

Queensland



Parliamentary Debates
[Hansard]

Legislative Assembly

FRIDAY, 28 NOVEMBER 1975

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Mr. SPEAKER (Hon. J. E. H. Houghton, Redcliffe) read prayers and took the chair at 11 a.m.

ASSENT TO BILLS

Assent to the following Bills reported by Mr. Speaker:—

- Appropriation Bill (No. 2);
- Property Law Act Amendment Bill;
- Queensland Phosphate Limited Guarantee Bill;
- Insurance Acts Amendment Bill;
- Motor Vehicles Insurance Act Amendment Bill;
- Residential Tenancies Bill;
- Gift Duty Act Amendment Bill;
- Explosives Act Amendment Bill.

QUESTIONS UPON NOTICE

1. DEMOUNTABLE CLASSROOMS; MORAY-FIELD STATE SCHOOL

Mr. Frawley, pursuant to notice, asked the Minister for Works and Housing—

- (1) Are demountable buildings which are used as classrooms considered to be suitable for teaching purposes?
- (2) What is the exact size of the teaching area in these buildings?
- (3) Are they insulated and fitted out with light and power?
- (4) Why are they used instead of permanent buildings?

(5) Is it proposed to place one of these buildings at the Morayfield State School and, if so, what is the reason?

(6) As the chairman of the Morayfield State School Parents and Citizens' Association claims that there is plenty of money available for education, why cannot permanent buildings be erected at this school instead of temporary classrooms?

Answer:—

(1 to 6) The chairman of the Morayfield State School Parents and Citizens' Association could not be more on the wrong premise if he contends plenty of money is available for Education Capital Works. The honourable member is aware of the drastic cuts made by the Whitlam Government to Queensland in its loan fund and school commissions allocations for the 1975-1976 financial year. These drastic cuts, coupled with the Whitlam-inspired inflationary spiral, have eroded the ability of my Department of Works to build permanent classroom accommodation. However, the demountable or modular type building, which is to be provided at Morayfield State School, incorporates suitable teaching accommodation of two 7.2 m (24 ft.) by 7.2 m (24 ft.) classrooms lined with compressed asbestos cement sheeting. It is fitted with standard power and audio points to each room. This building will cater for increased enrolments anticipated for the commencement of the 1976 school year at this school.

2. POLLUTION OF BRISBANE RIVER

Mr. Dean, pursuant to notice, asked the Minister for Local Government and Main Roads—

(1) With reference to the report of a fish kill in the Brisbane River in recent weeks, have Water Quality Council officers taken samples for analysis?

(2) What was the result of the study?

Answers:—

(1) Several reports were received of dead fish in the river. Samples of water were taken for analysis and tests carried out at various places in the river. The fish observed were too decomposed for sampling but a suitable sample has since been obtained from a member of the Littoral Society.

(2) The tests in the river and the analysis of water samples did not disclose any cause of death. This is not conclusive, however, since tidal movements make it virtually impossible to obtain samples of water representing the location where the fish actually died. In the course of the regular river monitoring next week, samples of bottom mud will be obtained from various locations for analysis. The tests on the fish are not completed.

3. LEGAL STUDIES AT Q.I.T.

Mr. Melloy, pursuant to notice, asked the Minister for Justice and Attorney-General—

(1) When will a legal practice course similar to that introduced in South Australia be commenced at the Q.I.T.?

(2) Will all persons looking for articles in 1976 be able to find them in Queensland?

(3) Is there any proposal to add a legal workshop-type course to the proposed legal studies course at the Q.I.T.?

Answers:—

(1) The establishment of a course of practical training has been discussed by officials of the Law Society and the Queensland Institute of Technology. A detailed submission will be made shortly to the appropriate Commonwealth funding authority and the commencement of the course will depend upon the results of that submission.

(2) The question is too hypothetical to give a satisfactory answer. I can assure the honourable member that the Law Society of Queensland will make every endeavour to see that persons desiring articles of clerkship in 1976 are placed with solicitors who are prepared to accept such service.

(3) It was proposed to commence a School of Law at the Queensland Institute of Technology in 1976 but this has been delayed until 1977 because of the lack of Commonwealth funds. It is proposed that the course of practical training will be conducted within the School of Law.

4. CRIMINAL RESPONSIBILITY AND OFFENCES OF CHILDREN

Mr. Melloy, pursuant to notice, asked the Minister for Justice and Attorney-General—

(1) Has he seen the report of the Child Welfare Review Legislation Committee in New South Wales wherein it was recommended that the age of criminal responsibility for children be raised from 8 to 10 years because most people considered that children under 10 are incapable of committing a crime intentionally?

(2) Has his department given any consideration to raising the age in Queensland from 7 years to 10 years?

(3) With regard to the offence of carnal knowledge involving children, will he give consideration to the recommendation in the New South Wales report?

Answers:—

(1) I have not seen the report in question. I have seen a newspaper report in the "Australian" of 21 November 1975 of what appear to be recommendations by the committee.

(2) The position in Queensland is that no child under seven can be criminally responsible for any action. Children between the ages of seven and 14 are not criminally responsible for any act or omission unless it is proved that at the time of doing the act or making the omission such child had the capacity to know that he ought not to do the act or make the omission (section 29, Criminal Code). The responsibility of the child depends upon whether it is proved that he knows in effect the difference between right and wrong in respect of the particular act or omission. There could be some scope for extending the age of non-responsibility from seven to 10 years.

(3) The law with respect to carnal knowledge has been recently amended by the Criminal Code and Justices Act Amendment Act 1975. Consideration was at that time given to reducing the age of consent from 17 to 16 years. However, no change was made. Provision was made in the amending Act for an accused person to elect to be dealt with summarily instead of by indictment for certain offences of carnal knowledge.

5. TASK FORCE TO STUDY PROBLEMS OF RAPID SCHOOL EXPANSION

Mr. Wright, pursuant to notice, asked the Minister for Education and Cultural Activities—

In view of the problems that consistently arise in rapidly expanding schools which cause unnecessary stress and difficulties for principals, teachers, students and parents and citizens' associations, will he consider setting up a special task force, which will include the Queensland Council of State Schools, members of the Queensland Teachers' Union and personnel from the Co-ordinator-General, Works Department and Education Department, to consider ways and means of lessening these difficulties in existing problem areas and so enabling planning to take place to prevent, if possible, the continual occurrence of such situations?

Answer:—

Whilst I appreciate the fact that there are special difficulties of rapidly expanding schools serving fast-developing areas, I do not believe a task force as suggested would be practicable. Officers of my department, working at regional and head office levels with the co-operation of the bodies mentioned by the honourable member, are well able to consider ways of alleviating difficulties and to plan for the future.

6. REMEDIAL AND SPECIALIST TEACHING

Mr. Wright, pursuant to notice, asked the Minister for Education and Cultural Activities—

(1) In view of the increasing number of students who are failing under the present education system, in that they are leaving school unable to communicate with their fellow citizens and lack many of the skills expected and required by society today, and as he has already indicated in this Assembly that he, too, is concerned at the situation, what action is being taken by his department?

(2) What specialised training is undertaken by teacher trainees to assist them, in the ordinary class situation, in coping with students who are below average and in need of remedial teaching?

(3) As he has stated that the main difficulty confronting his department is finding enough qualified remedial and specialist teachers, will he consider having all teacher trainees undertake studies in this area, and also embark on a special programme for recruiting such specialists from other States and overseas?

Answers:—

(1) It is an unfortunate tendency for each older generation to allege that the young people of the day lack an adequate education to fit them for society. There is always a strong implication in such a statement that at one time levels of education were superior. The tendency to so denigrate the young has no basis in fact. There is no evidence to support the contentions of the honourable member that an increasing number of students are failing, are unable to communicate with their fellow citizens or lack many of the skills expected and required of society.

(2) As tertiary colleges are autonomous institutions, the manner in which courses of teacher education are presented may vary. The increase in recent years to three-year courses of professional preparation has meant that more attention can now be given to the recognition and remediation of learning disabilities.

(3) As stated above, all teacher trainees do undertake studies concerning learning disabilities; but since "remediation" is a process involving a very thorough knowledge of primary teaching, the Department of Education has adopted a policy of giving additional specialist training only to experienced and highly successful primary teachers. In the last few years, over 20 teachers have been trained to work as remedial resource teachers in both primary and secondary schools at four tertiary institutions in Queensland. As a result of the recent overseas teacher recruitment programme, more than 100 specialist teachers have been recruited for service in Queensland schools. However, while

many of these specialists have some training in learning disabilities, their level of experience and expertise has precluded their employment as remedial specialists. It is the intention of this department to continue the expansion of our remedial services by training our own experienced teachers. I might add that other countries are experiencing similar difficulties in obtaining the services of experienced specialist teachers.

7. TEACHER GRADUATES AND SCHOLARSHIPS

Mr. Wright, pursuant to notice, asked the Minister for Education and Cultural Activities—

(1) How many teachers are expected to graduate from the colleges of advanced education in Queensland this year?

(2) How many of these will be (a) primary, (b) secondary, (c) specialist and (d) manual arts teachers?

(3) How many teacher scholarships are being offered for 1976?

Answers:—

(1) As was indicated by the Treasurer in his Financial Statement to the House on 25 September 1975, it is anticipated that some 1,850 teachers graduating from colleges of advanced education and universities will be appointed to Queensland State schools in January 1976. Of these, approximately 1,550 will come from the colleges of advanced education. This estimate takes account of the numbers of students presently on State scholarships and also makes allowance for recruitment of a proportion of students who have undertaken courses as private students. The estimate also allows for a continuation of past trends in success rate among teachers in training, but, as the honourable member would be aware, predicting the success of students in examinations can be a difficult process. However, I am confident that the estimate given will reflect the position at the beginning of the 1976 school year.

(2) It is anticipated that the distribution of new teachers among the sectors of education will be as follows:—Pre-school, 225; Primary, 825; Special, 50; and Secondary, 750. Within the secondary sector, approximately 250 of the new teachers will be specialists in subject areas such as art, music, commercial subjects, home economics and physical education. In addition, there will be approximately 45 new manual-arts teachers.

(3) The honourable member's attention is again drawn to the Treasurer's Financial Statement, which shows the provision made for new teacher-scholarship awards for 1976.

8. GOLD COAST DRUG COUNCIL

Mr. Gibbs, pursuant to notice, asked the Minister for Health—

(1) Following the meeting called by him on 11 and 12 October to discuss drug problems, which included Mr. Don Shipman, president of the Gold Coast Drug Council, will there be a report available on the findings of this important meeting?

(2) As the Gold Coast Drug Council might have to close up because of lack of finance, what should it do to get financial support by way of grant, subsidy or staff assistance such as the services of a social worker?

Answers:—

(1) The seminar held on 11 and 12 October 1975 was designed to serve two purposes. In the first place it was to provide a free communication between persons involved in the delivery of care of drug-dependent persons and also to provide an expert panel which could examine in depth the submissions made to that seminar. It is the intention of the chairman of the panel to furnish a report to me on the various matters discussed at the conference. I shall be only too pleased to discuss the report with the honourable member and in due course give him details of it.

(2) The honourable member is probably aware that the Gold Coast Drug Council has made application for financial assistance to the Hospitals and Health Services Commission of the Commonwealth Government, and my department has forwarded its recommendations in this matter to the commission. The result of the considerations of that commission is not yet known.

QUESTIONS WITHOUT NOTICE

PAYMENTS BY A.L.P. GOVERNMENT TO HOUSE OF FREEDOM

Dr. LOCKWOOD: I ask the Minister for Community and Welfare Services and Minister for Sport: Is he aware that the dismissed Labor Government in Canberra made payments to a group masquerading as Christians under the title of the House of Freedom? Is he aware that most genuine practising Christian church youth groups receive no grants from the Labor Government? Is he aware that this Labor-sponsored and funded group booed and jeered members of the Christian Mission to the Communist World in the streets on 2 November 1975 as those genuine Christians were conducting a peaceful Christian mission? Is this so-called Christian youth group, the House of Freedom, in fact a socialist propaganda machine dedicated to debasing, deriding, disrupting and destroying all Christian institutions and objectives?

Mr. HERBERT: I am aware of the House of Freedom, which meets at St. Luke's Hall in Charlotte Street. Over the past two years I have been unable to obtain from the Labor Government any indication of any policy in relation to the support of religious youth organisations. The Queensland Government, of course, has laid down guide-lines indicating quite clearly that we support all reputable youth groups. However, the Commonwealth Government has refused to answer letters that I have written to it on this matter over the last two years.

I am also aware of the fact that the Commonwealth Government has forwarded cheques to certain organisations; but it does not advise us of the organisations to which they are forwarded. I am not too certain, but I think it has sent money to this particular organisation. It would not surprise me if it had.

Certain organisations masquerading as religious organisations were formed actually to try to reconcile Communism with Christianity. Of course, no dedicated Communist would even countenance Christianity. However, these organisations are prepared to use people with basic Christian beliefs if they can fool them. Indications are that they have succeeded in fooling organisations, such as the World Council of Churches, into supporting Communist revolutionaries in various parts of Africa. The House of Freedom is an organisation that has associated with it quite a number of unusual people, including the honourable member for Rockhampton, Mr. Wright, who is named in its manifesto. I shall read the ideology as outlined in that manifesto. It is as follows:—

“Ideology: The distinctive emphasis of the House is the revolutionary lordship of Jesus Christ over the totality of life and the need for a correspondingly radical commitment on the part of the believer.”

That is the sort of thing we read in the ideology of a lot of organisations that are connected with the Communist cause and use Christianity as a basis for attracting young people of radical persuasion to support them in the mistaken belief that their possibly unusual religious beliefs will be accepted by the Communist groups.

I am quite sure that a lot of the people connected with the House of Freedom are quite genuine in their beliefs; I am also quite sure that a lot of them are being misled.

APPOINTMENT OF MR. T. WHITLAM AS A.L.P. CANDIDATE FOR GRAYNDLER

Mr. GYGAR: I ask the Minister for Justice and Attorney-General—

(1) Has the Minister's attention been drawn to the appointment of Mr. Tony Whitlam as the A.L.P. candidate for Grayndler?

(2) Is the Minister aware of the statement by Fred Daly that “ordinary rules went by the board” in the making of this appointment and that there was a consequent revolt by A.L.P. rank and file over this disgraceful example of the nepotism and “jobs for the boys” syndrome, which has been a shocking hallmark of the Whitlam socialist Government?

(3) Did the Minister see the picture of Tony Whitlam in last Friday's “Australian” which showed him wearing a Communist Party badge?

(4) Does this mean that at last we have an honest Whitlam—one who admits he is a Communist and, unlike his father, does not hide his pro-Communist attitudes behind a facade of platitudes and distortions?

Mr. KNOX: The short answer to each of the honourable member's four questions is “Yes”. It is appropriate that publicity has been given to the circumstances surrounding the appointment of Mr. Whitlam, Junior, as the candidate for the second-safest Labor seat in Australia without the democratic processes that the Labor Party so proudly boasts it has.

Mr. Melloy: You wouldn't know what they were.

Mr. KNOX: The honourable member is for the chop. The information I have is that Nudgee, the safest Labor seat in Queensland, will be vacant for the next State election. He won't be here; he's for the chop. And he is not going to be appointed Governor of Queensland! Anyway, the honourable member for Archerfield wants to convert Government House into an old people's home. So the honourable member for Nudgee hasn't got a chance.

The circumstances in which young Whitlam became endorsed certainly are contrary to what the A.L.P. proudly boasts is its democratic system. If it is prepared to do that to its own men, what will it do to Australia if it ever establishes a socialist republic in this country?

PARLIAMENT HOUSE SECURITY

Mr. K. J. HOOPER: I ask the Minister for Police: With regard to the installation of security devices at Parliament House which require members to come and go through one entrance, were the officers of the Police Crime Protection Section consulted for their advice on the matter?

Mr. HODGES: There was no need to consult the Crime Protection Section. It was carried out very efficiently by the Speaker and those associated with the security of the House.

CALLING MEMBER FOR ARCHERFIELD BEFORE
BAR OF HOUSE FOR ANTI-ROYALIST
EXPRESSIONS

Mr. FRAWLEY: I ask the Premier: As the member for Archerfield has expressed his opinions in this Chamber on more than one occasion that the monarchy and all associated with it should be abolished and is a known associate of Communists and an honorary member of the socialist party of Australia, could he take steps to have the member for Archerfield brought before the Bar of the House and tried as a traitor to the State of Queensland?

Mr. BJELKE-PETERSEN: I am quite sure that the member for Archerfield will be brought before the bar of the people, and at the next election the people will make their decision. That is the appropriate time to remind the electors of the honourable member's attitude to the monarchy. I believe most Queenslanders are proud of the association we have with the monarchy and the system under which we live and work. I suggest to the honourable member for Archerfield that, if he has the courage of his convictions, he should advocate in his electorate exactly what he says in this House about abolishing the monarchy.

Mr. K. J. Hooper: I'll do that.

A Government Member: He's not game.

Mr. BJELKE-PETERSEN: He says that he is prepared to do it. Now we will wait to see whether he carries out his word.

SECURITY OF GOVERNMENT COMMUNICA-
TIONS; SUSPECTED TAPPING OF LIBERAL
PARTY TELEX

Mr. DOUMANY: I ask the Premier: In view of the alarming suspicions that Mr. Whitlam obtained a copy of Mr. Fraser's policy speech by means of tapping the telex line to Liberal Party campaign headquarters, will he review and check the security of the Queensland Government communications channels at this critical time for Australian democracy and freedom?

Mr. BJELKE-PETERSEN: I can assure the honourable member that every precaution possible will be taken, because we know that very concerted attempts are being made by the Opposition to obtain information about those documents by fair means or foul.

PAY-ROLL TAX ACT AMENDMENT
BILL

INITIATION

Hon. Sir GORDON CHALK (Lockyer—Deputy Premier and Treasurer): I move—

“That the House will, at its present sitting, resolve itself into a Committee of the Whole to consider introducing a Bill to amend the Pay-roll Tax Act 1971-1974 in certain particulars.”

Motion agreed to.

BUILDING SOCIETIES ACT
AMENDMENT BILL

INITIATION

Hon. N. E. LEE (Yeronga—Minister for Works and Housing): I move—

“That the House will, at its present sitting, resolve itself into a Committee of the Whole to consider introducing a Bill to amend the Building Societies Act 1886-1974 in certain particulars.”

Motion agreed to.

POULTRY INDUSTRY ACT
AMENDMENT BILL

THIRD READING

Bill, on motion of Mr. Sullivan, read a third time.

PAY-ROLL TAX ACT AMENDMENT
BILL

INITIATION IN COMMITTEE

(The Chairman of Committees, Mr. W. D. Hewitt, Chatsworth, in the chair)

Hon. Sir GORDON CHALK (Lockyer—Deputy Premier and Treasurer) (11.34 a.m.): I move—

“That a Bill be introduced to amend the Pay-roll Tax Act 1971-1974 in certain particulars.”

The Bill I now present to honourable members is largely for the purposes of giving effect to the proposal I announced in the Budget speech to double the general pay-roll tax exemption from \$20,800 to \$41,600, and to taper the new exemption down to a basic \$20,800 for annual pay-rolls of \$72,800.

Since the States assumed responsibility for the levying and collection of pay-roll tax, the level of exemption has been unchanged even though the general level of wages has risen sharply. As a result of this rapid escalation in the level of wages, many small businesses, which previously had not been subject to pay-roll tax, were placed in a position of having an additional cost burden in the form of pay-roll tax at a time when business conditions generally were making it difficult for them to retain viability.

There were two options open to the Government. It could remain passive and leave the exemption unchanged, thereby gaining the additional revenue from an increasing number of employers having to pay the tax, or it could act to restore the real value of the concession to the small businessman. I make no secret of the fact that the initiative for the increase provided for in this Bill came from this Government. Once the proposal was made, all States agreed that such a move was not only desirable but essential to encourage small businessmen to retain employees and, where possible, to take on additional employment so as to avoid a reduction in the activity of these businesses which

play such a vital role in the prosperity of the nation. As from 1 January, employers whose annual pay-roll is less than \$41,600 will no longer be required to pay the tax.

It was also agreed by the States that the new exemption of \$41,600 would be reduced by \$2 for every \$3 by which the annual pay-roll exceeded \$41,600. Some States propose to phase out the exemption completely for employers with annual pay-rolls in excess of \$104,000 on the basis that the purpose of the exemption is to help small businesses and its effect should be restricted to this area. In Queensland we have taken the attitude that this approach would have meant an increase in tax for the majority of employers at a time when industry was already at a low ebb, and the Bill provides that the phasing out of the Queensland exemption on a \$2 for \$3 basis will cease at a pay-roll level of \$72,800 so as to leave the benefit of the present annual deduction of \$20,800 intact for all employers with an annual pay-roll in excess of that figure. This will mean in effect that under the new exemption provisions no employer will be worse off, and a substantial benefit will be provided in an area of great need. I understand that Victoria has adopted similar provisions. I would add that this does not mean that the principle of relatively uniform legislation between the States in this area has been broken. It is a special concession provided on top of the assessment calculated under the uniform provisions which will still be based on the level of pay-roll of the particular employer in all States and Territories in Australia.

As a corollary to the proposal to provide more generous concessions to employers, it has been necessary to put an end to the scheme of pay-roll tax avoidance which has been developing whereby a business literally divides itself into a large number of separate employers solely for the purpose of gaining the advantage of multiple exemptions from pay-roll tax. I have previously given warnings that legislation to close this loop-hole was being developed. The business-splitting arrangements have been denying the State taxation revenue to which it was justly entitled under the spirit of the legislation, and the doubling of the exemption would not only mean an increase in the revenue being avoided by those who have already made use of the scheme, but would also encourage further activity in this area.

The Bill will introduce into the Act provisions which will gather all related employers into a single group, and for the purposes of the exemption provided for in the Act, the group will be regarded as a single employer with only one exemption available to one of the employers in the group nominated by the group as a whole.

Because of the variety of ways employers have been found to be or can possibly be linked or related, it has been necessary for the legislation to be drafted in such a way as to spread the net as wide as possible. The

basic starting point is section 6 (5) of the Companies Act, which lays down conditions that, if satisfied, deem companies to be related to each other. These companies will also be deemed to be related for the purposes of the Pay-Roll Tax Act. However, it is also necessary to cover many other situations involving not only companies but also individuals and partnerships, and I want to make it clear at this stage that, if ways are developed by which businesses may be split in a manner not covered by the provisions of the current Bill, the Government will move to cover those particular avoidance schemes as they come to notice.

Briefly, a person or persons will be deemed to have a controlling interest in a business in certain specified sets of circumstances. Where the same person or persons has or have a controlling interest in two or more businesses, whether under the same or different sets of circumstances, these will be deemed to form one employer group for the purposes of the Act. The sets of circumstances set down to determine whether a person or persons have a controlling interest include cases where one or more directors, having majority voting power at meetings of directors, are under the influence of or act in accordance with the wishes of some person or persons, in which case the latter person or persons would be held to have a controlling interest in the company, or where a person or persons can exercise or influence 50 per cent or more of the voting power of voting shares of a corporation, or where a person or persons own 50 per cent or more of the capital of the partnership or obtain 50 per cent or more of the profits, or where a person or persons are beneficiaries to the extent of 50 per cent or more under a trust. To illustrate—if the same person has a 50 per cent interest in a partnership, and can also influence 50 per cent of the voting power of shares in a company, the company and the partnership will be deemed a single employer for the purposes of the exemption provisions. There is also provision to cover situations where two employers might have agreement or arrangements regarding the services of employees.

Because of the necessity to draft the legislation in wide terms, the commissioner has been given power to exclude a related employer from a group if he is satisfied that, having regard to the nature and degree of ownership or control of the businesses, the nature of the businesses and other relevant matters, a business is carried on substantially independent of a business carried on by any other member of the group. However, the commissioner will have no discretion where the company is deemed to be related to another company in the group by virtue of section 6 (5) of the Companies Act.

Explanatory material in respect of the grouping provisions of the Bill is presently being prepared by the Commissioner for Pay-Roll Tax and will be available to

employers shortly. The grouping provisions will come into effect on and from 1 January 1976, along with the increased exemption. All States have agreed on the need for this type of legislation and it has been prepared on the basis of substantially uniform adoption by all States other than Victoria which has had similar legislation for some time.

There are three minor matters which are also dealt with in the Bill. Presently, where an employer reimburses an employee for travelling and accommodation expenses incurred, these are not included as taxable wages. However, where the employee is paid an allowance for these items, the payment forms part of taxable wages. The Bill provides for the exclusion from the definition of taxable wages of allowances paid in respect of travelling and accommodation where these are not more than a prescribed amount.

In proceedings before the courts, it is not always practicable for an officer from the Pay-Roll Tax office to be available to give evidence as to the registration of an employer. The Bill provides for a certificate under the hand of the commissioner to be sufficient evidence of an employer's registration.

Also, the definition of wages in the Act is widened to include any amounts payable on account of remuneration, allowance, etc., whether actually paid or not. This has been found necessary because courts have held that directors' fees credited to a director's account with the employer company are not paid if credited to an account already in credit.

The Bill contains no new impost in this area. In fact, it provides substantial concessions to a section of the community whose economic recovery is necessary to the welfare and prosperity of not only the State but also Australia.

I commend the motion to the Committee.

Mr. HOUSTON (Bulimba) (11.47 a.m.): The Bill will give effect to some of the proposals put forward by the Treasurer in his Financial Statement. It is significant that its principal provision increases the level of exemption from pay-roll tax from \$20,800 to \$41,600. Taking a conservative view, I suppose this would cover businesses with about seven or eight employees, and many businesses in Queensland have that number of employees or fewer.

Pay-roll tax has increased constantly—from 2½ per cent when it was a Federal tax to 5 per cent now that it is a State tax—and if a future Treasurer becomes desperate for money, no doubt he will again increase the percentage. I support the idea that businesses with a small number of employees should be relieved of this form of taxation, because, basically, they are more likely to be affected by economic circumstances at any given time. In addition, businesses of that type are more likely to be family businesses than are large businesses with many employees.

It is apparent from what the Treasurer said in his introductory remarks that, amongst Liberal Party and National Party supporters in the business community, there are those who twist the laws to get the last cent that they possibly can for themselves rather than give it to the Government. I suppose one can understand their attitude, and no one can really object to it as long as they work within the law. However, the Treasurer indicated that his complaint is that the law was not intended to enable businessmen to engage in such activities. Because of that, he intends to close some of the loop-holes of which people are now taking advantage.

Over the years, business splitting has become an established practice for various reasons—Federal taxation, and so on—and in some cases it is not only of financial advantage but also of advantage in the running of the business. It should not be used purely as a means of levying State tax.

Numerous other matters were raised by the Treasurer. I am sure he would agree it would be far better for us to wait until we see the Bill and compare it with existing legislation before making a considered assessment of it. At this stage I indicate that the Opposition will accept the introduction of the Bill, and we will consider it in more detail at the second-reading stage.

Hon. Sir GORDON CHALK (Lockyer—Deputy Premier and Treasurer) (11.50 a.m.), in reply: I appreciate the remarks of the honourable member for Bulimba, who has been the Opposition spokesman in the debate. In my presentation I outlined the purpose behind the Bill. First of all we want to do all we can to assist small business. Because of the inflationary trend in wages, many small businesses which were never intended to be caught in the net have become involved. Queensland was the State that raised this issue at a meeting of Premiers and Treasurers. Each State was confronted with certain financial difficulties because of the need for increased revenue to enable it to meet the inflationary trend and most Premiers and Treasurers recognised that some relief should be given. It is on that basis that the Bill is presented.

I repeat that, when a law is made, it should be faithfully adhered to. Very often there can be different legal interpretations of what the legislators and the Parliamentary Counsel intended to convey. I do not think that at any time the public generally or the business community did not understand what was intended to be conveyed in the law relating to pay-roll tax as it was written. I suppose one cannot condemn to any great extent those who got together and endeavoured to find a way around it. It was because of the success of those endeavours—if I can put it that way—that quite a number of people, by company-splitting and tactics of that nature, were able to avoid the payment of a considerable sum of pay-roll tax. Although that was perhaps legal, in my opinion

it was unfair to other sections of the business community which were faithfully carrying out their responsibilities to their State. For that reason we have to a major degree followed the Victorian pattern. I think we have even improved on it. We have adjusted one or two matters that Victoria found to be still needing attention.

Although it took me a little longer than usual to indicate in my introductory remarks the extent to which we have gone, what I said was for the purpose of ensuring that business as a whole understands that the State means business in the collection of pay-roll tax.

I appreciate the fact that, in broad principle, the honourable member for Bulimba has given support to the Bill. Honourable members will have an opportunity of perusing it, and if the honourable member for Bulimba has any further comments to offer, or if any other honourable members wish to say anything about the Bill, the opportunity will be there at the second-reading stage.

Motion (Sir Gordon Chalk) agreed to.

Resolution reported.

FIRST READING

Bill presented and, on motion of Sir Gordon Chalk, read a first time.

BUILDING SOCIETIES ACT AMENDMENT BILL

INITIATION IN COMMITTEE

(The Chairman of Committees, Mr. W. D. Hewitt, Chatsworth, in the chair)

Hon. N. E. LEE (Yeronga—Minister for Works and Housing) (11.57 a.m.): I move—

“That a Bill be introduced to amend the Building Societies Act 1886-1974 in certain particulars.”

Because of the important role the building societies play in our everyday lives, one of the first tasks I got involved in when I took up office eight months ago was an over-all look at the operation of permanent building societies. I examined the present legislation and instructed that amending legislation be prepared. My main concern was to ensure that society members receive maximum security and protection.

I want to stress here that there's been a great deal of criticism and discussion about permanent building societies which has been, in many cases, inaccurate and cheap sensationalism and harmful. Permanent building societies perform a vital service to the community. Without them many young couples would not have a home of their own, which is so vital to our Government's policy. Most of the societies carry out their work in a responsible and businesslike way. Think where we would be without them.

Over the years, because of the demand for services they offer, they have outgrown the simpler legislation under which they

operated, and revision of this legislation in line with the amendments is most necessary. It will be understood that revision of such legislation is, by the very nature of the business involved, a task which requires the most comprehensive and detailed attention.

The Act is in nine main parts, each of which is split into many sections. Examination and revision took many months to achieve, culminating in the amendments which are necessary in the finance world today. It wasn't a five-minute job.

Turning now to some of the main needs which I believe are well catered for in these amendments—societies have enjoyed a high degree of autonomy in their operations under present legislation. This in itself is not a bad thing, but it has made the registrar's job difficult and in turn it has made it difficult for him to cope with day-to-day problems.

Mr. Hewitt, as I am having trouble with my voice, would it be possible for the Leader of the House to read the remainder of my speech?

The CHAIRMAN: Yes; that would be in order.

Hon. A. M. HODGES (Gympie—Leader of the House): With the growth of societies in existence today, there is clear need for the registrar to exercise greater effective control of society operations and to make it mandatory for society matters and finances to be more readily disclosed to society members. This is the practice with any public company.

This has not always been readily achieved in the past by some societies, because it has been left to the societies to decide in accordance with their rules when annual general meetings would be held and also when accounts would be laid before members. This has not proved satisfactory and, in some cases, meetings have been held long after the end of the financial year.

These amendments will provide that annual general meetings must be held within four months of the end of the financial year and accounts must be laid before members in the same time period.

One maximum safeguard for members is the provision of reliable staff to operate building societies and to ensure practical financial guarantee against misappropriation. This is provided in these amendments.

Societies will now be required to take out fidelity guarantee insurance cover on officers and employees, providing for up to \$100,000 cover should misappropriation occur. This is a major protection for depositors. There must also be statutory authority to control auditing, as in the Companies Act.

Under these amendments, the Registrar of Building Societies will regulate appointment of external auditors, prescribe qualifications and oversee auditors' continuation in office, or their removal—another major safeguard.

Again, in line with the Companies Act, provision has been made for streamlining the winding-up of societies should the occasion ever arise, thus avoiding expensive and lengthy court procedures which apply at present.

In the event of a society having financial difficulties, the registrar will now have the power to appoint an administrator to conduct the society's affairs. Alternatively he may direct that the society's operations be suspended and the doors closed, subject to the approval of the Minister.

Provision has been made for exchange of mortgage debts. This will enable a more even distribution of funds for housing throughout Queensland. This is also normal commercial practice.

Other major requirements which are expressly designed to protect members include supervision of the manner in which all basic records are kept. A report relating to profit and loss accounts, liquidity and other details must be regularly provided to the Registrar. There is also a firm requirement that all building society offices, including branch offices, throughout Queensland will be required to make available for inspection, without fee, financial details and statements. In addition, copies of the Act, plus operating rules of the particular society must also be readily available. This will be available to all members or prospective members.

As a special aid to societies, under certain circumstances stamp duty may be reduced in respect of the purchasing of mortgage debts, which is also provided for in these amendments. These are the principal factors involved in this amending legislation. My main object, as I said earlier, is to provide maximum protection for members of permanent building societies in Queensland.

These important amendments achieve that purpose. They also bring societies into line with businesses operating under the Companies Act, but, at the same time, give them workable conditions under which they can continue their essential service to the public.

I commend this Bill to honourable members.

Mr. K. J. HOOPER (Archerfield) (12.4 p.m.): This is a case of too little too late. These amendments would not have been introduced but for research by the A.L.P. into activities and malpractices of certain building societies in this State. I can fairly claim credit for the introduction of this legislation because of my exposure of the white-collar criminals controlling the Great Australian Permanent Building Society and the City Savings Permanent Building Society, namely, Neville Keith Meredith, Clarence Edward Coulson and Desmond Paul O'Shea.

If the malpractices to which I have referred had been properly policed and the interests of the investing public properly protected, the Minister would have found no need to attempt

to divert attention from the dishonest activities and malpractices of some building societies. Instead of attacking me for making this Government's failings known and instead of protecting white-collar criminals in building societies, he should have made some attempt to administer his portfolio competently. I have drawn the Minister's attention to many malpractices by crooked directors of building societies, namely, as I said, Meredith, O'Shea and Coulson.

A large number of my questions have been fobbed off by the Minister in a very irresponsible and incompetent manner. He relied upon certain directors of building societies to prepare answers to my questions. I refer particularly to a question I asked on 3 September 1975 and the answer in which the Minister said that the Chairman of Directors of the Great Australian Permanent Building Society had advised that certain nursing home loans that I had queried had been paid out.

With your permission, Mr. Hewitt, I should like to place on record the sixth part of my question, which reads—

"(6) Has it been ascertained from authoritative sources that loans made to Nursing Centres of Australia in the name of Mt. Gravatt Nursing Home, Jindalee Nursing Home, Coonoona Nursing Home, Golden Years Nursing Home and Villa Regis by the Great Australian Permanent Building Society, and which were the subject of extensive queries by the society's previous auditors, were transferred and not repaid to the City Savings Permanent Building Society on or about 23 June to take away from the society's auditors contentious matters and to allow the present accountancy and auditing situation to arise?"

Mr. FRAWLEY: I rise to a point of order. The honourable member for Archerfield is reading his speech.

The CHAIRMAN: Order! The honourable member is presently quoting from a document and that is totally in order.

Mr. K. J. HOOPER: Thank you, Mr. Hewitt.

Briefly, the answer to that part of the question reads—

"As previously advised, written notification by the Chairman of Directors of Great Australian Permanent Building Society shows that the society, with respect to loans indicated above, was paid out."

That is not so. The answer was a deliberate fabrication by the Minister, because I know for a positive fact that the loans referred to were not paid out but had been transferred to City Savings Permanent Building Society on 19 June 1975. I challenge the Minister to refute that statement. I say quite categorically either that he has deliberately misled the Parliament or that he has been fed

wrong information by his advisers. Because I have positive information that that is so, I ask him to check it out.

Mr. Marginson: You flushed them out.

Mr. K. J. HOOPER: I did flush them out. That is true.

I have here a copy of a letter sent to the honourable member for Albert by Mr. R. Kirby of 31 Admiralty Drive, Paradise Waters, which evidently has not been replied to. It has been forwarded to me by the complainant, who apparently was not getting satisfaction from Queensland Permanent Building Society.

Mr. GIBBS: I rise to a point of order. I did not receive such a letter. The honourable member referred to Surfers Paradise, so perhaps he should direct his remarks to the honourable member for Surfers Paradise.

The CHAIRMAN: Order! The honourable member will accept the denial. Nevertheless if he has a copy of a letter that has been sent, the fact that the honourable member for Albert has not received it does not stop the honourable member for Archerfield from quoting from it. The honourable member for Archerfield will accept the denial of the honourable member for Albert that he has received the letter.

Mr. K. J. HOOPER: I accept the denial.

With your permission, Mr. Hewitt, I intend to table the copy of this letter. It is dated 24 November 1975 and is addressed to Alderman Ivan James Gibbs, M.L.A. c/- National House, 18 Nerang Street, Southport.

Mr. Frawley: You wrote it yourself.

Mr. K. J. HOOPER: I did not. The letter bears a signature.

Mr. GIBBS: I might well take that point of order, because if it is dated 24 November, quite likely it is in my office. I have not been there this week.

The CHAIRMAN: Order! The honourable gentleman's point of order is sustained in that he has not received the letter, and his denial has been accepted by the honourable member for Archerfield.

Mr. K. J. HOOPER: I shall not bore the Committee by reading all the contents of this very lengthy letter but, with your permission, Mr. Hewitt, I shall read one paragraph that I think summarises the whole complaint in the letter. It reads—

"As a shareholder and borrower of the Queensland Permanent Building Society I strongly oppose any moves to increase the revenue of building societies generally and that of the Queensland Permanent Building Society in particular as that Building Society is squandering shareholders money in unnecessary Press, T.V. and other forms of advertising. Their staff is generally inefficient and their offices are more elaborate than other lending institutions, e.g. the

banking institutions in this State. To substantiate my remarks concerning the staff and officers of the Building Society I am enclosing copies of correspondence which, at the time of writing, has either not been answered or has not been answered satisfactorily."

I have received a worse complaint from a Mrs. Hoffman of 185 Surf Parade, Surfers Paradise. Both Mr. Kirby and Mrs. Hoffman have given me permission to mention their names and addresses in this Chamber because they feel so strongly about what they allege are malpractices and dishonesty by directors of the Queensland Permanent Building Society.

I am prepared to table both these letters and provide a copy for Mr. Maurice Stitt, the executive director of the Association of Building Societies. If he is really interested in ensuring that borrowers are protected, he will be given details of the complaints.

I have not read the Bill as yet but, as I suggested to the Minister in my speech two or three weeks ago during the debate on the Works and Housing Estimates, legislation should be introduced to prevent land developers and licensed real estate agents from sitting on the boards of permanent building societies. I think you will agree, Mr. Hewitt, that there is a conflict of interest when land developers and real estate agents sit on boards. I refer, for instance, to Mr. Gordon Postle. I cannot imagine for the life of me why he wants to sit on the board of Queensland Permanent Building Society. The directors' fees in this society are a mere pittance, so there must be perks to be gained somewhere else through either granting of loans or obtaining inside information on buildings.

A check of the records of some building societies will show that directors come and go. I refer to Neville Keith Meredith, a prominent member of the Liberal Party. I have asked certain questions in the House, and have been fobbed off with answers designed to protect him. I refer also to Desmond Paul O'Shea, who is known to be a heavy contributor to the funds of the Liberal Party in this State. I say quite openly that those two gentlemen have been protected by certain members of the Government.

The CHAIRMAN: Order! I have received advice that certain legal matters are in hand concerning a gentleman named O'Shea. I therefore ask the honourable member to make no reference to him or to the case in which he is involved.

Mr. K. J. HOOPER: I shall act accordingly, Mr. Hewitt.

The problems that I referred to the Minister in my speech two or three weeks ago could have been markedly minimised if the Minister had required these societies to structure themselves on a much sounder basis than has been the case in the past.

Many similar societies in Victoria raise funds from a combination of shares which can be withdrawn. They also follow the Queensland pattern and do this in the matter of loans. This means that those who desire to do so can invest by way of loans knowing that in the event of any unforeseen problems, such as those to which I have referred, the brunt of the difficulty would be taken initially by the shareholders. They would thus have the benefit of a buffer which is enjoyed by those who lend to other financial institutions.

In suggesting that the legislation be changed to ensure that permanent building societies place their finances on a sounder footing, I do not suggest that they should be unduly restricted. A reasonable time could be provided for them to put their operations on a more realistic basis. But it is essential that action be taken quickly to start moving in this direction. The Minister has introduced this legislation but, as I said in my opening remarks, I think it is too little too late. I think it should have been done ages ago.

I do not feel that the present Minister for Works and Housing should take all the blame for the present situation. He has been left holding the bag by the previous Minister who held this portfolio for a number of years and did nothing about it. To a certain extent therefore I absolve the present Minister from the malpractices and skulduggery that have taken place in building societies over a number of years.

It is unfortunate that the societies themselves have not taken this action, apparently because they are engaged in a feverish battle to grow at the greatest possible rate. It is high time that permanent building societies faced up to some of the recognised financial disciplines and the facts of business life which have been accepted for years by other financial institutions. The Opposition will certainly have a very good look at the Bill on the second reading.

Mr. M. D. HOOPER (Townsville West) (12.14 p.m.): I wish to add my support to the amendments proposed to the Building Societies Act. There has obviously been some looseness in the present legislation; if there were not, the situation that we see today would not have developed. We see where one and perhaps more building societies in southern Queensland will fail. Speaking of my own neck of the woods in North Queensland—there are two very sound and viable building societies in Townsville which have no financial problems at all and are very well conducted.

I trust that the amendments we are now considering will reduce the risk of more building societies going broke in the future and that societies which do get into financial difficulties in the future, perhaps through no fault of their own but because of economic circumstances, can be quickly rescued. I think the present awareness that a large building society is in difficulties will not make the investing public look to investing

their funds in building societies in the future. In past years these societies have offered an investment opportunity which has been very attractive to many thousands of Queenslanders—not multi-national investors, but many thousands of small Queenslanders who have made an investment which gives them a dividend slightly higher than that paid by trading banks or other normal institutions. Their money has been quite safe and has been available to them at short call if they wished to withdraw it for other purposes.

On the other hand, the funds invested have been a tremendous boost to the building industry in Queensland in recent years. The societies have offered an avenue of borrowing to young people who wish to borrow sometimes up to \$20,000—far in excess of what the savings and trading banks will lend—on a basis of up to 90 per cent of the capital value of the property they wish to purchase or the home they wish to erect.

I believe that shareholders' funds in Queensland to date are in the vicinity of \$800,000,000. As the Government legislated to promote building societies and to help them in assisting young people in Queensland to get established, I believe we now have a moral obligation to make sure that building society funds are protected and that the investments of small people in Queensland receive the protection of the Queensland Government.

It is extremely important that this Government protect the building societies and enable them to survive and also protect the large number of Queenslanders who invest their funds in building societies. It has been rumoured in some circles that, in addition to one major building society which is in all sorts of difficulties at the present time and could go broke, several other building societies in Southern Queensland could end up in a similar situation. A loss of something of the order of \$2,000,000 is being talked about in various financial circles, and this is a lot of money.

If this legislation is passed today, and I believe it should be, we should introduce legislation to protect societies and investors' funds. Who is going to stand this loss, whether it be \$1,000,000 or \$2,000,000? The societies must pay the loss themselves out of their revenue and the profit they make on their investments. Societies which are well conducted by honest people and have been viable in past years and are now in a liquid situation will have to pay a premium price for the mortgages they take over. It is no good paying the face value of a mortgage they take over from a company which is going broke, because the depositors will lose their money. I instance a hypothetical case. If a rescue operation is mounted involving perhaps \$1,000,000 and a series of companies which are going broke—

The CHAIRMAN: Order! Honourable members should not pass between the Chair and the honourable member on his feet.

Mr. M. D. HOOPER: I suggest a hypothetical case. It could be a matter of a 10 per cent premium to be paid, or \$100,000 to be absorbed. In that case, who is going to bear the loss of \$100,000? Are we going to say to healthy and viable building societies, "You must take over that loss at the face value", or do we say, "You have the right to take over at a price that is attractive to you—a discount price", in which case there will be a further strong case for the liquid societies to say, "We won't be in this. We are not going to take over debts which are going to show a loss for our shareholders." If they are going to take over investments from companies that have gone broke, surely they will have to pay a premium price in excess of the mortgage debts.

I believe some consideration should be given by the Government in this legislation to setting up a fund through contributions from the societies—perhaps guaranteed by the Government—to allow these losses to be met, if it does happen. I believe we have an obligation to the public of Queensland to make sure that this legislation is passed, and that the societies are kept viable so that for all time building societies will have a good name in Queensland and be an attractive form of investment. I hope that the Minister has made provision in the legislation to offer security to the people who have invested money in these societies and that in the future we can introduce legislation which will ensure that what we see happening today will not occur again in Queensland.

Mr. WRIGHT (Rockhampton) (12.20 p.m.): As did the shadow Minister for Housing, I welcome the proposed legislation. I also agree with some of the ideas expressed by the honourable member who has just resumed his seat.

It is important that the building society industry should be tidied up, not simply because there are some problems in the industry, not simply because it is known that some building societies have been taken over and that allegations have been made of defalcations of funds, but principally because it is necessary to maintain the confidence of the many thousands of present investors and would-be investors in the operations of such societies. People will not risk their money. They question very carefully whether they should still put money into building societies—whether it is better to accept the 4 per cent interest, or whatever it is, from the banks, rather than risk their money to get 9½ per cent, or up to 10 per cent, interest from building societies.

However, I do not suppose one can blame people for wanting to invest in building societies. They need some way of combating the devaluation of their money through inflation, and the interest being paid by building societies has at least assisted them in some small way to do that.

I worry whether the changes in the proposed Bill go far enough. In my opinion, there is a need to control the operations of building societies. Investors should have a right to see financial reports of building societies and ascertain their exact financial situation. I am very pleased that the Minister for Works and Housing has recognised that point and, in fact, pioneered it in legislation.

I also agree whole-heartedly with him that it is necessary to give the Registrar of Building Societies special powers to enable him to investigate. I say to the Minister through you, Mr. Hewitt, that I hope it will be possible to have random checks. For many years it has been found that it is not good enough to say to people, "There is a requirement on you to make available to the Government reports of your financial situation, or the way you are caring for trust funds, and so on." As a result, amendments have been made to various Acts administered by the Minister for Justice to provide for random checking. I believe that random checking is the best method, its main advantage being that it is a deterrent.

The legislation also places an obligation on the societies to hold their annual meeting within four months of the end of the financial period. That is fair enough. But I believe that many sour tricks could be played on investors within a period of four months, and the registrar must have the power to have his officers investigate these societies when he sees fit. No doubt he has his ear to the ground, and his officers and other people associated with the Minister hear that such-and-such a society could be in trouble. That is when the investigation should be carried out, not when it is too late and it is necessary to begin winding-up procedures.

The practices of the building societies should also be looked at. I cite the very well-known example of societies imposing a special penalty if people pay out their loans before the determined period. Hundreds of people could have access to money long after their loans are taken out. They may be beneficiaries under an estate; they may have some luck in the Casket; they may receive a superannuation payment; they may have been involved in an accident and receive a total compensation payment from the S.G.I.O.—there are many reasons why people could have access to large sums of money.

A person buying a home may wish to sell it because he has been transferred or by reason of a bereavement. At the moment, the rules state that if a person pays out his loan before the loan has expired, he must pay a penalty. I have had experience of one society—I do not intend to name it, because the situation was rectified—which charged \$450 on a \$16,000 loan that was repaid. To my mind, that amount was excessive. I know of other societies that have charged \$300.

Consideration must also be given to the idea of prospective borrowers being led astray because they think that loans may be available. I know of a certain society in the central region that made a practice of saying, "Look, if you get your money out of the bank or the building society in which you have it now, we can arrange a loan for you." The person concerned then went to the building society or banking institution that had stood by him for some years, withdrew his money and reinvested it with the new society, only to find that he could not borrow or that there was a 12 months' waiting period. I know that has been done by the banks, too.

When I wanted to borrow money for my first home, I was told by the bank, "If you and your relatives open accounts with us, we will ensure that you get the money." It is wrong that prospective borrowers should be led astray. It is very important that we stop the practice of promising loans, allowing people to make applications, getting them to take out insurance policies, and then holding them up at the last moment. I know of two instances where, because of a technicality in the insurance policies taken out, loans were not approved, and the people could not get a refund of their application fees. That is wrong.

That brings in the other point about application fees. Surely we need to look at that. However, we must remember that the profit margins of the building societies are very marginal. They work on short-term borrowing and long-term lending. Because it is a form of risk capital, we have to make sure that they have a reasonable margin. Many of them are working on only 1 or 1½ per cent. Even accepting that they have services to render and costs to bear when applications are processed, many of the application fees are excessive.

I look, too, at the money that has been spent in the past on the purchase of other buildings or facilities for the societies. I give credit to the previous Minister for Works and Housing for limiting the amount of money that can be spent in that way. I wonder how much care and attention is given at the moment to the advertising that is being done by some of these societies. One in my area does a tremendous amount of advertising. It may be that it will increase the number of investors. But let us realise that the societies are paying out for their advertising money that should be paid back by way of profit to investors.

I look with some concern at the Bowkett system. I know this legislation is not specifically about that, but I ask the Minister to look at this and encourage the building society people he meets to get their officers and branch personnel to fully understand what the Bowkett system means.

Mr. Moore: It is a fraud.

Mr. WRIGHT: I don't think it is a fraud. I think there are many advantages in it. It can be developed to the advantage of many people who are willing to take on long-term investments with the idea of getting low-interest loans at the end of the period. Unfortunately, in their haste to get people to join the scheme, many men who work on commission only race around and tell people, "You invest in this. You will not actually get a high interest rate at the moment, but we assure you that you won't get less than the bank interest rate, and at the end of the period you will get an extremely low-interest loan." A young person is told, "You know you don't need the money at the moment. It is only going to be for 10 years. You are only 19 or 20 now. When you are 29 or 30, you will want the money. So you invest in the Bowkett scheme." Three years later that person might get married and suddenly want his money back. He may have invested \$600 or \$700, believing that he could withdraw it at any time after getting just the ordinary bank interest rate. But he finds he can withdraw only 75 or 80 per cent of the money, and the rest must remain for the 10-year period, by the end of which time it will accrue some further interest. We need to look at that.

I make one final point on a matter I raised previously with another Minister. I refer to the 7½ per cent liquidity requirement of building societies. I am told that it is 10 per cent in New South Wales. I am well aware that most building societies retain well in excess of 7½ per cent, and I know one that works on 25 per cent. If the societies are able to keep that percentage of money aside for emergencies or calls that might be made on them, surely it should be increased to 10 per cent. It would not put any great hardship on the societies, but it would develop further confidence in them. If there is anything we need in Australia now with regard to financial institutions, it is confidence. We need confidence among borrowers and confidence among lenders. This can be brought about only if we improve the legislation we have.

Generally speaking I readily support what the Minister is trying to do here. He has come to grips with many of the problems that have been shown to exist in the building societies. I ask him to look at these other matters I have raised. In due course he might see the need to bring down further amendments.

Hon. Sir GORDON CHALK (Lockyer—Deputy Premier and Treasurer) (12.30 p.m.): I believe all honourable members are deeply conscious of the need to ensure that nothing said by any speaker will give the public the impression that there is anything seriously wrong with the building society movement. This must be emphasised. If not, certain people might feel that something is going wrong. One of the worst things that could

happen in our community would be to create what might be regarded as a run on building society funds.

I assure honourable members and also the people of Queensland that the action we are taking now is one of protection—protection of those people who have their money invested in building societies. What we must look at are some of the circumstances that have arisen in recent times. Because of inflationary trends and also the availability of money in several places, building societies were in a position to take into their accounts what might be termed record funds. This happened in part because of the interest rates that they offered. Because of the inability of a lot of young people to proceed with their home-planning, building societies were not passing out money at the same rate as that at which it came to them, and there was a need for them to place their funds in certain quarters until the demand for money came. This was quite acceptable while the short-term money market rate was above that intake rate offered by building societies. But because of a fall down in the short-term rate, some building societies are faced with a number of problems.

The building societies have discussed this matter with the Minister for Works and Housing, who is in charge of building societies, and me. What we have endeavoured to do is ensure that if a company has got into some difficulties—perhaps to some degree as the result of mismanagement or some unfortunate happenings, which can occur in any business—the viable companies will be able to buy or take over the mortgages entered into by it.

The purpose of this is twofold—to protect the borrower whose home is built by money from the building society and also to protect the lender who provides the money for the building society. We are hoping that by this legislation it will be possible for viable societies to mop up any of the problems that arise, as they do in any normal business interest or activity.

What we do not want to do is indicate that borrowers will have to meet increased repayments so that funds can be provided to pick up what I shall term the losses of the mismanaged societies. I do not believe there is any basic justification for an increase in that field. So again we want to assure people that this legislation will not affect the borrowers. As I said before, its purpose is to provide a safeguard.

A few moments ago reference was made to margins. Some problems have arisen about them. However, the building societies themselves were the ones who asked us in 1973 to set this basis of margin. What we have to look at, and what has to be remembered, is that some companies—and the member for Townsville referred to this—are major and, consequently, handle perhaps \$100,000,000.

On the other hand, some of the smaller companies might handle only \$20,000,000, we will say. There is very little difference between the operational costs of each. Not much extra office work is required to handle \$100,000,000 instead of \$20,000,000.

These are matters that the industry itself has to hammer out. However, my purpose in entering this debate was to indicate that the type of legislation that we are providing is for the security of people and to emphasise to the public at large that this is not a measure which should create any major panic in their minds about building societies as an industry. I am sure that if that advice is accepted, the building society industry will continue as it has done in the past. Its operations will be scrutinised more closely as a result of this legislation, but it should not be used as an opportunity for venting a little spleen.

This Bill has as its sole purpose the protection of the public—both investors and borrowers—and I hope it will be accepted in that spirit by the people of Queensland.

Hon. N. E. LEE (Yeronga—Minister for Works and Housing) (12.37 p.m.), in reply: As it is well known by now that my throat condition has deteriorated and I have almost no voice at all, I am sure members will not expect me to reply in any detail.

Naturally, the honourable member for Archerfield wanted to claim the total credit.

Mr. K. J. Hooper: You will give it to me. You are magnanimous.

Mr. LEE: As I said to the honourable member before, it is some eight months since I began investigations into building societies—long before any questions were asked in the House.

Mr. K. J. Hooper interjected.

Mr. LEE: I do not intend to go into any more detail; otherwise I will not have any voice left whatsoever. Quite seriously, I refute that point.

The honourable member for Townsville West spoke about the strength of the two societies in Townsville. It was very gratifying to see that he has so much faith in the industry.

I enjoyed listening to the honourable member for Rockhampton. He brought out some very good points. He agreed in principle with the Bill, and for that I thank him. He spoke about random checks. The amendments will enable random checks, and we will certainly be instituting them wherever we feel it is necessary. He also said that, if they are carried out, perhaps they will be too late. The whole idea of the Bill is to be able to send in officers quickly. To repeat the old adage, a stitch in time saves nine. That is the general purpose of that amendment.

Of course, as usual, the Treasurer used some well-chosen words. He saved me by setting out the position better than I could. I thank him for that.

Motion (Mr. Lee) agreed to.
Resolution reported.

FIRST READING

Bill presented and, on motion of Mr. Lee, read a first time.

GOVERNOR'S SALARY ACT AMENDMENT BILL

INITIATION IN COMMITTEE

(The Chairman of Committees, Mr. W. D. Hewitt, Chatsworth, in the chair)

Hon. Sir GORDON CHALK (Lockyer—Deputy Premier and Treasurer) (12.41 p.m.): I move—

“That a Bill be introduced to amend the Governor's Salary Act 1872-1973 in a certain particular.”

The purpose of the Bill is to increase the rate of salary payable to the Governor of Queensland from \$35,000 to \$50,000 per annum as from 1 July 1975. This increase, of course, is in accordance with salary movements in general since 1 April 1973, which was the last time the Governor's salary was altered, and this was over 2½ years ago.

Honourable members will know that parliamentary salaries were increased by 28.246 per cent on 1 July 1974, and by 21.433 per cent on July 1 1975. Similarly the salaries of the Chief Justice and other members of the judiciary were increased by the same percentages from those dates.

As a result, on 1 July 1974, the salary of the Chief Justice was increased to \$39,430 per annum—over \$4,000 in excess of that payable to His Excellency—and to \$47,890 per annum from 1 July 1975.

I do not imagine anyone would quibble with the arrangement now proposed. It has always been customary to maintain some appropriate margin between the emoluments of the Governor and of the Chief Justice.

In fact, it would have been quite appropriate if such an adjustment had been effected in 1974 but the relative difference in favour of the Chief Justice was then not great and it was decided to wait on subsequent figures.

Those now present, of course, a complete argument for the increase proposed. This is an eminently fair and reasonable adjustment and the new salary will be merely in keeping with recognised relativities and with the duties and responsibilities of Her Majesty the Queen's representative in Queensland.

On that basis, I commend the motion to the Committee.

Mr. MELLOY (Nudgee) (12.45 p.m.): The Bill is not unexpected, and we are mindful that we are not increasing only Sir Colin Hannah's salary but the salary of the Governor of the State, whoever he may be. Movements in the Governor's salary are related to the economic situation of the day. As has been pointed out by the Treasurer, the last increase was granted to the Governor 2½ years ago and since that time there have been substantial increases in the salaries of members of Parliament and the judiciary. The amount of the increase—from \$35,000 to \$50,000—is considerable, but I do not suppose it would be out of proportion with general increases and the rate of inflation experienced in this State.

I think I can say that the Opposition does not intend to oppose, on principle, the increase in the Governor's salary. It is true that there may be some divergence of views on the value of the Governor—and, for that matter, the Governor-General—but we are not today charged with the responsibility of debating the merits or demerits of regal representation in this country. We have before us a Bill that recognises the present situation. We have Governors and they are entitled to be paid salaries in line with the economic position of the country. On behalf of the Opposition I can assure the Treasurer that at this stage we will not oppose the Bill.

Mr. WRIGHT (Rockhampton) (12.47 p.m.): Normally there is very little debate on Bills determining the Governor's salary, and for the reasons that were outlined by the Treasurer. We accept the responsibility of this Assembly to regularly review the Governor's salary. As the Deputy Leader of the Opposition said, the salary under consideration is that for a very important office in this State rather than a specific person.

Whilst I have for many years questioned the importance of the system under which Australia has a Governor-General and State Governors on the grounds of cost and beliefs that I have in what one might call nationalism, I have always respected the office of Governor. I have always said that if any change is to be made, it has to be done democratically as the wish of the people. After all, the Governor has to represent all the people regardless of colour, religion and political persuasion—I stress the latter characteristic—and to do this he must be completely free of racial, religious and political bias. This is vital if people of all races, colours, religions and political persuasions are to respect this very important office.

Unfortunately, the present holder of this office in Queensland has strayed somewhat from this accepted position of neutrality. He has done so on a couple of occasions. I remember that, during the Address-in-Reply debate in 1973, I mentioned this matter because of some of the Governor's remarks in his Opening Speech to this Assembly. He made remarks in a similar vein in 1974 when

he commented in certain ways on policies of the Federal Labor Government. Again this year, unfortunately, he made some comments on consumer protection.

The CHAIRMAN: Order! The honourable member should not reflect on the office of Governor. He must understand that. There is also too much audible conversation in the Chamber.

Mr. WRIGHT: I just wish to make the point that it is historically true that this has taken place. It is in fact recorded in "Hansard". Comments have been made by the Governor that could be classed, at least by some people, as being of a political nature. I simply ask that, as this Assembly respects its responsibility to increase the salary of the Governor when required, as this Assembly respects its responsibility not to attack unnecessarily the Governor, as you have just said in your capacity as Chairman, Mr. Hewitt, the Governor might re-think his approach to these important questions, because unfortunately he does a dis-service not only to himself, but to his office.

Mr. PORTER (Toowong) (12.50 p.m.): It is a happy opportunity for the Committee to contemplate the office of the Governor in these particular days. I do not think any of us will have any query about the necessity to ensure that the emoluments attaching to the office should retain a parity with the payments which are made to members of this Assembly, the members of the judiciary and so on. I believe that all would accept that the office of the Governor, as with the office of the Governor-General in the Commonwealth sphere, is one of tremendous importance.

It is very easy for people who have fanatical views along certain lines, or who have only superficial and glib judgments, to believe that we would be better off without a Governor-General in the Federal sphere and a Governor in the State sphere. The plain fact of the matter is, of course, that these offices represent the enormous strength and resilience of our democratic system. They provide a third person, a reserve of objective interest which ensures that the enormous audacity of elected persons, to which many philosophic writers have referred over the years, is kept in proper check. There has to be somebody beyond the field of politics and party interests. There has to be some force which thinks of the whole of the community, the family of people, as a family, and it seems to me unfortunate that honourable members in this Assembly and, of course, those connected with party politics in other places, have taken a remark made by the Queensland Governor, isolated it and promptly castigated him and suggested that he strayed from his proper role as a Governor exercising the prerogative of the Crown in regard to the sovereign State of Queensland.

Mr. Wright: You have to admit it wasn't the first time.

Mr. PORTER: The honourable member suggests it was not the first time. I believe his comments would have been more meaningful if he had said exactly the same thing when Sir Mark Oliphant, the Governor of South Australia, made many partisan statements infinitely more searching and more one-sided than those that have been made by the Governor of Queensland.

My own view, of course, is that one cannot expect the Governor to operate totally in a vacuum, and if a Governor feels that he has to reflect on matters of principle, then I believe we should not be too disturbed if he does so. We may not like his expressions one way or the other. I myself have never commented before on what Sir Mark Oliphant has said. I accept it as one of the things he is entitled to do whether I like what he says or not, and I think the same applies here. We have to accept that a Governor is not some sort of eunuch when it comes to principles or philosophies and he is entitled, provided he does not meddle directly in party politics—and nobody could suggest that this was done—when he feels impelled to do so to express views and then, of course, he must accept whatever is the community reaction to his expression of views on matters of deep principle.

I believe that the role of a Governor is one of vital importance, never more so when very deep and divisive concerns are being expressed in our community today. I venture to suggest that the overwhelming mass of people believe in the office of Governor. They want it retained; they want to keep intact all that the Governor's office represents for them—the deep ties that we have with our mother country and our firm association with this rich heritage of tradition from the British system, particularly the British parliamentary system and the British monarchical system. They want all this retained and the Governor does it. I believe all of us will be happy with what is being done in this Bill.

Hon. Sir GORDON CHALK (Lockyer—Deputy Premier and Treasurer) (12.55 p.m.) in reply: I have listened to the remarks of honourable members. As I pointed out in my introductory speech, the purpose of the Bill is to bring the salary of His Excellency the Governor into line with what it was before increases were accorded to the Chief Justice, parliamentarians and members of the public generally. The legislation is essential, and I am pleased that it has been accepted as it has.

Motion (Sir Gordon Chalk) agreed to.

Resolution reported.

FIRST READING

Bill presented and, on motion of Sir Gordon Chalk, read a first time.

The House adjourned at 12.58 p.m.