some relief and concession. We are faced with the problem that the Commonwealth Government has recognized the problems in rural industries today and has recently reduced the duty on primary-producing properties by 50 per cent. In Western Australia there is a Bill before Parliament now that will reduce the impact of estate duties by 25 per cent. But here in South Australia, which has the lowest capacity to pay taxation of any of the mainland States, we are increasing our succession duties by about 30 per cent.

One of the traps in the Bill is that, while there is this slight increase in rebate on a much larger duty, the much larger duty catches things that belong to the rural property with the much higher duty—things such as stock, plant and machinery. In the Commonwealth estate duty legislation, rural property is defined as land, animals or farm produce, plant, machinery, goods and articles that were on the farm and held for the business of primary production at the time of the death of the deceased. My amendment enables the Government to carry out the promise it has made to the people of the State.

The Hon. A. J. SHARD: The exclusion of stock and plant is such a considerable concession that it cannot be accepted by the Government.

The Hon. R. C. DeGARIS: Does the Chief Secretary realize that the Bill contains no concessions for primary producers? This is the whole crux of the amendment. If he disagrees with me, and if my figures are wrong, I should like him to tell me what the position is. If what he said in his reply to the second reading debate is true, namely, that there is a reduction in duty where primary producing property is concerned, I am prepared to withdraw my amendment.

The Hon. A. J. SHARD: I disagree that there is no concession in the Bill. I believe that my statements of this afternoon were true, and I will not debate the position.

The Hon. R. C. DeGARIS: If I could prove to the Chief Secretary that his statement was wrong, would he accept my amendment?

The Hon. A. J. Shard: No.

The Hon. T. M. CASEY: There are many concessions for the small and for the moderate estates, particularly in the primary-producing areas. No doubt, many primary producers are almost on the breadline, but these are the people who will gain considerable concessions as a result of this Bill. However, what the Bill will not do is give concessions to the larger estates. One might accuse the Government of falsifying the position of the larger estates which, under the Bill, will be hit much harder than they are hit under the Act; but this is taking place in all forms of taxation today. Large estate owners have the ability to pay the higher tax and it will be from them that this extra money will be extracted. Members talk about the aggregation of life insurance policies and all the rest of it, but I say that that does not hurt all that much. It may mean that in some cases the beneficiaries will get slightly less than they would have had otherwise.

I am getting sick and tired of hearing about primary producers. The small and medium-size primary producers are the people we are trying to help, and if we do not help them there will be a big exodus from the land. This in turn will affect the country towns. Is that what honourable members opposite want? Several hundred farmers in South Australia today are thinking very seriously about leaving their properties.

The Hon. R. C. DeGaris: I agree with that.

The Hon. T. M. CASEY: They are the people we want to help.

The Hon. Sir Arthur Rymill: But you are not doing so.

The Hon. T. M. CASEY: Yes, we are; these people are being helped under this Bill. All the experts I have spoken to have told me that what is proposed under this Bill helps the small and medium-size farmer.

The Hon. Sir Arthur Rymill: You should go and ask the executor companies about that.

The Hon. T. M. CASEY: They are not afraid to extract their pound of flesh. I could tell the honourable member something about executor companies.

The Hon. Sir Arthur Rymill: You haven't known what you have been talking about during the entire debate, and you have proved that by your last remark.

The Hon. T. M. CASEY: I could talk to the honourable member in private about that.

The Hon. Sir Arthur Rymill: That is what you want to do, because you won't bring it out in public.

The Hon. T. M. CASEY: I am quite prepared to do that. However, I do not want to join issue with the honourable member on that matter at this stage, particularly as the hour is late and we want to get this Bill through. The Government's aim is to extract money from the people who have the ability to pay, because that is the only source from which we can get money today. If we want money to pay for all the services of the State, we have to get it from somewhere. I believe that the people who could be considered to be very well off indeed should not quibble about some of the points in this Bill. Indeed, they will not be here to pass a comment on it because they will be deceased. I can remember a lawyer telling an elderly gentleman that he had better make a will because he was dying. That elderly person said, "If that is the case, I am not going to die." We are all going to die at some stage or another, and we will not be here to complain about how our property is disposed of. By this Bill we are giving concessions to people who really need them, and that is why the Government is opposing many of the amendments, which aim to help not only the small people but the big people as well. No Government could accept that.

The Hon. G. J. Gilfillan: What is a big succession?

The Hon. T. M. CASEY: Under the Leader's last amendment, the concession to quite large estates would be quite disproportionate. Members opposite are claiming that they are moving amendments to protect primary industry, but under these amendments the bulk of these concessions would be to the big estates.

The Hon. R. C. DeGaris: Which amendment does that? The one dealing with tenants in common?

The Hon. T. M. CASEY: Yes.

The Hon. R. C. DeGaris: You say that that helps the bigger estates.

The Hon. T. M. CASEY: Yes, without any doubt.

The Hon. Sir Arthur Rymill: You are just talking at random.

The Hon. T. M. CASEY: No, I am not. I want to protect the primary producer just as much as does anyone else in this Chamber, but I want to see everybody get a fair go. Under this Bill, the small and medium-size estate is protected. This means that the larger estates will have to pay more.

The Hon. R. C. DeGARIS: I do not think the Minister of Agriculture has convinced anyone. Indeed, he has almost convinced me that I should vote against the Bill. I do not think the Minister knows anything about this Bill at all. I instance the case of a widow who inherited from her deceased husband an estate worth $97,000, in respect of which $32,000 was owing to the Lands Department and to the bank. If I asked the Minister to work out the duty on this estate, he could not do it.

The Hon. Sir Arthur Rymill: He couldn't give you a clue about it.

The Hon. R. C. DeGARIS: No. I know this particular estate well. A person and his wife went on to a block 18 years ago. They worked hard, and they lived in a pretty poor house which had no electric light or any other conveniences. After 18 years the husband died; the wife inherited a life interest in the property, and the balance went to the son when he turned 21. I suppose the Minister will tell me that that estate (the property is valued at $97,000) is a very big one that should be taxed more heavily than it is at present.

The Hon. A. M. Whyte: Is this the value of stock and plant, too?

The Hon. R. C. DeGARIS: Yes, everything. They had built it up over 18 years of hard work as husband and wife. I ask the Minister of Agriculture, does the Bill before us reduce the impact of taxation on that property? I know the answer. Let me follow this through. This person died, and in the estate the wife's life interest was the basic wage for the rest of her life, with the balance of the property going to the son. They borrowed money to pay duty of $17,000, Commonwealth and State, which increased the liabilities to almost $50,000, but due to the fall in land prices the property is now valued at $60,000 and the widow is bankrupt, after spending the whole of her life on that farm.

She told her son she could not continue on the property because he was then, after 20 years, in the position from which she and her husband started on the place. The property cannot support them both. After 20 years she left to go out to work. She renounced her inheritance, telling the son that

he could not pay her the basic wage. She found, however, that she incurred gift duty by giving back to the estate, which had nothing, her inheritance. Gift duty amounted to $4,000 —and the Minister of Agriculture tells me this property has got to stand more duty.

To say, as the second reading explanation does, and as the Minister of Agriculture does, that the Government is protecting small farming properties with increased rebates and duties up to $200,000, is complete balderdash. It is not in this Bill, never was in this Bill, and the amendment we are moving brings the position back to something the Government promised the people of South Australia.

Suggested amendment carried.

The Hon. R. C. DeGARIS: I move:

To strike out new section 55f; in new section 55g to strike out "and section 55f of this Act"; in new section 55h to strike out all words after "deceased person" and insert "no duty shall be payable under this Act in respect of the first twelve thousand dollars"; and in new section 55i to strike out all words after "deceased person" and insert "no duty shall be payable under this Act in respect of the first six thousand dollars".

This does not deal with primary production. It deals with a change in concept. In the second reading explanation we see constantly used the word "exemption". I quote:

The design of the Bill is to raise the primary exemption from duty for widows and children under 21 years of age from $9,000 to $12,000. It provides a new exemption.

And so it goes on. I submit there is no exemption in this Bill at all. The original concept in the present Act is to provide exemption for widows up to $9,000, an exemption for descendants and the widower up to $4,000, but there is an exemption. In the Bill before us it is not an exemption, but a rebate of duty. It works as a proportion of the duty payable.

The difference in this is that under the present Act the exemption is removed from this estate as duty free and the balance is taxed. In this Bill it means that the rebate is a rebate of duty which has been determined using the top rate of the scale. For example, in an estate of, say, $30,000 we do not take off $12,000 and tax $18,000; we take a proportion of the duty assessed at the rate applying for $30,000. There is no increase at all from $9,000 to $12,000 as an exemption. Indeed, in some of the calculations I have done I have found that in some estates of $12,000 the rebate is worth less than the $9,000 exemption in the present Act.

This is the application of this new procedure and I object to the statement that there is an exemption for widows, and exemption from tax of $12,000. There is no exemption. In many cases the existing rebate is worth less than if the exemption were at $9,000. This amendment seeks to raise an exemption from $9,000 to $12,000 as if it is an exemption and not taxable.

The Hon. A. J. SHARD: These amendments are opposed. They alter the whole basis of rebate provided for in the Bill. The new amendments extend exemptions and benefits far beyond what the Government has proposed. The effect is to give a far greater benefit to a bigger succession than to a limited one. The benefit to a widow with a small succession of $12,000 would be (at 15 per cent) $1,800. The benefit to a widow with a succession of over $200,000 would be $4,800, or nearly three times as much.

The Committee divided on the suggested amendments:

Ayes (13)—The Hons. Jessie Cooper, M. B. Dawkins, R. C. DeGaris (teller), R. A. Geddes, G. J. Gilfillan, L. R. Hart, C. M. Hill, Sir Norman Jude, F. J. Potter, E. K. Russack, Sir Arthur Rymill, V. G. Springett, and A. M. Whyte.

Noes (4)—The Hons. D. H. L. Banfield, T. M. Casey, A. F. Kneebone, and A. J. Shard (teller).

Majority of 9 for the Ayes.

Suggested amendments thus carried.

The Hon. R. C. DeGARIS: I move:

In new section 55j to strike out "land used for primary production" and insert "rural property".

"Rural property" is defined by the previous amendment.

Suggested amendment carried.

The Hon. R. C. DeGARIS: I move:

In new section 55j (*a*) to strike out "two-fifths" and insert "three-fifths".

We have had a considerable debate on what the Government has promised to do for the rural industries. This amendment amends the Bill so that it will do what the Government has promised; it does no more than that. In his second reading explanation, the Chief Secretary said:

The proposal now is to reduce the value of primary-producing land passing to the immediate family of the deceased by 40 per cent instead of 30 per cent for properties having a net value up to $40,000. For properties of greater value the increased benefit will tend to be less, and at $200,000 and over the concession will be as in the present Act.

It was pointed out several times in the second reading debate that the Bill does not do that: in fact, the increased rural rebate disappears at

$80,000. My amendment rectifies the position.

The Committee divided on the suggested amendment:

Ayes (13)—The Hons. Jessie Cooper, M. B. Dawkins, R. C. DeGaris (teller), R. A. Geddes, G. J. Gilfillan, L. R. Hart, C. M. Hill, Sir Norman Jude, F. J. Potter, E. K. Russack, Sir Arthur Rymill, V. G. Springett, and A. M. Whyte.

Noes (4)—The Hons. D. H. L. Banfield, T. M. Casey, A. F. Kneebone, and A. J. Shard (teller).

Majority of 9 for the Ayes.

Suggested amendment thus carried.

The CHAIRMAN: There are several consequential amendments that I presume are on honourable members' files.

The Hon. R. C. DeGARIS moved:

In new section 55j (*b*) to strike out "one-tenth" and insert "one-twentieth"; in new section 55k (1) to strike out "land used for primary production" and insert "rural property"; in new section 55k (2) to strike out "land used for primary production" and insert "rural property"; in new section 55k (3) to strike out "land used for primary production" and insert "rural property"; in new section 55k (3) to strike out "land" second occurring and insert "property"; in new section 55k (4) to strike out "land used for primary production" and insert "rural property"; in new section 551 to strike out "land used for primary production" and insert "rural property"; in new section 551 (*a*) to strike out "land" first occurring and insert "rural property"; in new section 551 (*a*) to strike out "land" second occurring and insert "property"; and in new section 55n (1) to strike out "land used for primary production" and insert "rural property".

Suggested amendments carried; clause as amended passed.

Remaining clauses (32 to 38) and title passed.

Bill reported with amendments. Committee's report adopted.

The Hon. A. J. SHARD (Chief Secretary) moved:

That Standing Orders be so far suspended as to enable the Bill to pass through its remaining stages without delay.

The Council divided on the motion:

Ayes (4)—The Hons. D. H. L. Banfield, T. M. Casey, A. F. Kneebone, and A. J. Shard (teller).

Noes (14)—The Hons. Jessie Cooper, M. B. Dawkins, R. C. DeGaris (teller), R. A. Geddes, G. J. Gilfillan, L. R. Hart, C. M. Hill, Sir Norman Jude, H. K. Kemp, F. J. Potter, E. K. Russack, Sir Arthur Rymill, V. G. Springett, and A. M. Whyte.

Majority of 10 for the Noes.

Motion thus negatived.

The Hon. A. J. SHARD moved:

That Standing Orders be so far suspended as to enable the proceedings on this Bill after the report stage to be declared null and void and the third reading to be taken on motion.

Motion carried.

The Hon. A. J. SHARD moved:

That the third reading of this Bill be taken on motion.

Motion carried.

CITRUS INDUSTRY ORGANIZATION ACT AMENDMENT BILL

Returned from the House of Assembly with an amendment.

Consideration in Committee.

The CHAIRMAN: The message concerns a clause in the Bill that was inserted in erased type. It was a money clause, and it has been inserted in the Bill by the other place. It is merely a matter of the Committee agreeing to the amendment.

Amendment agreed to.

MARINE ACT AMENDMENT BILL

Received from the House of Assembly and read a first time.

The Hon. T. M. CASEY (Minister of Agriculture): I move:

That this Bill be now read a second time.

It is designed to overcome a number of problems that have arisen in the administration of the Marine Act. The Bill extends the definition of "vessel" to include hovercraft and other air-cushion vehicles that traverse any navigable waters within or adjacent to the State. It seems highly desirable that these craft, while engaged in navigation, should be subject to the rules of navigation and the other provisions of the Marine Act relative to safety at sea and investigation into casualties, incompetency and misconduct. The department has experienced some difficulty in connection with the survey of fishing vessels. Occasionally a new vessel is built and, on application being made for a certificate of survey, the design is found to be deficient in certain respects. It is felt that needless trouble and expense could be saved if the plans of the proposed vessel were first submitted to the department for approval. Accordingly, the Bill empowers the Governor to require, by regulation, that plans of a proposed fishing vessel be submitted to the Director for approval before construction is commenced. The Bill also tightens the provisions of the principal Act relating to survey. It has been found that, in some instances, unsuitable craft have been employed to carry excessive numbers

of passengers, with inadequate safety precautions. Sometimes the ship falls outside the provisions of section 69 of the principal Act because there is no direct consideration in respect of the carriage of an individual passenger. It may be included in a "package deal" covering a complete holiday. The Bill therefore provides that a ship is liable to survey if it is used for the conveyance of passengers for hire or reward or any other direct or indirect consideration.

The provisions of the Bill are as follows. Clause 1 is formal. Clause 2 suspends the operation of the Bill until the signification of Her Majesty's pleasure thereon. This suspension is required under the Merchant Shipping Act of the United Kingdom. Clause 3 makes a formal amendment to the principal Act. Clause 4 amends the definition of "vessel" by including hovercraft and other air-cushion vehicles that are used in navigation. Clauses 5, 6 and 7 make drafting amendments to the principal Act. Clause 8 enables regulations to be made requiring that plans of proposed fishing vessels be submitted for approval. It also increases the maximum fine that may be prescribed for breach of the provisions relating to fishing vessels to $500. Clause 9 amends section 69 of the principal Act. The amendment provides that any ship used for the conveyance of passengers for hire or reward or any other direct or indirect consideration shall be subject to annual survey. Clause 10 increases to three months the period for which the Minister may extend a certificate of survey.

The Hon. C. M. HILL secured the adjournment of the debate.

GROUP LAUNDRY

The PRESIDENT laid on the table the report by the Parliamentary Standing Committee on Public Works, together with minutes of evidence, on Expansion of Group Laundry and Central Linen Service, Dudley Park.

EIGHT MILE CREEK SETTLEMENT (DRAINAGE MAINTENANCE) ACT AMENDMENT BILL

Adjourned debate on second reading.

(Continued from December 1. Page 3183.)

The Hon. H. K. KEMP (Southern): It is fair that I should put forward the very difficult position of so many settlers in the South-East, and I appeal to the Government not to rush this measure through until all of the implications in the Bill have been carefully examined. The Eight Mile Creek area is a tremendously interesting one. Only a comparatively short time ago it was peat swamp and completely inpenetrable, and it was turned into, we thought, very rich peat swamp dairy farms. The people who are established there are very small farmers. We had no idea, from any experience in South Australia before, how the land would improve when it was turned into production from its original state.

Also, there has been the usual tale of success and very dismal failure, because some of that area is unimaginably rich while another part of it, because the water has been taken away, is terribly poor. As it is unprotected with water, the peat is receding and leaving behind it bare limestone. All of this area was built into very small blocks of minimal area, and the men who have been on one-man dairy farms have not been in any rich area of marketing: they are one-man dairy farms on a manufacturing licence.

I do not think I need say any more than that to make members realize that this is an area of difficulty. The whole of the drained area of the South-East is in a very difficult position indeed. Much of the South-East could not have been brought into production if these drains, which have cost us so much, had not been put through, because the simple fact is that there was enough surplus water lying around to turn the land into swamp land which was not fertile. However, in turning what looked like very rich land into productive land and taking the water from it, there have been most unexpected results.

This land, which seemed to be unimaginably richly supplied with water, needs irrigation today, and it seems that there is not sufficient contributing rainfall to sustain that irrigation. We think of the South-East as very lush country which is well-watered naturally, but the simple truth is that the 30in. rainfall line falls just to the north of Mount Gambier and the 25in. rainfall line falls just north of Naracoorte. Above that, the rainfall drops away to what we once called the 90-mile desert.

Most of the crops that we grow in agriculture today, particularly those attaching to our pastoral land, use 30in. or more of water to sustain full yield. This means, in effect, that there is no longer any great surplus of water in the South-East to build the water tables, and there is in the long term great doubt whether we will be able to sustain the levels of production in such areas as Eight Mile Creek and the areas north of that that have been developed so greatly in the last few years.

There is grave doubt whether there are the resources of water in the South-East which we have been led to believe are there and which people are attempting to develop. From what we have observed in the last few years, there is no doubt whatever that once the drains have taken the accumulated water away from the surface they have fulfilled their function. As soon as there has been enough storage area left below the surface of the soil to take the accumulated surplus of two or three years of unexpectedly heavy rainfall, those drains have stopped running. Miles and miles of huge drains that have been excavated down there are today almost completely dry and no longer run.

All of this area that has been drained in the South-East (and Eight Mile Creek is included in it) is charged with a rate to amortize the original drain installation and, in addition, a maintenance rate. This latter rate is used to meet the cost of keeping the drains clean and effective and working and must be used in the future to replace all the bridges and all the workings that are attached to the drains.

The point is that this country is, in the main, over-drained and the functions of these drains are finished. In any other part of Australia the drainage of the country occurs as a natural phenomenon and the cost of running roads through is not loaded on the landholder. However, because of the peculiar circumstances in the South-East where, to get the country into production, we had to build drains, the landholder had the benefit of having country which was useless put into production as a result of the drains being installed. However, he is now loaded with the cost in perpetuity of maintaining and replacing all the bridges and the attached earthworks, while costs are rising all the time. Yet the simple fact is that at this stage those drains, in continuing to function, are damaging the land, in many cases irreparably.

About 18 months or two years ago I attended a meeting in the South-Eastern area with the people who are involved in this very difficult question, and at that meeting those people were promised that the whole question of drainage rates and maintenance rates would be looked at and considered and a reasonable solution found. Also at that meeting was an officer representing the people who administer these rates. It was made obvious then that under the present legislation these rates would inevitably escalate rapidly in the future.

I heard at that meeting one of the most urgent and dramatic statements that I have ever heard put forward by a landowner. It came from the body of the hall, and was directed to the then Minister of Lands. After all the explanation of how the rates had to be increased, had to be met, and had to be paid, we heard the comment, "Mr. Minister, you are our landlord, you know our financial position, and you know that whatever are these rates, we cannot pay them." The Minister had to agree.

That is the position of these people in the South-East in practically the whole of the drainage area. The drainage rates loaded on to them just cannot be paid. In most of this country there is not sufficient income to pay drainage rates at all and to sustain the costs against them. I do not doubt that this is true; I am not being over-dramatic. There is no possibility of drainage rates being paid in a large proportion of the area under drainage in the South-East.

Apart from this, the longer these drains function the more damage is being done to the land. A great part of the South-East is now over-drained. There is no water running out of these drains. There are a few of them delivering water, but the great majority of the drained area has no need for drainage, and the longer the drains remain open the greater will be the damage done.

The Hon. T. M. Casey: Don't you think that without drains they could never be in the state of production they are in today?

The Hon. H. K. KEMP: They could never have been brought into production without drainage, but they have been drained and now the land is being damaged. This does not arise through anyone's fault, but chiefly because we just did not know, and that is all. The people in the South-East are loaded with costs, amortizing the costs of these drains, also paying maintenance rates and replacing bridges, and they simply cannot pay what is loaded on to them by law.

I ask that the Government allow this Bill to remain on the Notice Paper until we can find out more about the position. Relief was promised years ago from this impossible position, and nothing has been done. The provisions of this Bill really put the boots in. In the past, overdue rates have gone on to the ratepayer's account and he has been charged 5 per cent as they accumulate. In some cases rates have not been paid for years. Under the provisions of this Bill the charge is to be 10 per cent. This is iniqitous. This is really

kicking a man when he is down. We should not go further with this matter until we have had a chance to ask the people in the area what they can sustain.

The Hon. M. B. DAWKINS (Midland): The area of Eight Mile Creek is a long way from my district, but I have had a nodding acquaintance with it for some years and some further contact as a result of my association with the Land Settlement Committee. I endorse, in the main, the comments of my colleague the Hon. Mr. Kemp, who has a much closer relationship with the South-East—as has also the Hon. Mr. DeGaris—than I. I know some of the problems of the settlers. I know, too, that the Minister of Agriculture is not unfamiliar with these problems because for a time he was closely associated with the same committee. I was interested to hear the Hon. Mr. Kemp say that some properties would be overdrained, and I would be inclined to agree. With my relatively limited knowledge of this area I would have hesitated to express that opinion, although that thought was certainly much more than at the back of my mind before this. I have been in the area on several occasions and seen the effects of what appears to me to be overdrainage. I agree with the Minister who, by way of interjection, suggested if it were not for the drains these areas would not have been developed and there would not be such production, but I think we have reached the stage, in some areas at least—although I am told there are other areas coming up for review that need drainage—where there is a certain amount of overdrainage.

Some little time ago the Land Settlement Committee took very considerable evidence not very far from the Eight Mile Creek area. I was struck by the very small minority of settlers who really needed drainage, and that minority seemed to be in any case in areas where one would wonder that the properties could be an economic success because of the amount of water and the low-lying nature of their area. I support the Bill in general. I join with Mr. Kemp in regretting the provisions of clause 9, which doubles the interest on overdue rates.

The Hon. A. F. Kneebone: I can give an explanation of that.

The Hon. M. B. DAWKINS: I will be interested to hear the Minister's explanation. Previous speakers have drawn attention to the high costs in the area, and some settlers are working under very considerable difficulties. Admittedly, in some places there has been considerable success and the properties are in good heart; in other places the difficulties are great. Unfortunately, this impost, which is provided for in clause 9, will fall upon people in great difficulty. I would agree with the honourable gentleman in suggesting that the Government might well consider holding over this Bill until February so that we can look further at the matter—not in the circumstances of the present, when we are perhaps tempted to rush things through without sufficient consideration. At this stage I support the second reading.

The Hon. L. R. HART (Midland): It has been suggested that many areas of the South-East would not have been brought into production had it not been for the construction of the drains to take away the surplus water. This is true in some cases. It was true when the drains were first built, but since that time we have come a long way with the development of pastures. Today many pastures will survive for long periods under water. People who go to the South-East sometimes see an area under water for two or three months, and think it a terrible situation which should never be permitted. They think a drain should be put in to take the water from those areas. However, once an area does dry up through evaporation or other causes pasture will grow on it for the remainder of the year.

The same people could go into the North and see areas totally bare for two or three months of the year, but nobody seems to take any notice of that. For the remaining months of the year the same areas in the North do not produce very much. In the past there has been a certain amount of panic about the construction of drains in the South-East.

The Hon. M. B. Dawkins: That would be so.

The Hon. L. R. HART: Admittedly, there may be some areas that should have been drained, but the whole problem we face today in this opposition to the drains comes from the fact that the drains that these serve areas have to go through other areas to convey the water to the point of discharge, and it is the draining through these other areas that is causing most of the trouble today. Not only are these other areas being rendered less effective grazing land by the draining but those people are also required to pay drainage rates. They did not ask for the drains in the first place: in fact, some of them opposed the bulding of the drains through their areas but eventually the Government acquired the land over which the drains were to be built, and put them through.

If we go to the South-East, we see areas where today people are forced to irrigate because of excessive drainage. Before the building of these drains, irrigation was not necessary. I have a lot of sympathy with those people who have the drains going through their area and who did not ask for them in the first place, for today they are required to pay drainage rates. They have enough economic problems as it is without this imposition of a drainage rate upon them. We must look closely at the future requirements of drainage in the South-East, particularly in its application to certain areas.

I have travelled through the South-East a great deal over the years (in fact, I was electioneering, not on my own behalf but for a candidate in the South-East) and have found out what the people in the South-East think about the drains and the drainage rates. Many people there are not supporters of mine or my Party. It is not a matter of politics: it is a question of what is needed for the betterment of the area and the settlers there. These remarks are necessary because there are some people in the South-East who did not ask for the drainage in the first place.

The Hon. R. C. DeGARIS (Leader of the Opposition): I could speak for three hours on this matter, but I shall be brief. The comments of honourable members on this Bill have been interesting. I make two points. The first is that I know the Eight Mile Creek area very well. I knew it long before the drains came into it and I have known it ever since. I suggest to the Minister that, in looking at this problem of the Eight Mile Creek, he consider handing over the responsibility for the maintenance of the drains there to the local council. I am sure that would give great satisfaction to the settlers in that area and would also save them money. I do not know the present cost of maintaining the drains in the Eight Mile Creek area, but comparing that area with the Millicent and Tantanoola district, which is much greater in area and has more drains, the difference in cost of maintenance would be staggering. I make that point now in the hope that the Minister may like to examine it. I think there is a strong case for that to be done.

It is difficult to maintain the drains with the plant and staff permanently there, but most of the Tantanoola and Millicent district is maintained by the council as part of its normal work, and the council itself imposes rates for maintenance of the drains. I commend to the Minister the possibility of looking at this as a means of saving taxpayers money and maintaining the drains for the settlers at a lower cost.

The Hon. C. M. Hill: You had better be careful: the Minister's department is sensitive to criticism!

The Hon. R. C. DeGARIS: I am not referring to the department; I am not being critical of the department but I am saying that I believe there is a cheaper and more efficient way of maintaining drains than at present. Secondly, I am sorry that the interest rate on overdue accounts for drainage rates is being raised from 5 per cent to 10 per cent. I do not know what the people in the Eight Mile Creek area think about their drainage rates (perhaps the Minister can tell me about that) but it appears to be a rather stiff penalty, although I appreciate it is bringing the position into line with that under the Crown Lands Act. However, I am disappointed that the interest rate is being increased to 10 per cent, because I know the battle that the people at Eight Mile Creek have had and are having. It is not easy country to live on. Most of the people there are on very small properties, milking probably between 60 and 70 cows on a cheese-making basis. It is hard going. However, the Government has made its decision and I do not intend to try to interfere with it. It is an inopportune time to raise the interest rate on overdue payments of drainage rates in that area.

The Hon. A. F. KNEEBONE (Minister of Lands): This small Bill has been introduced for several reasons, having regard to the Valuation Department and the procedures in valuation. The Hon. Mr. Kemp went all round the South-East talking about drainage, but this small Bill refers only to Eight Mile Creek. I agree with him that the drainage of the whole of the South-East needs to be looked at; it is being looked at. The honourable member who took the opportunity to debate South-East drainage in general will have an opportunity, I hope, when this session resumes next year, to do so, because we are looking at the charges in regard to drainage in the South-East. A committee was set up in our time to report on the matter.

The Hon. H. K. Kemp: That was over three years ago.

The Hon. A. F. KNEEBONE: It is not as simple as the honourable member tries to make out.

The Hon. H. K. Kemp: I am not blaming your Government at all.

The Hon. A. F. KNEEBONE: I do not agree with what the honourable member has said.

The opportunity will be given after the Christmas recess for honourable members to deal fully with South-Eastern drainage.

Clause 9 of the Bill amends section 13 of the principal Act to increase from 5 per cent to 10 per cent per annum the rate of interest chargeable on rates not paid within 30 days from the time they become recoverable. The reason for this amendment, as I said during the second reading explanation, is to bring the charge into line with that in section 58 of the Crown Lands Act—namely, interest on arrears at 10 per cent per annum. That rate was increased from 5 per cent per annum in 1968. I think the amending Act in 1968 was Act No. 45, section 12 (*b*). Although I have not read *Hansard* closely, I do not think there was any real objection to it at that time. The previous Government increased the rate of interest.

The proposed increase will also bring the charge on overdue commitments into line with the Pastoral Act and the Land Tax Act. The need for this measure was overlooked by the previous Government in 1968. The purpose of the proposed increase is to place the department in a more reasonable position in ensuring early recovery of the rates. Rates of interest charged by banks and stock firms—in excess of 8 per cent per annum in some cases—do not encourage ratepayers to obtain funds to meet this commitment promptly. Consequently, the ratepayer allows his commitment to fall into arrear at a charge of 5 per cent per annum rather than obtain funds at a higher rate to pay the department. It is important from the budgeting standpoint that the Crown dues be met promptly, as the Government is committed to the expenditure necessary to maintain the Eight Mile Creek drainage system. If Government revenues are not received, the Government itself has no option but to borrow to meet its budgeted commitments.

Bill read a second time.

In Committee.

Clauses 1 and 2 passed.

Clause 3—"Valuation."

The Hon. H. K. KEMP: The remarks made by the Minister when he replied to the second reading debate deeply disturbed me. He said that inherently behind this Bill was an increase in drainage rates, but we have no mention of an increase here at all: it is a revaluation. Can the Minister explain what is in front of these people? Will they be faced with a steep increase in their drainage rates?

The Hon. A. F. KNEEBONE (Minister of Lands): I advise the honourable member to listen to what I say. If he reads *Hansard* tomorrow he will see that I made no mention of an increase in drainage rates. I said that the overall matter of South-Eastern drainage was being reviewed. I repeat that I said nothing about any increase in South-Eastern drainage rates.

The Hon. H. K. KEMP: If I misheard the Minister I apologize. However, if there was not a statement, there was an implication that drainage rates would be increased.

The Hon. A. F. KNEEBONE: I deeply resent that. If the honourable member is doing this for political purposes so that there will be a press report about an increase in drainage rates, I ask him to withdraw his statement.

The Hon. H. K. KEMP: If the record is there, I will withdraw it; however, if the record is not there, I will not withdraw it.

The CHAIRMAN: Will the honourable member withdraw his remark?

The Hon. H. K. KEMP: No, Sir.

The Hon. A. F. KNEEBONE: The honourable member said that, if I did not say it, I implied that there would be an increase in drainage rates in the South-East. However, I made no reference to an increase in drainage rates, nor did I imply it. I referred to the Eight Mile Creek settlement and said that there would be an increase in the interest rate payable when the rates were not paid within 30 days of the required time. So, the honourable member is completely wrong. If he cannot listen any more closely than that, he had better read *Hansard;* he will find there that I did not say there would be an increase in drainage rates.

The Hon. R. C. DeGARIS: Clause 3(*b*) provides:

> The board shall, not less than one month before the commencement of each rating period, make and lodge with the Director or cause to be made and lodged with the Director, a valuation of the unimproved value of the land comprised in each holding within the area.

Can the Minister say whether a new principle is being adopted in relation to assessments for drainage purposes? As I understand it, the present situation is that the improvement made to the land because of drainage is assessed and a rate is struck on that improved value. I have always argued that, once that assessment has been made at the time the drains were put in, it cannot logically be altered. To make the assessment of benefit, an assessor has to see the land before drainage and then see it after

drainage, and he must assess the improvement created by the drainage. The assessment can then be made. If one is assessing the unimproved value of the land and making that assessment before each rating period, one will have a changing value on which the rate can be levied. Can the Minister say whether this is a change in principle, where the unimproved value of the land is being used instead of the benefit derived from drainage (as has been done up to the present)?

The Hon. A. F. KNEEBONE: I think the Leader is getting mixed up with betterment under the South-Eastern Drainage Act.

The Hon. R. C. DeGaris: Betterment is used in both.

The Hon. A. F. KNEEBONE: There is no alteration in the system that previously existed: the only difference is that the duty of assessing the unimproved value for the purpose of levying rates will be carried out by the Valuer-General.

The Hon. R. C. DeGARIS: Has it always been the case in the Eight Mile Creek area that the unimproved value of land has been used for maintenance purposes?

The Hon. A. F. KNEEBONE: Only one alteration has been made to the clause, namely, "or cause" has been included.

The Hon. R. C. DeGaris: That land value is assessed on unimproved value now.

The Hon. A. F. KNEEBONE: I ask that further consideration of this clause be deferred.

Consideration of clause 3 deferred.

Clauses 4 to 8 passed.

Clause 9—"Interest to be added to overdue rates."

The Hon. H. K. KEMP: This clause should be struck out. Although I realize that it would bring the Act into line with so many other Acts, the people in this area cannot carry any additional financial burden, except in rare cases. To double the penalty rate as soon as these people fall behind in their rates would be iniquitous. These people do not fall behind in their rates unless they are in grave financial difficulties. The expenditure on the whole of this area was carried out under the war service repatriation scheme, the money for which was provided by the Commonwealth Government and on which no interest was paid. The rates are for amortization and maintenance. The maintenance could better be done if it were carried out by the settlers themselves or by the council.

The Hon. A. F. KNEEBONE: I have given the reasons why this clause is necessary. Regarding whether the council should take over the maintenance in this area, as this would be cheaper, I shall look into this matter.

Clause passed.

Clause 3—"Valuation"—reconsidered.

The Hon. R. C. DeGARIS: I have checked this matter and am satisfied that the clause should be passed.

The Hon. C. M. HILL: On two occasions today the Minister has mentioned the Valuer-General, but who is he? The Government must have made such an appointment and, if it has, I should like to know who he is. About two years ago, pressure was brought to bear to appoint such a person; this was resisted by the Government of the day because it knew, as a result of practices in other States, what happens to a departmental empire when a Valuer-General is appointed. However, a Valuation Department and a Chief Valuer were appointed, and this was a satisfactory arrangement from everyone's point of view. Has the Government elevated the Chief Government Valuer to the office of Valuer-General? If it has, will the Minister tell me the name of the gentleman?

The Hon. A. F. KNEEBONE: I am unable to name the Valuer-General. As the Bill has been prepared by the Parliamentary Draftsman—

The Hon. C. M. Hill: On instructions from your department.

The Hon. A. F. KNEEBONE: The Bill was prepared by the Parliamentary Draftsman.

The Hon. C. M. Hill: Don't blame him. What about going back to your department?

The Hon. A. F. KNEEBONE: The honourable member seems to have a grudge against my department. I do not know whether that is a personal grudge, but he seems to have a very strong objection to the Lands Department, and I wonder what is behind his grudge against that department.

The Hon. C. M. HILL: I take umbrage at the suggestion and accusation that I have a grudge against any person or department. As I have said before, I have the highest admiration for officers of the Lands Department, and I have no reason at all to criticize them as individual officers. My complaint against the Lands Department is against the whole system of the department, which needs a thorough investigation. I repeat that my criticism is not against any officer of the Lands Department. However, in the whole network of the Public Service, the Lands Department is the department which I believe should be subject to inquiry, and I think that if it were subject to inquiry about 50 per cent of the officers now

employed in the department would be redundant and would gradually, over a period of time, be given other positions in the Public Service.

I am not in any way suggesting that there should be retrenchments of any kind. However, I think a great deal of improvement to the whole social life of South Australia, especially as it applies to the Upper Murray towns (where I believe the Lands Department is a restrictive influence as far as local government and the development of towns such as Berri and Barmera are concerned), would be improved. My complaint is against the system, and I hope that the Minister at some stage during his career will further consider this point and have a good look at this department. I offer no criticism at all of officers of the Lands Department.

The Hon. A. F. KNEEBONE: In an effort to pacify the honourable member, I point out that I have been informed by the Draftsman that the Valuer-General referred to in that context is actually the Chief Government Valuer.

Clause passed.

Title passed.

Bill read a third time and passed.

HARBORS ACT AMENDMENT BILL

Adjourned debate on second reading.

(Continued from December 2. Page 3261.)

The Hon. A. M. WHYTE (Northern): I see no reason why this important Bill should not be dealt with expeditiously, because there seems to be little controversial in it. It includes for the first time a definition of "hovercraft" and of other air-cushion vehicles. As a result of progress being made with these vehicles today, this provision seems necessary. A South Australian firm is among the leading designers of hovercraft, a vehicle which is becoming more and more prominent in transport in various countries of the world.

I read recently that Great Britain hoped to develop a hovercraft that would carry over 1,000 tons at a speed of 250 miles an hour. Such a craft could play a very important part in this State's transport. No doubt, we will soon see hovercraft among transport vehicles in this State. I am not sure whether it is spelled out in the Bill, but I hope that the Minister, when replying, will explain the position of a hovercraft and its pilot. For instance, will it need to have a pilot? I do not think it would be practicable for such a vehicle to have to pick up a pilot 10 miles out from a harbour. I sincerely hope that that would not be necessary.

Clause 3 amends the section that deals with vessels subject to compulsory pilotage. It provides that a ship of greater than the prescribed tonnage shall be required upon entering port to utilize the services of a pilot. I think the prescribed tonnage in the Act is 100 tons net, and we could quite easily find that a hovercraft could come within this category. In such an event, the Act could be amended again to cope with this. I do not know whether hovercraft would use our normal port facilities because, as I understand it, they are more inclined to use a beach than tie up to a wharf.

Clause 7 amends section 124 of the principal Act. This section deals with the liability of the owner or agent of a ship for damage done by the ship to property of the Minister. The amendment makes it clear that tortious liability for such damage is to be absolute unless the injury resulted from negligence attributable to the Minister. I should like some clarification of this. The clause says that either the shipping line or the Minister is liable for damage done to the wharves. However, I cannot see any provision relating to damage that is caused by a floating object (which does not belong to the Minister) to a ship, and I am not sure what the position is there. Perhaps the Minister could elaborate on this. I support the second reading.

The Hon. C. M. HILL (Central No. 2): My interest in the Bill centres around the clause dealing with hovercraft. Clause 2 strikes out the definition of "vessel" in section 43 and inserts in lieu thereof the following definition:

"vessel" means any kind of ship, boat or vessel used in navigation and includes a hovercraft or other air cushion vehicle that traverses any navigable waters within or adjacent to the State.

The use of the word "hovercraft" in our Statutes is rather regrettable, because the word "hovercraft" is actually a proprietary name. I understand that it has come from Great Britain where a firm uses that name for its products, and of course that means that when competitors are endeavouring to oppose the hovercraft machine they are at some disadvantage. However, I suppose that from the point of view of general usage throughout the world now the word "hovercraft" has become accepted. Nevertheless, this has been pointed out to me by a manufacturer of air-cushion

vehicles, and I think it is a point worth mentioning.

The Hon. Mr. Whyte referred to one firm, as I recall, that was producing these forms of craft in South Australia. It is rather interesting to see this under the definition of "vessel", because when we analyze the position we find that such a vehicle is quite unique, for it need not necessarily travel on water or land. In fact, it travels on air, although one could hardly call it an aircraft in the normal sense of the word.

In the Bill before us an endeavour is made to class this vehicle under a general definition of "vessel". I am informed that there is another form of craft which is not actually a hovercraft or an air-cushion vehicle but is what might be termed in a technical manner a service effect machine. These are aerodynamic devices which are not in the true sense air-cushion vehicles or hovercraft, and I think that this point ought to be looked into while we have the Bill before us.

If the Minister is endeavouring to encompass all these vehicles within this new legislation, they should all be included. I understand that at the university experimentation is taking place and that at least one craft has been produced which does not come within the definition in this legislation. It may be necessary for an amendment to be moved to include a further type of craft known as a service effect machine, and I should like the Minister to comment on this. It would not take very long in Committee for an amendment to be placed on file to cover that aspect.

The other thing that worries me is that if this Bill passes and these air-cushion vehicles become classed as vessels, it will mean, I take it, that they would then have to comply with all navigation requirements, one of which is the fitting and the carrying of proper navigation lights. A hovercraft moves sideways as well as forwards, and if legislation in this Parliament forced hovercraft to be fitted with normal navigation lights, a ship's captain at sea out in the gulf might see what he thought was either a port light or a starboard light coming directly towards him and, quite understandably, he would not know what kind of action to take to avoid a collision.

Therefore, obviously a different form of navigation lighting is necessary for hovercraft. I understand that this other form of lighting has already been taken care of in *Rules for the Avoidance of Collision*, which I believe were issued by the Commonwealth in May of this year. I believe that those rules have been perused and approved by the Transport Ministers from each State.

I can recall that some 18 months ago one of the manufacturers in this State contacted me, when I was Minister, and said he wanted to become involved in the production of such craft, and wanted to know to what specifications to build his craft so that they would be acceptable to buyers in this and in other States. This is only reasonable.

Efforts were made to reach uniformity with other States, and the question was on the agenda once or twice at the regular meetings of the Transport Ministers of the various States and the Commonwealth Minister for Shipping and Transport. Progress was made to the extent that some rules were issued, and one of those was that the standard light for a hovercraft was to be an amber flashing light.

If this is accepted as the standard navigation light one could well appreciate how the idea would appeal, because it would mean this form of lighting, different from other forms of navigation lights, would be an unusual and unique form of lighting designating a hovercraft, and at sea ships' captains would know this type of craft was in their vicinity and all the normal safety precautions would be taken.

The Hon. R. A. Geddes: Do you know whether the hovercraft have night-flying characteristics? They fly very close to the surface.

The Hon. C. M. HILL: They do not travel high above the surface, but I think basically they are used for ferry services, and if they are established here or elsewhere in Australia on ferry services across estuaries, rivers, or relatively calm and narrow straits, the operator of such a public service would work at night as well as in the day time.

It could well be that, ultimately, hovercraft will be accepted as the new proposed form of sea transport across Backstairs Passage. I realize that seas in that area become particularly rough, but there are some hovercraft in the world getting into the class of quite large vessels. The basic navigational light system must be known by the manufacturer and must be accepted throughout Australia. It is a point which must be investigated and I ask the Minister if, in his reply, he would say whether, if the Bill is passed in its present form, this will mean that manufacturers will have to put normal ships' navigation lights on these craft.

This would be entirely wrong, and contrary to a regulation already issued from the Commonwealth in May of this year. It must be

looked into, so that when this Bill passes from this Parliament it is a sensible and proper measure and cannot seriously be questioned.

I have one or two points to make in regard to those who manufacture hovercraft here, but at this point I ask leave to continue my remarks.

Leave granted; debate adjourned.

MINES AND WORKS INSPECTION ACT AMENDMENT BILL

The House of Assembly requested a conference, at which it would be represented by five managers, on the Legislative Council's amendments to which it had disagreed.

[*Midnight*]

ADJOURNMENT

The Hon. A. J. SHARD (Chief Secretary) moved:

That the Council at its rising do adjourn until Friday, December 4, at 2.15 p.m.

Motion carried.

At 12.1 a.m. the Council adjourned until Friday, December 4, at 2.15 p.m.