Queensland

Parliamentary Debates
[Hansard]

Legislative Assembly

FRIDAY, 14 OCTOBER 1960

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Mr. SPEAKER (Hon. D. E. Nicholson, Murrumba) took the chair at 11 a.m.

QUESTIONS

Applications for Houses, Housing Commission, Townsville

Mr. AIKENS (Townsville South) asked the Treasurer and Minister for Housing—

"(1) Is it a fact that no more applications to purchase Housing Commission houses on a £250-deposit are being received at the Townsville office?"

"(2) How many applicants who have tendered such deposit are waiting for the allocation of a house?"

"(3) Will he fully inform the House as to the position of the Housing Commission regarding both applications for houses for purchase and rental at Townsville?"

Hon. T. A. HILEY (Chatsworth) replied—

"(1) Yes because there are no houses available for sale. Of the current contracts for 94 houses 72 of the houses have been sold, 21 set aside for the Air Force and 1 was allotted to the Commission's Inspector for rental."

"(2) None."

"(3) Applications on hand at September 30, 1960, for rental were 16 from families facing ejectment or living in tents, huts, or similar unsuitable premises, 6 from families living in condemned premises, 10 from families separated owing to lack of accommodation, 15 from families living in overcrowded conditions, and 40 from families sharing homes with other people. Tenders close on 18th instant for the erection of 96 flats at Bundock Street, Townsville. When completed these flats will go a long way to meeting the rental demand. In addition approval has been given to the acquirement by the Commission from the Department of Education of 5 acres of land fronting the Strand for the erection of further flats. An application for purchase of a house is not received from a person or deposit collected until a house is available for sale to the applicant. Enquiries for purchase of houses number over 100. It is anticipated that tenders will be called for 19 houses before the close of the year and application is being made to the Land Administration Commission for Crown land, providing 118 building sites to be set aside for housing."

Publication of Booklet on Traffic Control

Mr. LLOYD (Kedron) asked the Minister for Labour and Industry—

"(1) In view of the fact that publication by the Government of a booklet on traffic control is being undertaken by an

advertising firm, will he advise who authorised this procedure and what is the name of the firm?"

"(2) Is he aware of the fact that the booklet is being printed outside Queensland?"

"(3) As the booklet is authorised by the Queensland Police Department and the advertising firm is selling advertising space at a figure approximating £12 10s. for forty words to Brisbane businessmen, will he not agree that the practice of having a police publication privately printed for profit is most undesirable and might be regarded by business people as a form of coercive selling?"

"(4) What were the terms of the contract given to the publisher of the booklet?"

Hon. K. J. MORRIS (Mt. Coot-tha) replied—

"(1 to 4) The Hon. Gentleman is, as usual, somewhat astray as to facts. I am aware of the publication, and also aware that it is similar to one being issued in other States. The police messages contained therein are all authorised by the Commissioner of Police, and will, I believe, be of educational value, and are therefore continuing our policy of traffic education rather than prosecution. However, I have no control over the choice of printer or location of printery, because it is being published at no cost to my Department or this Government. A minimum of 100,000 copies wil be distributed. To publish so widely such messages as are contained therein, had we ourselves carried out this task, would have cost some thouands of pounds, which has therefore been saved for other important purposes, and I desire to put on record my appreciation of this opportunity."

FISH SUPPLIED TO TOWNSVILLE FISH BOARD

Mr. AIKENS (Townsville South) asked the Treasurer and Minister for Housing—

"(1) Does the Townsville Fish Board buy fish from fishermen or does it sell the fish on the fishermen's behalf?"

"(2) If the latter course is adopted, do fishermen have to wait until their fish is sold before receiving any money from the Board or can the Board make advances to the fishermen pending the sale of their fish?"

"(3) What is the longest period between the supplying of fish to the Board and the receipt of payment by any fisherman?"

Hon. T. A. HILEY (Chatsworth) replied—

"(1) The general method of marketing adopted by fishermen is for the Fish Board to auction fish on the fisherman's behalf. The reserve price for the fish is fixed by the fisherman concerned and the property in the fish, until it is sold, remains with the fisherman. The Board provides refrigerated storage facilities, and the fisherman pays charges for these storage facilities. However, in the case of Townsville, the Board does assist in disposal of mackerel during the season. It purchases limited quantities of prime quality fish which is held in storage for sale in periods of short supply."

"(2) The Board pays weekly for any fish bought by it. Fish remaining the property of the fisherman and going up for auction is paid for as sold. Such payments are made on a weekly basis. As the property in the fish remains with the fisherman, no advances ahead of sales are made."

"(3) The length of time for disposal of fish is governed by many factors, including the reserve price fixed by the fisherman, the condition of the fish, availability of fresh supplies, etc. A check taken of Townsville sales since January 1 last, indicates that the longest time taken for disposal was six (6) weeks. However, in the flush of the mackerel season it could be longer if a fisherman elects to hold for a higher price by adhering to a high reserve. That is purely a matter for him and I do not propose to force an earlier sale at a price which he is unwilling to accept."

LAND VALUATIONS, GATTON

Mr. THACKERAY (Rockhampton North) asked the Minister for Public Works and Local Government—

"In view of his admission that he still retains full confidence in the competence of the Valuer-General and his staff despite the fact that the President of the Land Court had found departmental valuations of Gatton land so unreasonable that he reduced them by amounts varying up to almost one-half, is it now to be understood that the findings of the Land Court President are attributable to his lack of experience in land valuation and in rural economy prior to his meteoric elevation to the presidency of the Court?"

Hon. J. C. A. PIZZEY (Isis—Minister for Education and Migration), for **Hon L. H. S. ROBERTS** (Whitsunday), replied—

"I have full confidence in the ability, integrity and efficiency of the President of the Land Court. I draw attention to my previous remarks regarding my investigations into certain aspects of the law relating to land valuation."

WATER SUPPLY, MAGNETIC ISLAND

Mr. TUCKER (Townsville North) asked the Minister for Labour and Industry—

"(1) Is he aware that Magnetic Island, Queensland's first tourist attraction, is without a reticulated water supply and that the Deputy Mayor of Townsville has stated

that any scheme regarding the above is beyond the finance of the Council for not less than the next ten years?"

"(2) In view of this is he prepared to advocate a special grant or subsidy to allow this important tourist resort to obtain this amenity?"

Hon. K. J. MORRIS (Mt. Coot-tha) replied—

"(1 and 2) It is refreshing to note that at last even one Honourable Member in Opposition is beginning to realise the value of the Tourist Industry. Much as I desire to see all of the State's tourist resorts with amenities of a standard that will attract tourists, I must inform the Honourable Member that the making of grants and/or subsidies to Local Authorities is not a matter which comes within my jurisdiction."

Tax on Transport of Hospital Cases by Air

Mr. DAVIES (Maryborough), for **Mr. BURROWS** (Port Curtis), asked the Premier—

"With reference to the transfer and transport by air of hospital cases from country centres and the incidence of State Transport Tax representing 10 per centum of the fare charged,—

(1) Is he aware that, if it is a stretcher case, most companies charge four full fares although one company (Queensland Airlines) only charges three, but in every instance each fare charged attracts a tax of ten per centum, as in a recent case where a husband was charged £53 12s. 6d., being five full fares to bring his wife to Brisbane from Rockhampton, from which amount the Government collected £4 17s. 6d. tax?

(2) Will he take steps to correct this anomaly?"

Hon. G. F. R. NICKLIN (Landsborough) replied—

"The Honourable Member will realise that this Tax is a long standing impost, originating during the term of office of the Government he supported. Soon after assuming office, my Government investigated the matter and took steps to ameliorate the position in certain instances, particularly in the outback, by reducing the fee to a nominal one and to adjust the charge on other services where little competition with rail existed. Representations have previously been made for a relaxation of fees in the case of sick persons being transported by air, but administrative difficulties have precluded the adoption of a general principle in this direction. However, special cases are considered on their individual merits. I should point out that in respect of emergency aerial ambulance services, a fee for charter work of only £1 per aircraft per annum is applied I might also inform the Honourable Member that, in addition to meeting the rail fares of persons requiring hospital or medical treatment unavailable at their place of residence, the Government pays the air fares of patients where the meeting of the charge would represent a hardship to such persons. I think it will be agreed that this provision coupled with the State's free hospital services extends a substantial concession to persons in need of medical and/or hospital attention."

Earnings and Tonnages, Yarwun Railway Station

Mr. DAVIES (Maryborough), for **Mr. BURROWS** (Port Curtis), asked the Minister for Transport—

"What were the earnings of Yarwun Railway Station and the tonnages of various commodities passing through this station for the year ended June 30, 1960?"

Hon. G. W. W. CHALK (Lockyer) replied—

"This information will be available to the Honourable Member when the Commissioner's Annual Report is tabled in this House very shortly."

Number of Employees, North Ipswich and Redbank Railway Workshops

Mr. DONALD (Ipswich East) asked the Minister for Transport—

"(1) What was the number of employees engaged in the Railway Workshop, North Ipswich, during each of the years ended June 30, 1957, 1958, 1959 and 1960?"

"(2) What was the number of skilled, semi-skilled and unskilled employees employed at this shop during the same periods?"

"(3) What was the number of employees engaged at the Redbank Railway Workshops at June 30, 1959, June 30, 1960 and September 30, 1960?"

"(4) What was the nature of the work being performed by these employees?"

Hon. G. W. W. CHALK (Lockyer) replied—

"(1) The number of employees as at June 30, was:—1957, 3,256; 1958, 3,170; 1959, 3,007; 1960, 2,972."

"(2)

	30–6–1957	30–6–1958	30–6–1959	30–6–1960
Salaried	225	229	222	221
Tradesmen	1,532	1,540	1,454	1,443
Apprentices	531	435	393	382
Non-tradesmen	968	966	938	926

It is not possible in the time available to make a dissection of the non-tradesmen employees under semi-skilled and unskilled headings."

"(3) June 30, 1959, 141; June 30, 1960, 160; September 30, 1960, 160."

"(4) The work being performed at Redbank Workshops is the overhaul and maintenance of diesel electric locomotives and the installation of new plant and machinery in the Workshops."

INSTALLATION OF WATER COOLERS, NORTH IPSWICH RAILWAY WORKSHOP

Mr. DONALD (Ipswich East) asked the Minister for Transport—

"As the employees in the Sheet Metal Section and the Westinghouse Section at the North Ipswich Railway Workshop have purchased refrigerators so that they may be able to obtain a cool drink of water during hours of employment, will he take the necessary steps to install at these shops modern water coolers similar to or better than those provided in this House for the convenience of Honourable Members and members of the staff?"

Hon. G. W. W. CHALK (Lockyer) replied—

"In keeping with Government policy to improve at every opportunity the conditions and amenities in the Workshops of the Railway Department, I approved on July 25, 1960, of an expenditure of £2,400 to commence the progressive replacement of the coke-type water coolers installed throughout the Ipswich Workshops by the provision of hermetically-sealed refrigeration water-cooler units. Following the calling of quotations, approval has been given for the purchase of 21 of these coolers, and they should be available for installation in the very near future."

COST OF INSTALLING LIFT AT PARLIAMENT HOUSE

Mr. DAVIES (Maryborough), for **Mr. MANN** (Brisbane), asked the Minister for Public Works and Local Government—

"(1) What was the estimated cost of the installation of the lift recently installed at Parliament House?"

"(2) What was the actual cost of the installation?"

Hon. J. C. A. PIZZEY (Isis—Minister for Education and Migration), for **Hon. L. H. S. ROBERTS** (Whitsunday), replied—

"(1) £15,110."

"(2) £14,357."

PAPERS

The following paper was laid on the table, and ordered to be printed:—

Report upon the Operations provided for by Part III. Aid to Development, of the Financial Arrangements and Development Aid Act of 1942.

The following papers were laid on the table:—

Order in Council under the Co-operative Housing Societies Act of 1958.

Order in Council under the Fisheries Acts, 1957 to 1959.

Order in Council under the Racing and Betting Acts, 1954 to 1960.

TABLING OF DOCUMENT

Mr. AIKENS (Townsville South): Last night when speaking on the Financial Statement, I said that I would table a document. At the conclusion of my speech, as usual, the document was taken by the "Hansard" staff in order to check their copy. It has now been returned to me and I lay it on the table.

Whereupon the hon. member laid the document on the table.

COMPANIES ACTS AMENDMENT BILL

INITIATION IN COMMITTEE

(The Chairman of Committees, Mr. Taylor, Clayfield, in the chair.)

Hon. A. W. MUNRO (Toowong—Minister for Justice) (11.18 a.m.): I move—

"That it is desirable that a Bill be introduced to amend the Companies Acts, 1931 to 1955, in certain particulars, and for other purposes."

For some years past the question of the modernisation of our Queensland company law and the attaining of a greater measure of uniformity in the laws of the Australian States and of the Commonwealth has been under consideration and a great amount of work has been carried out with reference thereto. This has taken the form of detailed examination of the law within the Justice Department, consultation with representatives of various trade and professional organisations and, in the later stages, a series of conferences of Ministers and legal officers of the Commonwealth and States.

The basic objective of this series of conferences has been to have prepared a "Model Companies Bill" which will serve as a guide for legislation which it is contemplated will be introduced in all State Parliaments and for corresponding action by the Commonwealth in relation to Commonwealth Territories.

This work is now well advanced and I expect that before the close of this Parliamentary Session I will be in a position to introduce a Bill for a Companies Act which will

be in the nature of a complete modernisation and consolidation of the Queensland law, following very closely on the lines of the "Model Companies Bill" which is now in the course of preparation. As this proposed consolidation will effect very substantial changes in the law as well as a complete rearrangement of the Act it is deemed wise that very considerable notice be given to all persons affected before the new law is brought into actual operation. I will, of course, have something more to say with reference to the proposed consolidated measure when we come to the stage of its introduction.

There are, however, some matters that require amendment as a matter of urgency, and as regards these there would be considerable disadvantage in having to wait until the enactment of the complete consolidation for certain changes in the law that are now found to be necessary. It is in these circumstances that, in the Speech delivered by His Excellency the Governor in the Legislative Assembly on 24 August last, mention was made among the proposed legislative measures of first—

> "A Bill to protect the public against improper inducements to make certain types of investments in corporations",

and secondly—

> "A Bill to bring into operation in Queensland a comparatively new code of Company Law which, in conjunction with complementary action in other States, will achieve a substantial measure of uniformity with the laws of the other States of the Commonwealth."

The Bill that I now seek to introduce is the first of the two Bills mentioned in His Excellency's Speech and this Bill follows very closely on certain provisions which it is expected will be contained in the "Model Bill" and some of which with minor variations are already embodied in the legislation of Victoria and New South Wales. It is contemplated that this Bill will come into operation on a date to be fixed by proclamation.

Before attempting to outline the provisions to be included in this Bill it may be as well for me to give a very short explanation of the general nature of company law and then to make some mention of the problems that indicate the particular necessity for the introduction of this Bill at this particular time.

In considering the general basis of the law relating to companies, it is desirable to keep in mind that a company is something completely different from an individual or a partnership in that a company is a separate legal entity apart from its members, capable of suing and of being sued in its own corporate name and with perpetual succession notwithstanding any changes that might take place in its membership.

The further essential difference between a company and a partnership is that in the case of an incorporated company the principle of limited liability is so common as to be almost universal, whereas in the case of a partnership, although there is some legal provision for limited partnerships, limited liability of a partner is so rare that, for all practical purposes, it may be disregarded.

However, the dominant characteristic of the company form of trading is that it provides the machinery for very large numbers of persons to join together, each contributing relatively small amounts of capital and for the combined corporate body to command the vast financial resources which are necessary for the establishment, development and conduct of a large-scale industry as we know it in the world today.

These developments have been basically good and the concept of the corporate body has contributed much to the well-being of the people of the civilised nations of the world. On the other hand it must be realised that the corporate body is a completely artificial creation. It has neither a soul to be damned nor a body to be kicked and it is therefor quite possible that the development of the corporation, which in its general application is so useful and beneficial, may be used as an instrument for fraud, wrongdoing and oppression of minority interests if it is not regulated.

It is for this reason that in our consideration of the general problem of company law revision, and to some extent in the preparation of this amending Bill, we have given particular attention to the regulation of the affairs of companies and the protection of various types of interests of investors, of creditors and of other persons having associations or dealings with companies.

Coming now to the particular reasons for the introduction of this Bill, I draw attention to the types of advertisements that in recent months have appeared in some of our newspapers offering various forms of superficially attractive investments in many of which the degree of risk to the capital invested could vary in much the same way as the extraordinarily high rates of interest or other return offered. In particular I refer to the inducements offered by some vending-machine companies which time may well prove to be quite improper when measured against the real security provided for the investment.

While the main purpose of this Bill is to provide some measure of protection to unwary investors I should like to emphasise that it is quite impossible to provide complete protection by governmental regulation and I issue the warning that, even with the safeguards and improvements that will be made in the law, it is still the duty and the personal responsibility of each investor to see that he does not either enter into onerous obligations or expend his money foolishly.

Another problem, which is in some respects not altogether different from that of the offering of improper investment inducements, is the growth of the practice of "take-over" offers to shareholders of certain types of

public companies. Some of these take-over offers are perfectly legitimate and the resultant mergers may be completely beneficial from the viewpoint of all interested parties, but there are others where the shareholders in the company taken over may not be in a position to judge either the wisdom of the transaction or the real potential value of the shares they transfer and of the shares they acquire. In matters such as this it is not within the power of the Queensland Legislature to provide complete protection, but we are able to introduce safeguards that will at least help interested parties to help themselves.

Having made those preliminary observations of a general nature, I will now outline very briefly the main subjects covered by the Bill. These, stated approximately in the order of their importance, are—

(a) the protection of the public against improper inducements to make certain types of investments in companies;

(b) the issue of a prospectus, in certain circumstances, by a company that makes a take-over offer to the members of a public company;

(c) the extension to persons who deposit money with, or lend money to, a company that makes an invitation to the public to deposit money with, or lend money to, the company of the protection afforded by the Companies Acts to debenture-holders in a company;

(d) The appointment of trustees for debenture-holders and the inclusion in the debentures or a trust deed of covenants for the protection of debenture-holders;

(e) the curtailment of extravagant and irresponsible advertising in the offering or calling attention to an offer or intended offer of shares in or debentures of a company or proposed company to the public for subscription or purchase;

(f) provision for the inspection of a company that issues interests other than shares or debentures and the winding up of the company if the protection of interest-holders so warrants;

(g) provisions prohibiting or regulating the peddling of shares and the sale of existing shares are strengthened to meet modern conditions.

As to (a), that is—

"the protection of the public against improper inducements to make certain types of investments in companies,"

the types of investment that the provisions are particularly designed to control are those relating to vending machines, unit trusts, and land trusts, but the form of investment that may be offered is infinitely varied. Such matters as the sale of forestry bonds in bygone years may spring to mind in this regard.

The methods by which the control of the issue of interests and the protection of the holders thereof are to be achieved correspond with the provisions in the Companies Acts for the protection of shareholders. These cover such matters as the disclosure at relevant times of information necessary for investors to know what they are purchasing or to enable them to take adequate steps for the protection of their rights and interests, provision for meetings at which the holders may issue directions for the protection of their interests, the right of inspection and the appointment of a representative to act for them and to take the steps necessary for the protection of their interests.

The provisions will be set out in a new Part IVA to be inserted in the existing Companies Acts and the interests to which the Part relates will be defined.

No such interest is to be issued without an approved deed, and a deed may be approved only if it makes provision for the appointment of a trustee who is approved by the Crown Law Officer and if it contains covenants, to be specified in the Bill, for the protection of the interest-holders.

Before any interests are offered for sale or subscription, the company or agent of the company will be required to issue a statement, which is deemed to be a prospectus issued by the company, and provisions relating to prospectuses will apply to such a statement. The statement will be required to contain information similar to that usually contained in prospectuses.

As regards interests that have been issued prior to the coming into force of these provisions, the management company will be required within three months to have an approved deed in force in relation to the interests or to notify the holders to that effect. The holders will then be able to take such action to protect their interests as they may be advised.

The management company will be required to lodge with the Registrar, and to furnish interest-holders with, statements and balance sheets in relation to the interests, such statements containing information along lines similar to that which is furnished to shareholders and debenture-holders in a company's annual return.

The covenants in the deed will bind the company to make available to the trustees, or an auditor appointed by the trustees, all information relevant to the undertaking to which the interest relates and to the interests of the holders.

Provision will be made for the reciprocal recognition of deeds and trustees approved in any other State that the Governor in Council is satisfied has similar legislation, but the authorities in Queensland will at all times retain power to withdraw approval of a trustee or a trust deed.

The controls outlined above will not apply to the sale of any interest by a personal representative, liquidator, receiver or trustee in bankruptcy.

With respect to subject (b), that is—

"the issue of a prospectus in certain circumstances by a company which makes a take-over offer to the members of a public company",

the law presently provides that where a company issues forms of application for shares in or debentures of the company, the form of application must be accompanied by a prospectus that complies with the requirements of the Companies Acts.

However, where a company sets out to take over another company by the purchase from members of that company of their holdings of shares in that company and the consideration offered is wholly or partly the issue or transfer of shares or debentures in the company making the offer, it at present is not required to issue a prospectus and the shareholders of the company that is proposed to be taken over have no readily-accessible detailed information upon which they may decide the wisdom or otherwise of accepting the offer.

In principle, the information usually contained in a prospectus is as necessary in the case of such a take-over as it is in the case of an invitation to the public to subscribe for or purchase shares in or debentures of the company making the offer of take-over, and accordingly where the company to be taken over is a public company and thus likely to have a considerable number of members, the company making the take-over offer will be required to accompany the offer with a prospectus that complies with the requirements of the Companies Acts.

Regarding subject (c), that is—

"the extension to persons who deposit money with or lend money to a company which makes an invitation to the public to deposit money with or lend money to the company the protection afforded by the Companies Acts to debenture holders in the company",

a considerable portion of some companies' activities are financed by the deposit of money with or the lending of money by members of the public. It is considered that the persons who so deposit or lend moneys should have extended to them the protection afforded by the Companies Acts to debenture-holders. These are principally the disclosure of information, rights of inspection, registers of debenture-holders and appointment of trustees for debenture-holders.

In relation to subject (d), that is—

"the appointment of trustees for debenture-holders and the inclusion in the debentures or a trust deed of covenants for the protection of debenture-holders",

the position of debenture-holders will be further strengthened by a requirement that a company offering debentures for subscription by the public is required to include in the debenture or a trust deed provision for appointment of trustees. The debentures or trust deed will include specified covenants for the protection of the debenture-holders.

A person or company having any interest that would conflict with his duties as a trustee may not be appointed as a trustee for debenture-holders. The court may order meetings of debenture-holders on the application of a trustee. The measure of duty of a trustee for debenture holders will be stated.

Debentures that are irredeemable or redeemable only on the happening of a contingency or at an uncertain time will be enforceable in certain circumstances. The principle of this is that of where the value of the security would not be likely to bring sixty per centum of the principal sum of moneys outstanding.

With regard to subject (e), that is—

"the curtailment of extravagant and irresponsible advertising in the offering or calling attention to an offer or intended offer of shares in or debentures of a company or proposed company to the public for subscription or purchase",

there have been examples of extravagant claims divorced almost entirely from reality being included in advertisements relating to shares in and debentures of companies. Accordingly, if the advertisement contains information or matters other than—

(i) the number and description of the shares or debentures concerned;

(ii) the name and date of registration of the company and its paid-up share capital;

(iii) the general nature of the main business or proposed main business of the company;

(iv) the names of the directors or proposed directors and of the brokers or underwriters to the issue; and

(v) the place at which copies of the full prospectus and forms of application for the shares or debentures may be obtained,

it will be deemed to be a prospectus, and all the provisions of the Act relating to prospectuses will then apply to it.

In respect of subject (f), that is—

"provision for the inspection of a company which issues interests other than shares or debentures and the winding up of the company if the protection of interest holders so warrants",

the provisions of the Companies Acts relating to the inspection of companies are proposed to be amended to permit of an investigation of the affairs of a company where the Crown Law officer is satisfied that it is necessary for the protection of the holders of interests, within the meaning of the proposed new

Part IVA, that the affairs of the company should be investigated. There will also be provision for authorising an application to the Court for the winding up of the company where the circumstances are found to warrant that course of action.

The Crown Law officer will also be enabled to have the affairs of a Company investigated if he has reasonable grounds for believing that the company has failed to repay moneys received from applicants for shares where the minimum subscription has not been received by the company within four months.

Mr. Aikens: Will he have power to investigate a company if he thinks the company has been robbing the people?

Mr. MUNRO: I have dealt with that.

Mr. Lloyd: This will simply bring the 1954 provisions up to date?

Mr. MUNRO: That is so, to a certain extent, but it is rather more than bringing them up to date. They are being extended to a considerable extent to meet present-day conditions and specifically to meet certain practices which have been found to exist.

In regard to subject (g), that is—

> "provisions prohibiting or regulating the peddling of shares and the sale of existing shares are strengthened to meet modern conditions",

the provisions covering peddling of shares and the offer of shares to the public for purchase will be amended so as to make provision for the regulation of offers of shares by means of radio, cinematograph or television. These provisions previously related only to an offer in writing.

There will also be other amendments mainly of a drafting nature and consequential on the basic alterations in the law that I have outlined.

Finally, I mention again that this Bill is only the first stage of our legislative reform in company law. The second Companies Bill, which I hope to introduce later in the present session, will be much more comprehensive and extensive.

Nevertheless, this first Bill is of itself quite important. It is a measure that from its nature can be much more effectively discussed at the second-reading and Committee stages after hon. members have had an opportunity of studying it, and I look forward to the consideration of any suggestions that may be put forward in the course of those debates.

Mr. Hanlon: In what way is there need for a second Bill? Do you mean that there has not been general agreement on the provisions required in this Bill? What is the purpose of having two Bills?

Mr. MUNRO: It is not for that reason. Actually, all the Ministers who attended these conferences have been gratified with the extent of the agreement that has been arrived at, notwithstanding the fact that they represented all political parties.

The draft of the model Bill is almost completed and the primary reason for approaching the matter in this manner is that the re-drafting and re-arrangement of clauses in the consolidating Bill are so extensive that we would not be justified in bringing the complete model Bill into operation without giving quite lengthy notice to all who are responsible for the conduct of the affairs of the companies and lawyers throughout the six States so that they may study the new law and make provision for its operation.

Mr. Hilton: The second Bill will be a consolidating one?

Mr. MUNRO: Completely consolidating the Act and re-arranging it. On the other hand there are some matters that are, to an extent, converse to those that require lengthy notice. There are matters that require an amendment of the law as soon as is reasonably practicable. It is that second type of case on which we feel it is desirable and necessary that the alterations of the law should be brought into operation reasonably quickly because we have to give some reasonable notice of these also. However, it is that type of amendment in which there is some degree of urgency that is dealt with in this Bill.

Mr. LLOYD (Kedron) (11.48 a.m.): The Minister mentioned in introducing the Bill the necessity for introducing uniform company law throughout the Commonwealth. The Opposition is in agreement with the principle he has put forward. In recent years particularly, because of the different form of national credit, there has been great necessity for amending legislation and strict governmental supervision of the activities of many of the companies now operating.

The Minister has mentioned that the body corporate has grown until it now commands vast financial resources which, in many cases, have been used to take over small organisations and the activities of which in many respects are undesirable. We completely agree with him in so far as the tendency to take-overs and mergers is concerned. In some cases there has been, through these corporate bodies absorbing other small organisations into their sphere of administration, a tendency towards monopolistic control with an adverse effect on the living standards of the people of this country.

The need for some action has been demonstrated clearly during the past five or six years. The figures covering shareholdings of companies during that period indicate how the national credit and financial structure have altered during the last eight years. Eight years ago in Australia £26,000,000 was raised in capital issues, and £12,000,000 in debenture loans and deposits. In 1959 the figure for capital issues had

grown to £48,000,000, while that for debenture loans had increased from £12,000,000 to £140,000,000. In the great majority of instances debenture-holders have not the same protection as ordinary shareholders who had taken advantage of capital issues, so there is great need to amend the company law to give them the protection envisaged by the Bill.

It is interesting to compare the remarks of the Minister this morning with some earlier remarks by him and other Government members on the subject of industry generally, remarks that indicated they were great supporters of what they call free enterprise. Now that they form the Government, however, they find themselves obliged to exercise some form of supervision or control over companies and those conducting the business affairs of the country.

Mr. Davies: A most interesting point.

Mr. LLOYD: It is interesting, because all of us clearly understand that it is quite impossible to operate satisfactorily in the interests of the community even an ideal system of free enterprise. It is impossible because those in charge of companies have human failings. They are shrewd, intelligent men and being human often endeavour to manipulate production and distribution for their own advantage, or, in other words, to get the maximum production and the maximum profit with the minimum effort. That is one of the undesirable features of monopolies from which the community suffers.

We have the spectacle at the present time of several companies in Australia in control of the distribution of food. Some of them are engaged in what is called a price-slashing war that entails the sale of goods at less than cost price. That in itself may appeal to consumers as highly desirable, and naturally they rush to get bargains, but the tactics are engaged in for one purpose only, that is, to squeeze competitors out of business and overcome effective competition. In such circumstances it is very desirable that some form of control should be exercised over both the production and distribution of goods.

If we allow such price wars to continue we will reach the stage when there will be no small operators in business, and all goods will be handled solely by large companies or monopolies. They will work in association with each other and so manipulate supply and demand that they will receive the highest possible profit from minimum production. That is a normal tendency with monopolies.

The hon. member for Mt. Gravatt spoke recently of one or two very serious restrictive trade practices, and he referred to the legislation of other countries. I trust the consolidated legislation to be put before us at a later stage will cover restrictive trade practices.

From an examination of international laws I find that Canada some years ago even went to the stage of incorporating in its Criminal Code a law against restrictive trade practices. I do not think the provision has ever been exercised, but it was approved by the Canadian Parliament, and thus in Canada a Criminal Code provision could be used in respect of some activities of companies. It indicates how impossible it is to have complete freedom of trade. That was the origin of Adam Smith's theory, but it has been abused and twisted by many companies to mean freedom of licence for monopoly trade, and monopolistic production and distribution. Because there are no decisive laws in Australia on this matter, they have been free to stifle competition. In recent times in Queensland the large firm of A.C.I. took over Charles Hope Ltd. and the Cistern Manufacturing Co. Ltd. The take-over of those firms resulted in a falling off of the employment level in the State. Charles Hope Ltd. was taken over by A.C.I. because they had previously been producing Panelyte in conjunction with their refrigerators, and that was used by Queensland plastic manufacturers as scrap material for the production of Queensland plastics. The Queensland plastic material was in serious competition with the product of A.C.I. in the South. A.C.I. cut off the source of supply of scrap material to Queensland plastic manufacturers and took over Charles Hope Ltd., and the Queensland plastic manufacturers were no longer able to get the material. The Queensland manufacturers of plastics do not know when the day may come when they will be taken over.

Large businesses have operated that way in the past, and it has not been in the best interests of the community. It is essential that there should be some form of control. I am glad to see that the Minister on this occasion has recognised that fact and that he has got away from his laissez faire attitude and now realises that the law of supply and demand will not always operate. It is essential that there should be a direct form of Government control in the interests of the community.

The provisions of this legislation are very desirable. The Minister has mentioned eight points. The first was the protection of the public against undue inducement to invest in shares and debentures. This is due to the trend over the past few years. The whole of this legislation has been brought about by the tendency in the community to invest in debenture loans. One or two companies have been operating in Queensland against the interests of the investors and by the company laws that have been in operation they have been able to avoid any form of prosecution. The Minister will have some knowledge of a firm named Tropic Isles Ltd., which has been the subject of very intensive investigation. It is registered in Queensland and the people controlling it have quite long criminal records. They have been allowed to operate and money has been taken out of

Queensland, and the investors have received nothing in return. In the past they have had no recourse to law and therefore have been unable to get any form of satisfaction. I understand an intensive investigation has been conducted by the Queensland police into that firm. This legislation may give the Government the necessary control to enable them to take action at law against companies that are operating against the interests of the investors.

A Government Member interjected.

Mr. Aikens: You could not blame anybody for going to sleep when the hon. member for Kedron is speaking.

Mr. LLOYD: The Bill should be introduced if the hon. member for Townsville South was in "cahoots" with Tropic Isles Ltd., or some other similar firm. No investor could be happy with the administration of any company that the hon. member might be interested in.

In the interests of debenture-holders, the appointment of a trustee is meritorious. Under the present law there is a possibility of the Companies Office operating in a way that will destroy the credit of any investment in debenture loans. The appointment of a trustee will give the debenture-holder some form of protection.

The provisions about irresponsible advertising and about prospectuses, the prohibition against peddling shares, and so on, will receive the approval of hon. members on this side.

However, the Bill should be carefully examined before we make any further suggestions for inclusion in the legislation foreshadowed by the Minister. All in all, we approve the desirable features of it and reserve further comment till the Bill is printed.

Mr. AIKENS (Townsville South) (12.1 p.m.): I should say that, in the realm of company activity, there is more opportunity for plain, bare-faced robbery than in any other form of activity in the State. In reply to my interjection asking the Minister if there was any provision in the Bill to prevent the people being exploited and robbed, he said that he had dealt with that earlier. No doubt he quite honestly mistook the tenor of my interjection. He probably was dealing with share-hawkers and people like that. I mean companies that rob people—rob their customers and rob the people with whom they deal—and if the Bill does not contain clauses that will prevent that, then I hope that the succeeding legislation prognosticated by the Minister will deal with it.

Another aspect that I think the Bill should deal with—and, if it does not, I hope the succeeding legislation will—is the tip-offs given from time to time concerning take-overs that are about to take place. We have heard some very ugly rumours about tip-offs given here in Brisbane. I am not going to give any names—I do not want to turn this matter into a personal or political dog fight—but it is well known that, when a company that is about to take over another company starts negotiations, those negotiations are in secret, and then the managing director of the particular company proposed to be taken over can, if he wants to, tip off some of his friends that the take-over is in the air, and his friends can rush to the Stock Exchange and buy up all the shares in the company that is to be taken over. Then, when it becomes public that the take-over move is on foot, the shares naturally soar to a great height and the people who got the early information rake off a tremendous profit in the subsequent sale of those shares. I do not know whether it would be possible—perhaps there are arguments against it—but I think every move for the take-over of one company by another should be made public so that all the shareholders will know what is in the wind. It is very difficult, I know, for a poor person, or a person who is struggling, or even a small businessman, who may have 400 or 500 shares in a company, the market value of those shares being perhaps 30s.—it is very hard for him to resist an offer if a man comes along and says, "I am thinking of interesting myself in this particular company. I think we can do something with it and I am prepared to offer you 35s. for your shares." The man thinks, "Well, there is a quick profit of 5s. a share" and he sells. He does not know that the buyer has already been tipped off that a take-over of that company is about to take place and he does not know, of course, that after the take-over those shares will hit, say, 50s. or 60s. on the Stock Exchange.

Mr. Hanlon: But if the balance sheets reflected the real position of the companies the take-overs would not be so attractive, would they?

Mr. AIKENS: I admit everything that the hon. member for Baroona says and I want to congratulate him, if I may, on the very well reasoned and sensible speech he made the other day on his private member's motion. It reflected a considerable amount of work and a considerable amount of study on his part. If every hon. member would take the same trouble to inquire into the machinations and ramifications of some of our big companies in this country, the better off the people would be and the better Parliamentary representatives they would be.

Now I am going to deal with another aspect and that is when a company itself decides to stop trading in one particular commodity and branch out in another. We all know they can do it under the Companies Act as it stands at present. We know also that shares can be juggled. There

is no bigger racket in Australia today. When you talk of the rackets that go on in some of our trade union ballots, they are only chicken feed to the rackets that go on with proxy voting in our big companies, particularly in the appointment of directors, and more particularly in regard to the alteration in trading methods of a particular company.

I am going to read to hon. members one of the most remarkable and revealing documents that has ever been read in this Chamber, to show just what can go on under our present law. If the legislation that is now being introduced by the Minister for Justice does something to stop up these loopholes and protect the innocent shareholders in companies such as these, the Government deserve some measure of commendation for bringing it down.

Mr. Windsor: Will you table the document?

Mr. AIKENS: I will table the document if the hon. member wants me to. I have offered to table it before. It was issued by The Charters Towers Electricity Supply Company to its shareholders and it reads—

"Ladies and Gentlemen,

"Accompanying this circular is a notice convening an Extraordinary General Meeting of Shareholders of the Company to be held at the Registered Office on 28th June, 1957, at 7.45 p.m., for the purposes stated in such notice.

"In the Directors' Report to Shareholders relating to the financial year ended 30th June, 1956, the following reference to the future of the Company was made:

'There yet remains for finalization certain formalities in connection with the take-over by the Townsville Regional Electricity Board and certain resultant matters concerning taxation. When these matters have been finalised your Directors recommend that the Company be voluntarily wound-up and its assets distributed amongst Shareholders.

'It is, however, pointed out that under its Memorandum and Articles of Association the Company has very wide powers and could engage in some other business should it be the wish of Shareholders.'

"In the interim, all moneys payable to the Company by the Townsville Regional Electricity Board have been received, taxation matters have been most satisfactorily finalised. Income Tax in respect of the period ended 30th June, 1956, has been assessed and paid and the Company finds itself possessed of the following assets, viz.:

Current A/c.—Commonwealth Trading Bank, Charters Towers (approximately)	£800

They apparently did not know how much they had in the bank, so they put in an approximate amount. It goes on—

"Short term Fixed Deposits —Commonwealth Trading Bank Charters Towers	£12,500
State Electricity Commission Debentures (4½% due 31st December, 1956)	£62,250
Total Assets	£75,550

In addition to these assets interest in excess of £1500 on the State Electricity Commission Debentures falls due for payment on 1st July next and a small amount of interest will accrue due from the short term Fixed Deposits."

It then goes on to say that the company directors consider that instead of winding it up and instead of paying each shareholder the 25s. a share that the assets would have realised, the company should be converted from the Charters Towers Electricity Supply Company to a finance company. And here is the most amazing paragraph, I think, that has ever been written. Many men competent to express a legal opinion on it have told me that it is quite in accordance with our present law. The paragraph reads—

"Due to mis-understanding, many shareholders have held the belief that, upon the sale of the Electricity undertaking to Townsville Regional Electricity Board shareholders were to receive State Electricity Commission Debentures and/or cash at the rate of 25s. per £1 share. This was not the case. The agreement provided for payment TO THE COMPANY of an amount equivalent to 25s. for each £1 of its issued capital and the individual shareholding was merely used to determine what proportion of this amount should be paid in cash and what portion by debentures."

Listen to this—

"It is the company therefore—and not the individual shareholder—which became entitled to the purchase money paid by the Townsville Regional Electricity Board."

So the shareholders, under the law as it stands at present, are not the company. Who the heck is the company if the shareholders are not the company? What happened was that the Townsville Regional Electricity Board, doing one of the good things they have done, went to the trouble of sending up a £100 bond and £25 in cash for every £100 worth of shares held by each shareholder in the company. The company grabbed the lot and hung on to it. They rigged the meeting.

Mr. Hart: Under the law it was their property.

Mr. AIKENS: I am telling the Committee how rotten the law is. I wish the hon. member could understand the point I am trying to make. Goodness knows, I speak loudly

and lucidly enough even for the hon. member for Mt. Gravatt! I am saying that the law is rotten. I am telling the Committee that they did this under the law. I have already said that I got a legal opinion, much better than the hon. member's, to say that this was a lawful process under the present law. I am stressing how rotten, corrupt and contemptible the law is in this regard. The document continues—

> "If shareholders should decide not to accept the Board's recommendation, it will be competent for them, at the Extraordinary General Meeting, to pass the necessary resolution for the winding-up of the Company; in which event all assets must be realised and got in, liabilities paid and the surplus distributed amongst shareholders by way of liquidation dividend. Remember, however, that the State Electricity Commission Debentures (the Company's principal asset) cannot be brought to account at par. Present like Debentures are on issue at 5⅜ per cent. and other gilt-edged investments at higher interest rates are available. The Debentures held by your company might therefore be expected to realise little more than £90 per £100."

That was a foul, deliberate lie. They were selling at that time at £98 10s. per £100, and in any case the shareholders did not want to realise the debentures, they wanted the debentures plus the cash. This document, of course, was signed by a solicitor, John P. Francis, who happened to be the chairman of the company. He would know all the rackets, rorts and lurks in company law. I continue—

> "The net amount available for distribution would be about £68,280 made up as follows—"

Then it goes on with a distinct misrepresentation of the whole of the financial affairs of the company, and continues—

> ". . . from which a final liquidation dividend of approximately £1 3s. 4d. per share could be paid."

That is on their faked figures. The shareholders were prepared to take that £1 3s. 4d. for every £1 share. Better still, they wanted an electricity bond and their cash which would have been the equivalent of 25s. a share. I cannot find out where a meeting of shareholders was held. There is no record of it in the Charters Towers paper. Of course, with the faked and rigged proxy votes that they got they decided to form this company into a finance company to lend money at 20 per cent for hire-purchase business. They told the shareholders they would give them 10 per cent., 12 and 15 per cent. return every year. That went on in 1956. They never got a dividend until they received a lousy 5 per cent. last year. They were four or five years without any dividend and without any information from the company. All my efforts to try to get the Minister for Justice to disclose the affairs of this company were frustrated by his off-handed and contemptuous attitude. He said he could not discuss it because it was a matter that concerned the company and the shareholders. Look at "Hansard" and see the questions I asked him and the evasive replies he gave.

Mr. Davies: Do you remember the time you debated this?

Mr. AIKENS: Of course I debated it in the House, to the sneers and jeers of many members of the Government. I shall give the financial position of the company. Shareholders should have been paid a £100 Electricity Commission bond, plus £25 in cash for every £100 worth of shares held in 1956. On 1 January, 1956, the Townsville Regional Electricity Board paid over, and what is the state of the company today? On 11 January, 1960, four years afterwards, the following notice appeared in "The Townsville Daily Bulletin":—

> "Notice
>
> "Offers are invited for purchase of up to Three Hundred Shares in Charters Towers Finance Company held in deceased estate.
>
> "H. L. Skellern.
> "Local Deputy Public Curator,
> "Townsville."

I asked the Minister for Justice a question as to how much the shares brought. He would not tell me. He was not game. He did not have the guts. I found out how much the shares brought. Four years after T.R.E.B. paid 25s. a share, the highest the Public Curator could get was 15s. a share. A generous man in Townsville whom I could name if necessary, because he had a sympathetic interest in the beneficiaries in this particular deceased estate, offered £1 a share just to help the relatives along. Four years after the shares were bought for 25s. that is what happened to them.

That is the sort of rotten, crooked, shakedown thing that goes on under our present company law and if this Bill will do anything to alter it I will support it to the hilt.

I think the Bill should provide—this Bill does not provide it, but the legislation that has been prophesied should—some means of investigating the rotten rackets that are being worked by finance companies and used-car companies. When somebody buys a used car and cannot keep up the payments on it the hire-purchase company sells it to a used-car dealer.

I instance a shocking case that occurred in Townsville recently. A lad bought a car for £500 and could not keep up the payments on it. He surrendered it to the hire-purchase company, which immediately sold it for £100 to a used-car company trading in Townsivlle. Within a couple of weeks that used-car company sold it for £485 but the unfortunate lad was credited with only £100 that the hire-purchase company allegedly got from the used-car company. He has been "slugged" to pay another £257 to the hire-purchase company despite the fact that the used-car company made a clear profit of £375 on the deal. Those figures came from the Minister's

own department—from Mr. Kehoe, who is the officer in charge of money-lenders. That is the sort of rotten thing that is going on today.

Mr. Munro: You are getting a bit off the beat.

Mr. AIKENS: The Minister said in reply to my interjection that the Bill would stop companies exploiting the people and I took his word for it. If I cannot accept his word it is a bad thing for this Chamber and those in it.

Mr. Munro: You are still a bit off the beat.

Mr. AIKENS: That does not matter. The Minister has been off the beat for years. As a matter of fact, he has been about 40 degrees off centre as long as I have known him.

We should also do something about the appointment by different companies of salesmen who go from door to door peddling certain articles. I give the Minister some credit for this because I believe at all times in telling the truth about people. I will give some credit to the Minister for Labour and Industry in the matter that I am about to mention. An electrical firm operating in Brisbane sent three salesmen to Townsville. They went from door to door blackmailing, bullying, threatening and standing over housewives, who were home alone while their husbands were at work, selling them electrical appliances. They had been grabbing the old appliances off the housewives and taking them away. I immediately got in touch with the Minister for Justice and he started the wheels of justice moving ponderously. I suggested he investigate the character of these people, which he did. It transpired that the three salesmen employed by that big electrical firm in Brisbane—I will not name it because it may have picked up these salesmen in good faith—had long criminal records. They have since been arrested by the Townsville police and each of them is now serving a term of imprisonment for robbery and other criminal acts. Yet these three salesmen, these three criminals, were employed by a big electrical firm in Brisbane and let loose on the defenceless housewives of Townsville. If this measure does not do something to stop that reprehensive thing, we should do something about it.

We had a case not long ago of a company advertising that it would pay a 20 per cent. dividend every year to anyone who was a big enough fool to buy shares in it. I think it was a vending-machine company. Owing to the approaches that were made to him by a relative in whom he had some trust, a worker in Townsville who had saved up all his life the sum of £2,000 invested the money in this company. Then he began to have doubts as to the credibility of the company and its capacity to pay the 20 per cent. dividend that it promised to pay each year. The Minister knows how such companies can pay a 20 per cent. dividend for a couple years, coming, of course, out of capital, and then the persons controlling them skedaddle. This worker heard a whisper—I do not say from me—and he wrote to the warden of Alcatraz about the directors of this vending company and obtained the criminal record of one of them. When he wrote to the vending company and said he had the criminal record of one of its directors from the warden of Alcatraz, the company sent him a cheque for £2,000 and expressed the pious hope that he would not say anything more about it. He kept it very silent and very secret; he told it to me. I know he told it to me in the hope that some time or other I would be able to acquaint the Minister for Justice and hon. members with the sort of thing that is going on in regard to companies operating in Queensland today. Criminals are being employed as salesmen, even criminals with long records, and American Federal records, because Alcatraz is a Federal penitentiary, and a person has to do something very heinous before he is sent to Alcatraz. Such people as this one from Alcatraz set themselves up as directors of companies. They can afford any amount of advertising space in our big newspapers and they hold themselves up as paragons of public virtue. By way of advertisement in the big newspapers they can solicit subscriptions and investments. The newspapers have their financial editors and advisers about the share market, and they must know that these advertisements are false; they must know that they are "crook"; they must know that those responsible for the formation of the companies are working the oldest racket in the world in the company game, of paying dividends for four or five years out of capital and bolting with whatever is left. Why is it that the newspapers publish these advertisements? Have they not a standard of ethics? Have they not a standard of ordinary journalistic decency? They lend themselves to the gross exploitation and robbery of the innocent people.

I point out to the Minister that the Companies Act can be the greatest protection for the people on the statute book of any State, provided it is a decent and clean Companies Act and provided also that it can be enforced without respect for persons.

Of course, when we have a Government such as we have today, backed by the big company interests of the State, backed by the monopolies, backed by the exploiters, backed by the profiteers and racketeers, how can we expect any Companies Act to contain sections that will permit of its being policed and properly policed against every section of the community without respect for persons?

I shall examine the Bill very closely. I do not pay the Minister for Justice the compliment of reading every Bill that he introduces, but I will pay him the compliment of reading this one very fully and closely, and if it does not contain the provisions that I think it should contain, I shall have more to say about it on the second reading.

Mr. HART (Mt. Gravatt) (12.24 p.m.): I do not intend to deal with many of the matters mentioned by the hon. member for Townsville South. However, he criticised a company in North Queensland that did not pay money direct to shareholders. I do not usually interject when the hon. member is speaking, but I could not help saying on this occasion, "It had to act according to law." Then he immediately started to criticise the law. Under the law companies must take charge of their funds and distribute them among their creditors, shareholders, various taxation departments and other interested parties. If companies were allowed to pay money direct to shareholders when they received it, there would be lawlessness in the community, and the Companies Act would not function. That part of the law, as far as I am aware, is not being altered at all, and I am certain that no reasonable Government would attempt to make such an alteration.

The Deputy Leader of the Opposition said that when the Minister sat in Opposition his attitude was different from his attitude on this side of the Chamber.

Mr. Lloyd: On other legislation.

Mr. HART: All right, on other legislation. I remind the hon. gentleman that what is being done now by the Minister is comparable, in one aspect, with what was done by the former non-Labour Government in 1931 or 1932 when they introduced an amendment to the Companies Act. On that occasion provision was made for a prospectus in each case of an issue of shares. I am not suggesting it was all original. Provision was made for the protection of people buying shares.

As the Deputy Leader of the Opposition has pointed out, there has been a remarkable growth in the issue of bonds and notes, and similar documents, to the general public. The legislation that the Minister has introduced is simply complementary to the legislation that was introduced in 1931. It protects bond-buyers by making it necessary to give them information that they should have before they buy the bonds. That seems to be simple common sense. When something new arises in the community it is necessary to have legislation to cover it. I congratulate the Minister on what he has done.

The hon. member for Kedron also mentioned monopolies and take-overs. This Bill makes certain provision for take-overs. I again congratulate the Minister on what he has done. It happens very often that a company develops, and the directors put money into reserve instead of distributing it all to the shareholders. They may do that so that the company can have something set aside for a rainy day. Then another company sees the reserve there, and makes an offer to the shareholders. It is usual for a company to offer its own shares on a take-over. Naturally, the shares of a company that is continually making distributions to its shareholders are higher-priced than those of a company that is not. The shares of a company that is continually making new issues are quoted at a higher rate, and the shares of the taking-over company may be higher on the market than the shares of the company it proposes to take over, but the take-over shares may have a much greater value than they appear to have on the Stock Exchange. As I understand this Bill, it provides that shareholders selling their shares to a taking-over company will at least know the value of what they are selling. I think I heard the Minister say that.

The legislation that I shall suggest needs very careful consideration before it is brought into this Chamber. More people are interested in the shares of the taken-over company than in those of the taking-over company. The general public has a very great interest in mergers, because for many centuries people have regarded monopolies as not being in the public interest. Monopolies are not in the public interest and they have never been so regarded. Take-overs are a step towards monopoly; therefore the public have an interest in them. Take-overs should be blocked early in the piece instead of waiting till mergers have grown into monopolies.

I suggest that we should have similar legislation on take-overs to that existing in England on restrictive trade practices. In England the rule on restrictive trade practices is, first of all, that they must all be registered, and then, unless it can be shown to the satisfaction of a tribunal that they are in the public interest, they become illegal. I am going to suggest that take-overs, too, be illegal unless it be shown to a tribunal that they are in the public interest; I am speaking only about public companies.

Mr. Lloyd: Do you think they should all be forced to publish their balance sheets annually?

Mr. HART: I am not going any further than what I am saying. The hon. member for Kedron cited the case of one company—I do not know the facts; I am taking them as he put them—that took over another company and thereby did a great deal of harm to third parties. That would not be in the public interest, and in this State we have a duty to protect the public interest. Unless the company taking over could show that the take-over was in the public interest. it should not be allowed to take over.

Mr. Hanlon: How would that apply to an overseas company bidding for an Australian company? Would it still be possible to debar it in that way?

Mr. HART: I suggest that it could be. I am not saying that the power of the State to do it is completely free from legal doubt—I think it is—but it is so necessary that something be done to protect the public

against the growth of monopolies that I think the legislation should be introduced. I do not intend to develop the argument in greater detail at this stage or to give further particulars of the type of legislation I propose—the matter should first be very carefully examined in all its aspects—but unless something of the sort is done in Australia, and done fairly soon, we will end up with far more monopolistic companies than would be in the public interest.

In the United States of America, for the past 70 years, there has been legislation against monopolies under the Sherman Act. I personally do not think that the United States system under the Sherman Act is as effective as the system the British Parliament introduced in 1956 to deal with restrictive trade practices.

Mr. HANLON (Ithaca) (12.34 p.m.): I am prepared to wait, as the Minister has suggested, to have a look at the Bill before taking up any time on it; but there is one feature of take-overs that I should like to say a few words on. If the Bill contains a provision dealing with it, we may get some information about it on the second reading. When an offer is made to shareholders for shares in a company, as I understand it, as long as 90 per cent. of the shareholders agree to the acquisition of the company, then, under the existing legislation, the other shareholders are obliged to accept the offer made by the bidder. It can happen and it has happened—it has been drawn to my attention recently where it has happened—that an offer is made to shareholders to accept shares in the company making the bid in return for the shares they hold in the company that is being taken over. When that bid is made, a certain time is given to the shareholders in which to advise whether or not they accept the offer. This enables the company to ascertain whether the required 90 per cent., or whatever the figure might be, have agreed to it. If the company making the take-over offer pays an interim dividend, or a dividend becomes payable, during that period, the shareholders who refuse the offer lose the right to receive that dividend.

For example, let us assume that a man is a shareholder in Company A and an offer is made by Company B of one share in that company for every five shares that he holds in Company A. The man does not accept the offer, but a number of other shareholders in the company do accept it and sign the transfer agreement and become shareholders in Company B. In the meantime, while a certain number of the shareholders are still holding out, Company B makes a distribution of a quarterly dividend, or an interim dividend, and the shareholders in Company A who have agreed to transfer their shares to the bidding company receive the dividend on the new shares that have been issued to them. However, the shareholders who are exercising their right under the Act to hold out and ascertain whether 90 per cent. of the shareholders are in favour of the take-over have no legal claim, as far as I can see, to any dividend that is paid in the interim. If, after the prescribed period elapses, Company B is able to show that more than 90 per cent. of the shareholders in Company A have agreed to its proposal, the shareholders who have been holding out are obliged to accept the bid and become shareholders in Company B. They then receive one share in Company B for every five shares, or whatever the number is, that they hold in Company A. In the meantime, because they have exercised their democratic rights under the Companies Act, they have lost the interim or quarterly dividend that might be paid, because the take-over may take up to four or five months to complete.

The National Dairy Corporation of America made an offer for the shares of Kraft Holdings in Australia, and they secured the agreement of the required 90 per cent. of the shareholders, or whatever the figure was. While it was being ascertained whether the required percentage had accepted the offer, the shareholders in Kraft Holdings, or whatever the correct name of the company is, who accepted were issued with shares in the National Dairy Corporation of America and received a dividend that was paid. To the credit of the Corporation, when the take-over was completed they made a payment to those shareholders who had not originally accepted to compensate them. But they were not compelled to do that. I believe that companies should be compelled to do it, otherwise a shareholder who rejects an offer does so knowing that he might suffer monetary loss through no fault of his own, because he loses the dividend on his investment in his own company and he may also deprive himself of the dividend he would have received by accepting the offer immediately.

Mr. Hilton: You could not enforce that on a company registered outside Queensland.

Mr. HANLON: I do not know whether it will apply if the legislation is made uniform with that in other States. It could happen with an overseas company, but it could also happen with a company in Queensland. There does not seem to be any protection given in that way. I do not know whether provision is made for that in this Bill, but if not, I would ask the Minister to look into it.

Mr. HUGHES (Kurilpa) (12.40 p.m.): I have listened very attentively to previous speakers, and at the outset I should like to commend the Minister for his initiative in bringing before the Chamber a Bill relating to certain aspects of the Companies Acts. I think all hon. members know from personal experience the many facets of the Companies Acts on which the life, safety, happiness and welfare of very many families depend.

I believe it will be a measure for the protection of the public. I certainly hope that it will serve its purpose without being unduly restrictive. Undoubtedly there are many facets to this particularly complex matter. We have heard some aspects of it from the hon. members for Townsville South and Mt. Gravatt. I have a case in point to bring to the notice of the Committee and one that I think it will agree proves the need for this legislation. I hope the Bill is wide enough to cover the many ways in which people may be hurt, both personally and financially.

When the formation of companies is spoken of the accent is usually on larger concerns and big company take-overs. We must not forget that in the past the State was built by small business men and I hope that there will always be a place for them in our economic structure. Both in private partnerships and small companies there must be integrity because these concerns can have a tremendous bearing on the economic structure of the State. The hon. member for Townsville South spoke of aspects relating to the protection of the householder and of the shareholder. What he said certainly warrants the attention of the Minister, but it is only one aspect of the matter. The hon. member for Mt. Gravatt dealt with monopolies and large concerns. I want to point out how the average man in the street looks at companies. He takes it for granted that they are reputable when he sees those wonderful, high-sounding words "Pty. Ltd." in their names. But these words indicate only the basis of their limited financial structure, not their integrity, and in many instances a wrong impression is given.

The case I am about to cite caused a tremendous amount of personal concern and hardship. I was visited at my home recently by two people who asked if anything could be done to investigate the matter, particularly for the protection of others in the future. They did not want small business men to jeopardise their welfare and happiness.

Mr. Baxter: Would you be on the Collier-Garland turn-out?

Mr. HUGHES: I am. A Mr. Lobegeiger was a contractor for a company. The company owed him about £1,800, and £800 to his son. He said that some owner-drivers who worked for this company had lost their vehicles and had to mortgage their homes. It was the result of juggling with company names and the formation of nominal companies with no more substance than comes from a hoax by the promoters with a £1 share. They make their money from one such company and then go on to the formation of another.

An Opposition Member: Which company are you dealing with now, Collier Garland Equipment Pty. Ltd.?

Mr. HUGHES: I have here a report by an official trustee who was appointed when the company was ordered to be wound up. I will quote from it—

> "The Official Trustee has not had sufficient time since the abovenamed Company was ordered to be wound up, to make anything more than a preliminary inquiry into the affairs of the Company, and it is my considered opinion that to separate the accounts, records and activities of Collier Garland Equipment Pty. Ltd. and Collier Garland Equipment 1958 Pty. Ltd. would necessitate many weeks of painstaking investigation to ascertain just where the moneys received from various contracts by the two Companies went."

I ask hon. members to bear in mind that 90 persons performed work for this company and have not received payment to the extent of their full entitlement. A statutory declaration has been made but these people—to use an Australian phrase—are out on a limb. This might be beyond the Minister's powers, but I believe the matter should be aired. It might be too late to help these people but could help avoid similar instances in the future.

A Government Member: If a statutory declaration has been made can't some action be taken?

Mr. HUGHES: I suppose so.

The report continues—

> "This investigation is warranted and necessary but the Official Trustee has not the staff available for this work.
>
> "Collier Garland Equipment Pty. Ltd. was previously a company which carried on under the name of McNiven Industries (Qld.) Pty. Ltd. It was incorporated as Collier Garland Equipment Pty. Ltd. on 9th May, 1957.
>
> "The shareholdings in January, 1957, were—
>
> R. J. McNiven, 1 share;
>
> R. J. McNiven Industries Pty. Ltd., 11,999 shares;
>
> and on January, 1958, the shareholdings went to—
>
> A Tingle, 1 share;
>
> Collier Garland, 11,999 shares.
>
> "Subsequently Collier Garland Ltd. sold its holding of 11,999 £1 shares to Peter Vaggelas for the sum of £120 and he in turn unloaded this shareholding on James Smith for the like amount, and Peter Vaggelas retired from Collier Garland Equipment Pty. Ltd. on 31 October, 1958. Peter Vaggelas and James Smith floated a new Company, 'Tip Trucks Pty. Ltd.,' with a nominal capital of £60,000 on a paid-up share capital of £1 each."

Mr. Gaven: Were Shapowloff's activities all fair and above board?

Mr. HUGHES: I question them.

The report goes on—

"How Collier Garland Ltd. acquired the 11,999 shares and the consideration therefor is not known, but it can be safely assumed that it would have been a token transaction, and one requiring investigation.

"A search in the Register of Mortgages does not reveal any charges against Collier Garland Equipment Pty. Ltd., but No. 4249 in the name of R. J. McNiven (Qld.) Pty. Ltd. covers a debenture dated 8th June, 1950. Whether this has any connection with McNiven Industries (Qld.) Pty. Ltd. is not known, but here again is the pattern of using confusing names for Companies."

That is the basis of my case, and it will become clearer as I proceed. The report continues—

"The financial structure of Collier Garland Equipment Pty. Ltd. is as follows:—

A nominal capital of £25,000 divided into 25,000 shares of £1 each.

Shares fully paid up (in cash)	12,000
Shareholders—	
James Smith	11,999
Doreen Elise Smith ..	1

"Collier Garland Equipment Pty. Ltd. had a contract with the Brisbane City Council W54057/58 for the cartage of ashes from electricity power houses at New Farm, Tennyson or Southern Electric Authority at Doboy dated 24th June, 1958, the contract having been signed by W. Shapowloff as Director on 25th June, 1958, (noting that he had resigned as Director on 24th June, 1958) following the acceptance of the tender from the Company submitted on the 20th March, 1959, for £103,021 1s. 8d.

"According to James Smith, Peter Vaggelas had almost succeeded in having the contract assigned to Tip Trucks Pty. Ltd. but following representations made by Smith the Council kept the contract in force with Collier Garland Equipment Pty. Ltd."

At a later stage in my speech I will comment on this matter.

The document continues—

"On 9th January, 1959, Collier Garland Equipment 1958 Pty. Ltd. was incorporated as a Private Company having a Nominal Capital of £60,000 divided into 60,000 shares each of £1, the subscribers to the Company being:—

James Smith	1 Share
Doreen Elise Smith ..	1 Share

"According to the return of allotments on 30th April, 1959, the shares held were:—

James Smith	500 Shares
Doreen Elise Smith ..	100 Shares
Kenneth Frederic Whiting	10 Shares

It is said that Mr. Smith, when making his report and facing the music, advised the Public Curator of having juggled these company names in such a manner that payment to those who carried out work was obviated.

The report states—

"It is said that Mr. James Smith advised the Public Curator that actually only £150 was paid in by him and his wife leaving an uncalled liability of £450 on these 600 shares, and that on 16th May, 1960, Kenneth Frederic Whiting obtained judgment for £10 application moneys paid by him, and that according to Smith the judgment was later set aside.

"On 23rd April, 1959, Collier Garland Equipment Pty. Ltd. contracted with the Brisbane City Council for a 2-year Hourly Rate Contract W43-58/59 following a Tender lodged by it on 11th December, 1958.

"Moneys payable under Contracts W54-57/58 and W43-58/59 and another one with the Brisbane City Council for Top Dressing were paid by the Council to Collier Garland Equipment Pty. Ltd. and until the 13th April, 1960, these payments were credited to the Company's own Bank Account. Under these three Contracts with the Council payments made were:

	£	s.	d.
Ash Contract ..	101,745	13	5
Hourly Rate ..	61,592	2	3
Top Dressing ..	5,518	9	9
	£168,856	5	5"

The Council completed its payments for work performed, so that the company was financial to that extent. I hope to show to some degree what happened to those moneys. The report goes on—

"Payments totalling £31,026 8s. 4d. were thereafter diverted by Collier Garland Equipment 1958 Pty. Ltd. to its own account.

"In an endeavour to retain the Contracts with the Brisbane City Council the Collier Garland Equipment 1958 Company was apparently floated and it carried on with the Collier Garland Equipment Pty. Ltd. and used the same Offices and no attempt was made to overprint any dockets and vouchers of Collier Garland Equipment Pty. Ltd. used by the Collier Garland Equipment 1958 Pty. Ltd. . . ."

Mr. Baxter: A nice bit of trickery.

Mr. HUGHES: The sorry tale unfolds. Hon. members will be able to see the pattern. It continues—

". . . the Company now in the course of being wound up having to all practical purposes given up the ghost in November, 1958, so that creditors and employees of

the Collier Garland Equipment Company did not know with any certainty just what Company was concerned in any dealing.

"The telephone service was retained in the name of Collier Garland Equipment Pty. Ltd.

"It has been advanced that the principal reason for the collapse of both companies was incorrect accounting by one employee named Ryan, and that since he took over the books from Whiting, very frequently cheques drawn on the company's accounts were dishonoured. Apparently when Whiting was in control prior to August 1959 cheques were always met on presentation.

"However, the Collier Garland Equipment Pty. companies had at different times up to 150 trucks on their various contracts and seeing that so many of the trucks were operated by owner-drivers on contracts based on cost plus, it seems difficult to see how the companies could fail."

They were on 2s. 6d. a yard, under their contract with the City Council, and they were sub-contractors to Collier Garland. Collier Garland attended to the administration and management after the council paid the rate for work performed, and they had the job of seeing that these payments were made. The statement continues—

"Moneys due to the subcontractors (owner-drivers) were received by the companies and not paid to the subcontractors although statutory affidavits were submitted to the Brisbane City Council certifying that no payments, whether by wages or otherwise, were due or outstanding to any person in relation to the works or services covered by the company's claim."

That is one of the most relevant points that I have to place before the Committee. This is an instance that should receive some further investigation in the hope that protection will be given in this Bill to prevent any further fraudulent obtaining of moneys through a statutory declaration that the moneys had been paid, when in fact, they have not been paid to the persons who should receive them.

The statement continues—

"The last statutory affidavit was made on 29 July, 1960, by N. A. Naysmith, transport manager of Collier Garland Equipment Pty. Ltd., and this despite the fact that amounts totalling £15,506 9s. 7d. were owing to owner-drivers. Collier Garland Equipment Pty. Ltd. was assessed £5,381 10s. for tax on profits derived from the 1957-1958 year. What happened to these profits, the shares in which company, 11,999, were sold for £120? It seems that to determine just what happened to funds earned by the company being wound up, inquiry into the affairs of—

Collier Garland Ltd.,

Collier Garland Equipment Pty. Ltd.,

Collier Garland Equipment 1958 Pty. Ltd.,

Gravel Hauliers Pty. Ltd. (in liquidation),

Tip Trucks Pty. Ltd.,

Tatelex Australia Pty. Ltd.

should be made. An explanation as to why Collier Garland Equipment Pty. Ltd. shows as assets amounts owing by —

	£	s.	d.
Peter Vaggelas ..	14,573	0	8
Gravel Hauliers Pty. Ltd.	10,899	16	7
Tip Trucks Pty. Ltd.	1,270	7	11

appears desirable, the more particularly that Peter Vaggelas was to all intents and purposes Gravel Hauliers Pty. Ltd. and Tip Trucks Pty. Ltd. and his capital contribution to Tip Trucks Pty. Ltd. was £1, to Collier Garland Equipment Pty. Ltd. nil, and his share-holding in Gravel Hauliers Pty. Ltd. was actually financed by funds made available by Collier Garland Ltd."

I hope hon. members are still able to follow this because it is an intricate system of share-juggling and company name-juggling many times. In fairness, I must say that the statement continues—

"Mr. J. D. Garland, a former director of the company, together with his wife, who is a qualified accountant and as such has had no doubt much to do with the accountings of Collier Garland Ltd. and the Collier Garland Equipment Companies, etc., have been actively engaged for many weeks gratuitously trying to sort out the accounts of Collier Garland Equipment Pty. Ltd. and Collier Garland Equipment 1958 Pty. Ltd., indicated to the Public Curator that they have spent this time voluntarily and for the express purpose of assisting a former employee and friend, James Smith, and to do what can be done to ensure that their good names and reputation are not unduly tarnished. The Statement of Affairs as submitted for the Company being wound up shows:—

Assets—	£	s.	d.
Office furniture ..	50	0	0
Balance owing by Brisbane City Council	4,037	1	8
Equity in 2 Ford trucks repossessed by Industrial Acceptance Corporation	2,132	0	0
	£6,219	1	8

Liabilities—	£	s.	d.
Ordinary creditors ..	3,758	0	4
Crown debts ..	9,670	4	6
Sub-contractors ..	15,506	9	7
	£28,934	14	5"

The liabilities of the company in question amount to £28,934 14s. 5d., including £15,506 owing to sub-contractors. What those sub-contractors—the owner drivers—want to know is what happened to the money. They are entitled to it as it was money covering work that they performed.

It should be noted that a man named Peter Vaggelas had acquired, at the expense of the company, a considerable number of £1 shares and it is possible that at least some of the money could be traced through to this source, because he had received assets, shares and money to the total amount of £26,743 5s. 2d. The book debts of the company appear to be £27,755 12s. 5d.

Mr. Windsor: Have they any assets?

Mr. HUGHES: No. That leaves the owner-drivers out on a limb. Their only recourse is to costly civil action to recover the money, and their success in that would be very doubtful.

After 13 April, 1960, cheques amounting to £29,166 4s. 0d. payable to Collier Garland Pty. Ltd. were negotiated and apparently credited to the Collier Garland Equipment 1958 Pty. Ltd. It can be seen that those were considerable payments made to the company.

I am afraid I must be very brief in these final observations because very little time is left to me. On 7 March, 1960, a company named Latelex (Australia) Pty. Ltd. was incorporated. The nominal capital was £25,000, comprising 25,000 £1 shares, and the subscribers were two people, namely, James Smith and Dorene Elise Smith, each of whom held one share. Latelex has operated since December, 1959, in the premises formerly used by the equipment companies, although rent would have been paid by Collier Garland Equipment Pty. Ltd. It seems remarkable that a company with a capital of only £2 can in such quick time get contracts worth £60,000, carry out work to the value of about £9,000, and still owe another company money in other directions. This should not be allowed to react detrimentally against persons of integrity and honesty who have worked and helped towards the progress and expansion of the State.

I urge the Minister when considering the legislation further to look into the suggestion that companies should not be allowed willy-nilly to juggle books and company names in such a way as to avoid their obligations. There seems to be quite a deal of laxity. I do not say there should be any stifling of the initiative of small people. The city and the country have been built up by private enterprise and by the hard, solid work of the smaller business people and they should continue to have that opportunity. However, I hope that in view of what has been disclosed about this very doubtful enterprise, there will be a definite tightening up with companies of this kind. I have the highest regard for the Minister. His integrity is beyond question and he is doing a very commendable job but, because of the limitations imposed on him, he is virtually handcuffed in some respects. So I hope that after further consideration there will be a tightening up and a removal of these laxities.

I conclude with this further example of fact and a personal observation.

From the end of November, 1958, to 13 April, 1960, deposits to the credit of Collier Garland Equipment Pty. Ltd. lodged with the bank totalled £226,454 8s. 10d., while payments from the Brisbane City Council amounting to £31,026 8s. 4d. were diverted to the use of Collier Garland Equipment 1958 Pty. Ltd. All these amounts, together with payments by the Brisbane City Council on a further three contracts, aggregated £199,882 13s. 9d.

It is difficult to see how the Collier Garland Equipment Companies should fail. Without a minute examination of both bank accounts and a check with all contracting companies, it is not possible to determine just what happened to the moneys received by the two companies. It seems on the face of it that the two companies have used moneys to which their sub-contractors were rightly and solely entitled.

(Time expired.)

Mr. DEAN (Sandgate) (2.21 p.m.): Like other hon. members, I feel that at this stage it is hard to gain a clear picture of what the Bill will ultimately contain, but I think its introduction is timely and it should give full protection to the people in the community who need it.

I have heard a great deal about combines and monopolies and the malpractices of certain companies. Two of the biggetst combines in Australia are the oil interests and the liquor interests, and I think that the oil interests are reaching the stage in Australia that they have reached in the United States of America, where they virtually control the country and have a big say in the type of Government that control it. I hope, therefore, that the Bill will give protection to the small man from the huge octupus of the oil interests. The number of service stations has increased greatly in the last few years, and that is obvious in the metropolitan area without going to other parts of Queensland. I think that increase calls for some investigation, and I hope that the protective measures contained in the Bill will be wide enough to cover small companies and small business men. Every day mergers take place and monopolies crush small businesses out of existence. At this stage we have an opportunity of expressing our thoughts fairly widely, and I hope that an investigation will be made to ensure that the provisions of the Bill are adequate to curb the oil interests.

The hon. member for Kurilpa mentioned certain things that took place in the Brisbane City Council. I do not intend to go over

them again, but I know only too well that what he said about that particular company and those contracts is perfectly correct. Those things went on, and again they were to the detriment of the small man. I think we should voice our protests and our opinions strongly now so that the Minister will have an opportunity of making any necessary amendments to the Bill before the final Committee stage. I hope my fears that the Bill will not contain provisions to deal with the racket of service stations in the metropolitan area are groundless.

I do not intend to say anything more now. Later we will have an opportunity of examining the Bill more closely, but I reiterate that it should give protection to small companies and small business men.

Mr. SHERRINGTON (Salisbury) (2.25 p.m.): I shall be very brief in my remarks on this stage of the Bill. What I have to say follows what the hon. member for Kurilpa said in his speech. He has painted a sorry picture of the state of affairs of the company that he referred to. It is interesting to note in the report of the investigation that was carried out the paragraph reading—

> "This investigation is warranted and necessary, but the official trustee has not the staff available for this work."

The hon. member for Kurilpa has fully informed the Committee of what transpired in the undertakings and transactions of this company. What can be done to protect owner-drivers employed by them? The Bill has the objective of protecting the public who invest in companies that operate vending machines and so on. But it is equally important to protect the employees of these companies as it is to protect people who might be enticed to invest in them. The complaint of the owner-drivers has been the subject of a deputation to the Minister for Justice. On my figures 72 owner-drivers are involved, and a total of approximately £16,000 is owing to them. The owner-drivers are owed various amounts ranging from a few pounds to one debt in the vicinity of £1,700.

Mr. Hiley: Would that be for the financing of their vehicles?

Mr. SHERRINGTON: No, money owing for work performed by them for the company.

It is true that under the ash contract with the Brisbane City Council certain moneys have been held by the council, so that the owner-drivers have recourse to law by applying for an order under the Contractors' and Workmen's Lien Act. In this way they can be reimbursed.

Mr. Hughes: Some have recovered by that method.

Mr. SHERRINGTON: Unfortunately, the money owing extends also to gravel contracts under which the owner-drivers have no claim. It would seem that in the opinion of the Minister for Justice it is not the responsibility of the Government to take action on an investigation, nor is it the Government's prerogative to advise these owner-drivers. Consequently they are forced to take legal action, which could run them into considerable expense. It appears that the owner-drivers who have had their fingers burnt will more or less have to put it down to experience. I should like to see a provision incorporated in the Bill to ensure that in the future owner-drivers cannot meet with the same fate. Many of these owner-drivers have outlaid thousands of pounds, and probably borrowed money, to equip themselves with vehicles only to find that their valuable trucks are about to be repossessed by the companies from whom they were purchased

Mr. Hughes: There have been a number of repossessions.

Mr. SHERRINGTON: For that reason it is just as necessary to protect the employees of these companies as it is to protect those who might be tempted to invest their money in them.

As I said, I will be brief because I feel that I have painted the picture relating to owner-drivers. If the Government are giving protection it should be given not only to investors but to the employees of these companies. The time has arrived when some provision must be made that every company be investigated and the report held by the Government so that any investor who wishes to invest in, or any sub-contractor who works for, such company may have recourse to it and ascertain whether the company is reputable or otherwise.

The Minister has foreshadowed far-reaching amendments to the Companies Acts in accordance with a model Bill to be introduced. If this Bill does not contain any of the features I have mentioned, I hope that the Minister will see fit, when he drafts the model Bill, to insert the necessary protection for the people about whom I have spoken.

Hon. members have been informed of the numbers of sub-contractors who are affected by the activities of the company that has been mentioned and of the fact that they are spread throughout the State. Most of them have put it down to experience, but that is not good enough. People should not have to gain experience of that kind. We must protect them from the machinations of such companies.

Mr. NEWTON (Belmont) (2.32 p.m.): It is difficult to comment on what is intended by the Bill before having an opportunity of seeing it, but I intend to put before the Committee information I have gathered as previous speakers presented their cases. I am concerned mainly with companies that employ wage-earners. In the latter stages of the debate on the Bill I will probably give the names of some companies, but I do not intend to do so today. However, I will

give examples of a number of cases of which I have knowledge through being an organiser of a union. They may be of interest to the Minister and give him something to consider both in this Bill and the one that he intends to introduce later in the session.

It has become a practice in the building industry for, usually, four or more persons to get together and form a company. Very often, after a lapse of time the company falls heavily into debt and the first the union learns of it is when the wages are not paid on Friday. The organiser goes along to do something about it and advises the employees to continue working for the company and in the hope that wages will be met the following week. When they are not, the real position becomes evident—there is no money available.

The next move is generally an endeavour to collect the wages by threatening to apply the provisions of the Contractors' and Workmen's Lien Act to the company. That is one way of trying to do something to get the employees' wages, not from the company itself, but from the person for whom the contract is being performed. Sometimes such a move is successful; at other times it is not. The company folds up, but in certain instances one of the members forms another company, and no claim for unpaid wages lies against the former company. I am concerned about this state of affairs. Although I do not know whether the position is covered by the Bill, there is no harm in mentioning it, particularly as other hon. members have spoken about the need to protect owner-truck-drivers and sub-contractors.

I have personal experience of a recent case, and that is why I feel free to mention the name. E. J. Taylor Pty. Ltd. folded up overnight, owing wages and long-service leave to tradesmen and apprentices. The position of apprentices is even worse, because they are not in receipt of an adult wage. Today Mr. E. J. Taylor himself is back in business. If he is asked in the street, "What are you doing about paying the wages you owe to the tradesmen and apprentices who were employed by you?", his answer is "That is not my responsibility; it is the responsibility of the company." I hope something can be done to rectify the position.

Mr. Windsor: Is he the contractor who built the Festival Hall?

Mr. NEWTON: Yes.

Mr. Windsor: His workers sent him broke through the strike.

Mr. NEWTON: That may be the hon. member's opinion, but it is not mine. He had a number of contracts following the Festival Hall job. In fact, he was engaged on some of the biggest jobs in Brisbane, but that is what happened to his company.

I shall possibly be able to go into a number of others between now and the next stage of the Bill or when the second Bill mentioned by the Minister is introduced, so that I can draw attention to other instances.

If such matters are covered by the Bill its introduction is a good move. It is long overdue. The ordinary working people as well as sub-contractors and others who are caught by such companies may now perhaps get some protection.

Mr. Lloyd: In the event of a company going bankrupt, would the wages go into the pool of debts?

Mr. NEWTON: In the event of bankruptcy, wages have first priority, but as all debts are thrown into the pool the workers get only a percentage of the wages due to them. I understand also that if annual leave for 12 months is due to them they get annual leave for only six months, and as for long-service leave, they can kiss it goodbye.

As a newcomer to the Chamber I find it difficult to understand a Bill fully from the Minister's introduction of it, but I thought it was my duty to put forward the views that I have expressed.

Hon. A. W. MUNRO (Toowong—Minister for Justice) (2.39 p.m.), in reply: Notwithstanding some minor digressions, particularly by the hon. member for Townsville South, I am on the whole very happy with the reception of the Bill by the Committee. The general trend of debate indicated that hon. members on both sides of the Chamber support the general objectives of the Bill and the introduction as a matter of some urgency of protections and safeguards for people who deal with certain types of companies.

I explained the objectives and the general nature of the Bill fairly fully at the introductory stage, but I think I should clear up one or two points that have arisen subsequently. Although I do not by any means regard the contribution of the hon. member for Townsville South as the most important, I am going to deal firstly with some of his remarks, simply because they demonstrate a complete lack of knowledge of the subject and a lack of understanding of the objectives of the Bill.

For that reason, as an introduction to what I shall say later, I think I should make some reference to what the hon. member said. He gave us a very long story about a case he had previously raised in this Chamber. I do not propose to make any reference to it, except to remind the Committee that the hon. member for Townsville South more or less implied that the shareholders and the company were precisely the same people. He said, "If the shareholders are not the company, who the heck is?"

When the hon. member for Mt. Gravatt was speaking the hon. member for Townsville South asked for somebody to give him something in the way of a legal definition of a company. I remind hon. members that although I did not give a precise legal

definition of a company, in my introductory remarks I did explain as well as I could the essential features of a corporate body. A company is completely different from an individual or a partnership. As the necessity for this explanation arises also from the remarks of other speakers, I think I should reiterate what I said previously on the general basis of the law relating to companies—

> "It is desirable to keep in mind that a company is something completely different from an individual or a partnership in that a company is a separate legal entity apart from its members, capable of suing and of being sued in its own corporate name and with perpetual succession notwithstanding any changes which might take place in its membership."

Those words indicate in a very brief way the essential characteristics of a company. I then pointed out the particular feature of limited companies in relation to the principle of limited liability that is so very important for persons who have dealings with companies. I went further and pointed out that despite those disabilities and complexities of companies, the company form of trading is tremendously valuable to the community because it provides the machinery for the gathering together of small amounts of capital representing individual shareholders by which it is possible to command the bigger financial resources that are absolutely essential to carry on efficiently a large-scale industry.

Having made that preliminary explanation, I must explain the Bill and what it seeks to achieve, and what it does not seek to achieve, because of matters that are completely outside the field of company law. The field of company law has to deal particularly with the rights, duties and responsibilities of companies, the people who take part in the organisational activities of the company, and the people who have dealings with companies as such. I make it quite clear at the outset that this Bill does not attempt to deal with service stations, or the organisation of the oil industry, or with restrictive trade practices as such. Whatever problems there might be in matters such as that, they can apply to companies, to partnerships——

Mr. Lloyd: We understand that. All you are doing is bringing the Act into line with present, up-to-date investment.

Mr. MUNRO: Exactly. My remarks at this stage are not being made for the benefit of the hon. member for Kedron but for the benefit of some of the other speakers. I am explaining in a few words why I am not going to attempt to deal in detail with some of the matters that have been discussed.

Mr. Hanlon: But you have to take into account the fact that the privileges given under the Companies Acts enable these other malpractices to develop.

Mr. MUNRO: It is true that the fact that we have incorporated companies—and we have had them for almost a century—gives greater scope for certain malpractices than there would be without them. I freely concede that, and that is one of the reasons for the introduction of the Bill, and one reason why it will be followed by further legislation at a later stage.

Mr. Lloyd: Some matters that might be brought up could possibly be dealt with in the uniform Bill later on.

Mr. MUNRO: Yes. I am very glad to have that interjection because that was my second point. Earlier I made it very clear that the task of modernising our company law and providing a solution for all these problems, including some that have been raised in the course of the debate, is a tremendous one and it is being tackled on a very wide scale. The Bill is only a first instalment. It deals only with certain matters that we think should be dealt with urgently.

The hon. member for Kedron was the first speaker on behalf of the Opposition and I think that, on the whole in his summing up, he agreed with the substance of what I had said. As I understood him, he mildly disagreed with the terms of my references to take-overs. He more or less suggested that all take-overs were necessarily bad whereas I had pointed out that, in my view, some take-overs were good and some bad. That is not a very important point of difference but I stress it because, in my experience as a chartered accountant, going back many years now—many years before I became a member of this Assembly—I recommended mergers in a number of cases and supervised the financial rearrangements with mergers of, in some cases, fairly substantial enterprises. I would say, looking back, that, in every case I can recollect in which I was associated with a merger of that kind, the results have been beneficial.

Mr. Newton: With mergers there is also the danger of losing long-service leave entitlement.

Mr. MUNRO: That is quite a serious problem. It has had our attention and I expect something to be done about it in the more comprehensive Bill that is to follow. It is not dealt with in this measure.

On the question of mergers generally—and perhaps this is not confined to company law—we must realise that, with modern, scientific methods, mass production and mechanisation, it is not possible in some fields to get complete efficiency and to get completely low-cost production with a number of small backyard industries, so that there are many instances in which a merger can be beneficial not only to all interested parties but also to the community generally. I say that with the reservation that they can also be harmful, and if the mergers

have the effect of creating monopolies they naturally will call for legislation to control them and to control any restrictive trade practices that may be inimical to the public interest. There were some references to restrictive trade practices by one or two of the speakers in this debate, and I say again that restrictive trade practices are outside the scope of this Bill. The question has been given quite a lot of thought, and as I have said on previous occasions, the complete solution of the problem is something that is outside the legislative and administrative power of any one State acting alone.

The hon. member for Kedron chided me to some extent about the fact that we on this side of the Chamber are supporters of free enterprise, yet we have introduced this measure to provide for certain controls and safeguards that are considered necessary.

Mr. Lloyd: Sometimes you people remind me of that T.V. programme that is sponsored by what they call the "free-enterprise banks."

Mr. MUNRO: I am sure that it is a very good programme if it is a free-enterprise programme. Nevertheless, I think the remarks of the Deputy Leader of the Opposition were on the whole a commendation rather than a criticism. In this way, as in other ways, the Government will demonstrate that if, after a full and fair consideration of any particular problem, they think controls are necessary, and are satisfied that they will be effective, they will not hesitate to introduce them if they are in the public interest.

Mr. Lloyd: We naturally reserve the right to say that they have not gone far enough.

Mr. MUNRO: The hon. member might be right, because the development of our company law and our laws generally has to be a gradual process. I do not suggest that even when we introduce the complete Bill a little later in the year we will have achieved anything like perfection in our company law. I dare say that four or five years later somebody will see something that we missed. However, I assure the Committee that the degree of improvement that we will effect in the law will be very substantial.

The hon. member for Townsville South made some further comments. I am sorry that he is not in the Chamber. If he had been, I think I would have dealt with them a little more severely than I propose to do at the moment. I will just say one thing rather lightly. He suggested that I was 45 per cent. off the beam, which would be a fair way off. He also said that he had spoken on this matter both loudly and lucidly, and I noted my impression at the time. I thought that he was precisely 50 per cent. right, and that applied to the first part of his remark. I see that the hon. member has returned. I remind him that in his absence I gave an explanation of the nature of the companies that he asked about. I do not propose to repeat it. I will ask the hon. member to read it in "Hansard."

Mr. Aikens: I will pay you the compliment of reading it.

Mr. MUNRO: The hon. member for Kurilpa, the hon. member for Salisbury, and the hon. member for Sandgate discussed some quite interesting points dealing generally with the need for the fullest safeguards and protection for persons dealing with companies. I am glad that they made those comments, firstly, so that they could be recorded in "Hansard" and we can examine them very closely—not in relation to this Bill but in relation to a further Bill that will be introduced at a later stage; and, secondly, because it gives me an opportunity to sound something in the nature of a public warning that I think is very necessary. This arises from the remark of the hon. member for Kurilpa, which was made quite lightly—I am glad he did make it quite lightly—when he referred to those magic words "Pty. Ltd." I think what he said is a fair representation of the effect of those words on the minds of many people. When they see a high-sounding name ending with "Pty. Ltd." as an attractive letterhead they immediately assume that it must be a concern of some standing. This is not a matter that is dealt with in the terms of the Bill, but it is one of the basic tenets of company law that the words "Pty. Ltd." are there as a danger signal. They are there as a red flag, not as a green light to lead people on. As I have explained, one of the particular features of the company organisation is this principle of limited liability, and it is very relevant to the principle of that unfortunate case that has been referred to in so much detail by both the hon. member for Kurilpa and the hon. member for Salisbury.

Let me explain the position simply. If you are dealing with John Smith and you know that he is a man of some substance and evidently has some assets, you are reasonably safe if you extend him credit because you have recourse against the whole of his personal assets. Apart from that, if he is a man of integrity possibly you can rely on his word that at some time or other in the future he will meet his debts. The purpose of a company's being required to include as part of its name the word "Ltd." is simply to warn people that the liability is only limited, and that the recourse is only against the assets of that company.

Mr. Hughes: There is a popular misconception about that.

Mr. MUNRO: There is.

Mr. Sherrington: There is a misconception about the "Pty. Ltd." Some people think that it is synonymous with something great.

Mr. MUNRO: I agree. I am rather glad that the point has been raised because it is a popular misconception. It is a complete

fallacy. The word "Ltd." legally has this effect: it says, "You are warned. Your only recourse is against the assets of this company. You have not unlimited recourse against the assets of the shareholders. Therefore you must proceed with caution and satisfy yourself that the assets of the company are adequate before you extend credit to it." That is the effect of the word "Ltd." but I quite agree with the points made by both hon. members. That has largely been the problem in the unfortunate case referred to. The word "Pty.", the abbreviation for "Proprietary," is again, in perhaps a less definite sense, a warning. It is a warning that that company, as a proprietary company, is one that is not subject in full to all the obligations of a public company.

Mr. Hanlon: Do you think a clause could be included to provide for some immediate requirement of paid-up capital, compared with nominal capital? This business of operating on a paid-up capital of £1 with a nominal capital of £20,000 is wrong.

Mr. MUNRO: That is a very relevant interjection. I am very much concerned that we do have some companies incorporated with a very large nominal capital and a very small paid-up capital. Nevertheless, there is a safeguard in the existing Act. Any person may go to the Registrar of Companies office and ascertain the paid-up capital of any company, perhaps not just at that date, but at the date of the last annual return. That is a good point and at some time we might give consideration to it, but there must be some flexibility.

Mr. Hanlon: Would it not be better to have that information available in the Register of Companies, not necessarily in the Companies Office because the Companies Office may be somewhere where it would be difficult for people to get the information.

Mr. MUNRO: It is available in the Companies Office.

Mr. Hanlon: You have to go to some trouble to get it.

Mr. MUNRO: No, it is just a matter of paying a search fee. The information is available but many people who enter into transactions with companies either do not know that the information is available or, if they do, they are perhaps a bit too trusting and do not make the inspection. Recently we have taken one step that goes partly towards the objective mentioned by the hon. member for Baroona. We have increased very substantially the fees payable for companies in relation to their nominal or authorised capital. That has the effect of discouraging, at least to some extent, the incorporation of companies with a very large nominal capital without at least something like a corresponding amount of paid-up capital.

Two hon. members mentioned certain cases but I would not attempt to deal with them on the introductory stage of a Bill. I already know something of one case because the hon. member for Kurilpa has brought it to my notice. If the hon. member for Salisbury can give me any further details that would justify some action being taken, I shall be glad to examine them. I will also consider the matter in the light of his further explanation. However, it appears at the moment to be substantially in the nature of a civil matter between certain persons who have entered into transactions with the company. If the hon. member has any evidence that there is something more than that in it I shall be happy to look at it.

Mr. Sherrington: That is what you told the deputation that I introduced to you.

Mr. MUNRO: That is so, after an examination of the legal aspects. With all the goodwill in the world, no Government could possibly say, "We will step in and look after the personal interests of every creditor of a company, every employee of the company and every person who has dealings with it." All we can do is, to the best of our ability, through the instrumentality of parliament, provide the law which will be suitable and effective. We are endeavouring to do that in this Bill and in the more comprehensive Bill to be introduced later.

Mr. Newton: Take the position of a director of a company that has gone bad. Could not the Government stop that director from forming another company? The particular person I mentioned formed three other companies after that, and he is now in Boggo Road gaol.

Mr. MUNRO: That particular point is under consideration at the moment, but not in relation to the Bill.

The hon. member for Baroona made an interesting point about possible hardship in a take-over when 90 per cent. or more of the shareholders agree and when by reason of provisions in the existing law the remaining minority shareholders are required to come into line. That point is not covered by the Bill; it is dealt with in Section 163 of the Companies Acts. I shall consider the point, but at this stage I should say that the provisions of Section 163 are well established; they have been in the Queensland law for quite a long time. They are incorporated in United Kingdom legislation, and as far as I can recollect corresponding provisions have been enacted in probably all the Australian States, or at least in the majority of them.

At first impression that might appear to impose a hardship, but the real purpose of the provision is to protect the collective interests of shareholders in companies. In some cases it does operate to assist the majority, but it will readily be recognised that it could operate also as a safeguard for the minority. I should like the hon. member to realise that the small investor

would generally be in a very unhappy position if the company in which he held a 2 per cent. interest was taken over by another concern, and he was left with only 2 per cent. of the shares, the other concern holding perhaps 98 per cent. of them. He would have a nuisance value to the company which effected the take-over, but his position would be very unsatisfactory because, by reason of his very small holding, he would have no say at all in the conduct of the affairs of the company, and it may well be that the dividend policy of the company may be such that it may go a tremendously long time and not pay a dividend at all. He could be much worse off without the effect of Section 163 than he would be with it.

Mr. Hanlon: I think you have missed the intention of what I said. I was not objecting to the provision itself. I was objecting to the fact that the proportion of shareholders who did hold out and who were ultimately compelled to accept could be deprived in the meantime of dividend payments by the take-over company to those who accepted, and I said the company taking over should be compelled to make up the difference.

Mr. MUNRO: That is a matter of detail, as it were, apart from the basic principles.

Mr. Hanlon: I do not object to the general principles.

Mr. MUNRO: I understand. That is a point we may have to consider, but not in relation to the Bill. This Bill does not affect that section at all.

The only speaker to whom I have not referred to any extent is the hon. member for Mt. Gravatt. I do not think it is necessary to comment on his remarks except to say that they were considerably more lucid than those of the hon. member for Townsville South. As is usual, the hon. member for Mt. Gravatt, with the assistance of his legal knowledge, helped us all to understand the objectives and implications of the Bill.

Motion (Mr. Munro) agreed to.

Resolution reported.

FIRST READING

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

TREASURY FUNDS INVESTMENT ACT AMENDMENT BILL

INITIATION IN COMMITTEE—RESUMPTION OF DEBATE

(The Chairman of Committees, Mr. Taylor, Clayfield, in the chair.)

Debate resumed from 28 September (see p. 515) on Mr. Hiley's motion—

"That it is desirable that a Bill be introduced to amend the Treasury Funds Investment Act of 1958, in certain particulars."

Mr. LLOYD (Kedron) (3.13 p.m.): It is not my intention to keep the Committee for any great length of time on this matter. I express some regret—as did the Leader of the Opposition—that it is possible for the Government, by means of short-term loans invested at the high ruling rate of interest, to receive a greater return than otherwise on the cash balances available to them. We do not say that nothing good can come from it and naturally when it is available advantage should be taken of it. It is a very regrettable feature of the national economy—particularly since 1949—with the repeal of the Commonwealth Bank Act, that the short-term money market has become a very important feature of this country's economy. I mention the Repeal of the 1945 Commonwealth Bank Act because it allowed the control of finance to weaken and gave the banks an opportunity to enter the stock exchange security field. It became possible for them to enter into the consumer credit sphere of national credit. Whereas in 1949 the banking institutions of Australia controlled 60 per cent. of the available credit in Australia, today that control has slipped to 25 per cent. That 25 per cent. is purely and simply the portion of national credit over which the Commonwealth Government have some form of control. The banking institutions have still retained their private control in the field of consumer credit through their interest in hire-purchase companies. From Queensland's point of view, we should insist on an investigation into the financial control that is exercised by the United Kingdom Government over the whole sphere of national credit. The United Kingdom has some form of governmental control over capital issues and, until we have similar control not only over capital issues but also over deposits invested and debenture loan raising, State Governments at any rate will not be able to carry out all the work necessary to develop the country.

With the progressive trend in credit and debenture loan raisings over the past nine years, investment in the private sector has got far out of control as against investment in the public sector; that is to say, there is complete imbalance between the two. The tables relating to the Financial Statement show that in six or seven years Queensland's loan expenditure has increased by only £3,000,000 whereas expenditure in every other sector of the economy has, with inflation, increased very much more.

If we are to have some form of control and if we are to develop the country, we must examine very carefully what is happening in the Commonwealth and in each State. We know that the State Treasurer, no matter which political party he belongs to, must explore every possible avenue of revenue and take advantage of every facility available to him. At the same time we must remember that the gradual increase in interest rates

in Australia has been one of the most important factors contributing to the present inflationary spiral.

The subject of interest rates is closely linked with that of the short-term loan money market. The short-term market is highly competitive and it attracts a great deal of the surplus money available to investors and to governments, as we are finding at present. As that competition increases, interest charges tend to rise. We saw that with debenture loan raisings. Some years ago the interest offered to investors was about 6 or 7 per cent. Today many companies offer anything up to 20 per cent. I hope that the uniform company legislation will tend to reduce or flatten out the interest rates on debenture loan raisings. But, as the interest charges increase, there is the continuing danger that the Commonwealth Government will increase the Governmental bond rate. We had a very clear warning—though not an acceptance and not a rejection of the idea—two days ago in the Commonwealth Parliament when the Acting Prime Minister refused to answer a question whether the bond rate would be increased to enable the Commonwealth Government to maintain their own loan raisings. As we understand it, although the loan market in Australia two years ago was reasonably sound, or even very stable, the Commonwealth Government were able to raise more than they had expected.

Mr. Hiley: How long ago?

Mr. LLOYD: Two years ago.

Mr. Hiley: Oh no, longer ago than that.

Mr. LLOYD: Two or three years ago, then.

Mr. Hiley: I think from memory that last year was their best raising for three years, but they have not totally filled their loan requirements for many years.

Mr. LLOYD: That is not very important to my point. A few years ago it might have been possible for them to secure their loan raisings in a 12-monthly period, but, the position has so deteriorated in the past two or three years that they now estimate they will not be able to raise about £80,000,000; they expect the loan to be undersubscribed.

Mr. Hiley: Two years ago the shortage was even higher, I think.

Mr. LLOYD: It could have been higher. One reason for this is the competition that exists not only in Australia but also overseas, and the gradual increase in interest rates. An increase in interest rates in Great Britain might perhaps have some effect, and the competition could become so strong that the Government would be forced to increase the bond rate to enable the Commonwealth Government to fill its loans. In that case we are reaching the point of no return, and if we are interested in the cost structure and in maintaining our level of costs for goods and services, the producers will have to bear a very heavy burden if we are to achieve stability. At the moment there is a tendency to take national credit away from Governmental control, and although the Commonwealth Government might have achieved some success by restricting capital issues, it could be effective only if it controlled the availability of investment and the banking system.

Interest charges will be increased to the point where it will be impossible for people to borrow, and the cost of money is as important as the cost of production, the cost of wages, and so on. In the past 9 or 10 years the Commonwealth Government have attacked inflation by increasing costs to reduce demand, and there is a limit beyond which that cannot be applied. The stage can be reached where increases in payroll tax, sales tax and income tax will price our goods off the world markets. I believe that salaries and wages have some bearing on the matter, but not the important bearing that some people in the community would have us believe. It is almost certain that we can maintain the level of costs in this country if the Government are prepared to accept their responsibility in regard to interest rates and charges. Salaries and wages are an important factor, but they purely and simply follow the ordinary costs spiral. As costs increase, they follow, and the Treasurer now finds that that applies in Queensland, just as it applies in other States, under the new tax reimbursement formula. As costs and salaries go up, the costs of Government go up, too, but he has to wait a full 12 months to be reimbursed. The salary and wage-earner must also wait, and he receives his increase by means of an adjustment of the basic wage.

If we are to maintain our cost structure at a point where we can maintain our present standard of living and at the same time command an overseas market, there must be some form of Government intervention. The Government intervention that I suggest is necessary is a control of capital issues and full control over the whole economy of the country. Instead of the Commonwealth Government saying to the banks, "We are going to limit the amount of money you can issue," the whole of the credit must be limited in some way. People talk about too much control. But whilst there is control in the public section of our economy and we are accepting full control over every facet of our public life, why should we believe that the Government should not exercise some control over the private section of our economy?

I believe that we must accept the responsibility of paying slightly more for our goods. If we are able to export our commodities and increase our national income in that way, we should do so. In other words, if we want a high standard of living we must

be prepared to pay for it. At the same time, where there is an artificial increasing of interest it must be realised that eventually a limit must be reached or you force your commodities off the world market, which in turn means unemployment and a great loss of prosperity. It is very unfortunate that the factors that have necessitated the investment of money on the short-term market have been brought about by the repeal of the 1945 Commonwealth Bank Act, under which the Commonwealth Government could have held some control over the whole of the national economy.

Mr. HANLON (Baroona) (3.26 p.m.): Unfortunately the Bill seems to give weight to the old adage that money talks all languages because, as a State Government, we are doing something that we are strongly critical of the Commonwealth Government for doing. We are taking advantage of people who have been forced into a position where they have no alternative but to allow themselves to be exploited by us.

Let me explain what I mean. It has been pointed out by both the Leader and the Deputy Leader of the Opposition that the Treasurer is able to gain some advantage for the State because what used to be regarded as gilt-edged investments are no longer attractive. Their value has been so adversely affected by inflation that people who have committed themselves to gilt-edged investments are trying to get out of them. The same circumstances have enabled the Commonwealth Government to take advantage of the States. Because gilt-edged investment is so unattractive the Commonwealth Government cannot raise the money required by the Commonwealth, the State Governments and local authorities for works programmes. That has given the Commonwealth Government the opportunity to transfer revenue to State loan works and charge the States interest on it.

I hope the day will come when it is not necessary for the Commonwealth Government to transfer revenue for loan works because then we as a State shall not be exploited by them. No longer will the Commonwealth Government have the opportunity to lend taxation revenue to the States and charge them interest on it. They are able to do that today only because the loan market is not strong enough to provide sufficient funds for gilt-edged investment in public works. They are forced to use revenue to bolster the loan works of State Governments and local authorities, and they charge us interest on the money and make a profit out of it. The Treasurer would criticise the Commonwealth Government for doing that—as we do—but we are doing the same thing by taking advantage of people who, in good faith, invest in loans only to find that inflation has taken away the benefit of their investment. Because they are pressed by creditors, or inflation is eroding the investment, they wish to get out of it before they lose any more, we have been able to step in and buy at a discount their investments in gilt-edged securities.

Mr. Hiley: If we did not support the market occasionally they would get even less.

Mr. HANLON: Indirectly, we probably help to keep it up to a degree. I suppose we can also excuse ourselves on the ground that we are not responsible for the general position—the main reason must be sheeted home to the Federal Government. Whichever way it is looked at, we are guilty of an ethical fault for which we so often criticise the Commonwealth Government because of what they are doing to us.

Hon. T. A. HILEY (Chatsworth—Treasurer and Minister for Housing) (3.30 p.m.), in reply: I am grateful to the Committee for receiving the main purpose of the Bill with general approval. I judge the reaction of the Committee to be that, to the extent that we have surplus day-to-day money available, hon. members think it wise to make the best use of it and secure the best return we can for the State.

However, there were one or two observations to which I should like to make reference.

I should like to take up in a material manner the very interesting observation made this afternoon on the whole of the credit structure of our nation and its relation to the control exercisable by the State Governments. One of the first matters that caught my attention was the observation of the Leader of the Opposition drawing attention to the newcomer to the short-term field—Lombard Australia Ltd.—and the rates of interest they are offering. Frankly, those rates shock me, measuring them in comparison with the general credit terms of this community. Let me remind the Committee of the rates offered. They have been offered quite recently and, if they have been changed, I have not seen evidence of it. They are offering 4 per cent. for money on call on demand, and 7 per cent. for money on 6 months' notice of withdrawal. If those rates persist, God help the local authorities and the Commonwealth bond market! They cannot possibly exist against competition of that order.

Mr. Houston: For what purpose do they use their capital?

Mr. HILEY: I very much suspect that a good deal of it will go into forms of usage where the interest charge is very high. I think the bulk of it would go into either the hire-purchase field or for some short-term capital works assistance—to needy people for plant or the acquisition of buildings—where the rate of interest charged is what I describe as "savage."

Mr. Hanlon: Don't you think that the way they have gone about it gives a strong case for testing whether they are acting in breach of the Banking Act?

Mr. HILEY: That is something on which it would be indiscreet for me to make an observation. The administration of that Act is the responsibility of the Commonwealth and it would be hardly fitting for me to give an opinion on something like that. I will deal with some of the observations made, but I am prepared to make it perfectly clear to this Committee that with a rigidly controlled credit in the gilt-edged field and the banking sector while the private sector runs free, the position is utterly untenable and the gilt-edged market is lurching to doom and destruction.

Mr. Hanlon: It has gone on for a long time now.

Mr. HILEY: If somebody does not check it soon I hate to think of the consequences in the two fields I have mentioned.

Mr. Houghton: Are you aware that Lombard Australia Ltd. have issued savings bank accounts now?

Mr. HILEY: I did not know that they were issuing savings bank accounts.

Mr. Houghton: They are.

Mr. HILEY: I will be interested to know by what ingenuity they escape the surveillance imposed by the banking legislation. If they are doing that I would be having a close look at their operations if I were administering the Banking Act.

Mr. Hanlon: If it goes on the whole structure will completely collapse.

Mr. HILEY: It may. Whether banking control is destroyed through the front door or the back door, it is in danger of destruction by some of the forces that are operating in our credit field and I propose to speak at some length on the matter.

The next matter that caught my attention was the observation by the Leader of the Opposition that by buying these short-maturing gilt-edged stocks on the market, some of them offering a return as high as £7 14s. 6d. per cent., we were contributing to these inflationary pressures. That appears to me to be a pretty piece of specious reasoning. These are marketable stocks and are called every day, and if there is one thing that will help the position it will be if more buyers go on the market. When the market is short of buyers the prices tend to fall under selling pressure, and every time we go on the market and buy at market price we are helping to support it. If we abstained from operating on the market, the return could go even higher than £7 14s. 6d.

I did not mention the matter in any sense of boasting or fiendish delight at getting such wonderful bargains, but in the sense of showing grounds for real concern. It will not have escaped the notice of older hon. members that I am a strong advocate for low and medium interest rates, and I have a horror of a community that allows high interest rates to take charge of it. That has always been my attitude, and nothing has happened in the present situation to lessen my feelings; if anything, they are accentuated. So that in the buying of these stocks I could, if I was swayed purely by sentiment, say to the man who holds £100 of S.E.A. or S.E.C. debentures maturing in 13 months—very short-maturing stock, the best market price being such that I can buy it, pay the brokerage and still get a £7 14s. 6d. return on the market price—"I will pay you £100 for them." I should say that it would be a breach of duty if I were to concede payment higher than the ruling market price. I have told my officers that we have such an interest in preserving the strength of the market for these various debentures issued by semi-governmental and local bodies in Queensland, that I think we should buy when we can. Every time we buy we help the next council that wants to borrow and the next regional board that wants money.

Mr. Hanlon: As long as you do not force up the bidding and make it more attractive for people to dispose of what they hold. If I had £100 of S.E.A. stock and I saw it had gone to £92, I might say to myself, "I had better cash in and get the £92 while I can."

Mr. HILEY: Does not the hon. member think it would be a good thing, the market being £92 without our support, if our support brought it not to par, but, say, to £95? Does he not think it would be a better thing for those who hold the debentures?

Mr. Hanlon: If you are careful not to bid actively against someone else.

Mr. HILEY: How are we to get it up unless we bid?

Mr. Hanlon: You are bidding to hold it, not to force people into thinking it is going up.

Mr. HILEY: Let us be realists. If the market is at £93 10s., I should be wasting my breath by making a bid of £93 7s. 6d. Who is going to take a bid from me at £93 7s. 6d. if other bidders on the day are bidding £93 10s.? In a market such as that there is only one bid that registers and that is the best bid of the day. If you do not make it, you do not buy. The only danger would be if we were offering them for sale and offering them down. We are not offering securities down; we are buying securities, and to do that we have to equal or better the best bid on the day. There should be no conclusion from our operation on the market other than that we are in fact supporting the market and to that extent helping the general body of investors. I must confess that I should not imagine the scale of our operations would be enough to affect the market significantly, but even the little we do is a help.

I was rather surprised at the suggestion of the Leader of the Opposition that by operating in support of the market we were contributing to some extent to these inflationary pressures. Had he put it that we were in fact benefiting by the inroads of inflation I would have agreed with him, but I cannot see how he can validly argue that we are contributing to inflation by supporting any of these semi-governmental——

Mr. Hilton: If all Government bonds could be convertible at their face value, this would be eliminated.

Mr. HILEY: It would be a tremendous factor.

Mr. Hilton: That should be aimed at in this country.

Mr. HILEY: I quite agree.

I come now to a matter raised by the hon. member for Port Curtis, who gave an instance of something that is not really connected with the Bill. However, since he has raised it I think I should reply to it. He mentioned a solicitor who held a trust for over 11 years. The amount held in trust was £1,000 and it belonged to a man on the basic wage. The hon. member said that finally, by approaching the Law Society, he was able to get the money handed over. He complained that the beneficiary got only the bare £1,000 after a period of 11 years. I hope that every hon. member will realise that the legislation that incorporated the Law Society and set up its statutory committee and its other control features, contained machinery that was designed to allow members of the public, or hon. members of Parliament to whom members of the public came, a ready means to secure examination and correction of that sort of evil. It is a pity that the constituent waited 11 years before he sought Mr. Burrow's assistance. I want every hon. member to know that the Law Society was set up so that any member of the public with a complaint against a solicitor could seek its aid and have it investigate the complaint. I know that it has succeeded in correcting hundreds of matters where solicitors were dilatory, careless, or erroneous in handling their affairs.

Mr. Thackeray: I can give you one case about which I approached the hon. member for Mount Gravatt. It concerned Mr. Hally, who has been deregistered as a solicitor and against whom police action has been taken. Money has been held by him in trust for years, and no-one can get to his books; until the other day no-one could get into his office.

Mr. HILEY: There is a technical reason for that, and I think it has been corrected. If it has not already been brought down I hope my colleague, the Minister for Justice, will not mind if I tell the Committee that he has this situation clearly in mind. The legal framework set up to control solicitors deals with solicitors who are registered as such. Hally was struck off, and, having been struck off, he was no longer a solicitor. That left a hiatus, in the legal term, over the moneys that he held in trust at the time he was struck off. My memory fails me a little. I think corrective action has been taken, but if it has not been it is under contemplation, so that quick action may be taken to close that hiatus and make all the machinery of the law apply to men who have been solicitors, even though they may have been struck off the roll, until they have discharged every last trust for which they were responsible.

Mr. Thackeray: That will be a very good move.

Mr. HILEY: I think that covers the matters raised when we were last discussing the Bill. This afternoon the Deputy Leader of the Opposition and the hon. member for Baroona had something to say on the matter. I have already made some terse declarations on it, and I now propose to deal with it at some considerable length.

At the moment we have in our credit field in Australia three broad divisions. We have the gilt-edged field, in one section of which the Governments operate direct on issues by the Loan Council—what we popularly refer to as Commonwealth bonds. Then we have the second element of the gilt-edge field—borrowings by various public bodies carrying the guarantee of a Government and what we popularly refer to as local authority and semi-governmental borrowings. They cover all the local authorities and the various boards—water boards, harbour boards, hospitals boards, regional electricity boards, and so on. They have this in common: they are not a borrowing by Government but a borrowing by an authority set up by a Government and they carry the guarantee of a Government. That is the first great field.

The second field we have is the advances of credit provided through the banking amenity.

The third, which 10 or 20 years ago would have been referred to in a very minor key, is the uncontrolled private sector. Today it has swollen into a tremendous factor in the credit operations of the State. I present that great uncontrolled private sector under two headings. The first is the long-term sector, illustrated principally by period or even interminable borrowings, many of them listed on Stock Exchanges—debenture issues, redeemable notes and, in some cases interminable note issues. The other is the deposit class of transaction—some for a brief term, some up to as much as 5 years and some at call.

It is significant to note that, while last financial year when, in the true gilt-edge field, every Government in Australia succeeded in raising, from Australia and overseas, £120,250,000, for the year ended 31 March, 1960—I have not got the June to June

figures, but they would be broadly comparable —raisings in various fixed-interest forms by public listed companies in Australia amounted to no less a sum than £180,000,000.

Mr. Duggan: Does that include over-subscriptions to some of them?

Mr. HILEY: Presumably so. That statement is from published records and I should think they would have adjusted under-subscriptions and over-subscriptions. In addition, there would be some raisings outside the field of public listed companies.

To the best of my knowledge and belief, not one of those vending machines companies to which my colleague the Minister for Justice referred is a public listed company. Indeed, as I brought to his attention the other day, I was rather surprised to find that most of them are not even public companies, let alone public listed companies; many of them are proprietary companies.

In my judgment, there is the clearest possible evidence that Australia can no longer follow the convention that we have, on the one hand, a gilt-edge field rigidly controlled in the total amount of its permitted borrowings and rigidly regulated as to the rate of interest it is allowed to offer, with another sector, the banking sector, rigidly controlled through the device of the Central Bank as to the amount of credit it can offer, and, while the rates of interest it can charge are lightly variable—5 to 6 per cent.—the rates of interest are broadly controlled by advances made by the whole of the banking sector. On the other hand there is this great uncontrolled private sector raising as much as £180,000,000 plus in a year—with no control whatever either on the amount of credit it can seek or on the rates of interest it can offer. The plain fact of the matter is that, while this state of affairs was tenable while its operations were relatively trifling, it is no longer tenable. In 1957-1958, only two years ago, the raisings in that sector were £80,000,000 but in two years they have jumped to £180,000,000. In view of that rise, I say with all the conviction of which I am capable that the gilt-edge market is in dire danger of extinction unless some corrective measure is found. It has been, as hon. members will know, a source of both gratification and pride to this Government that over the past three years, for the first time in Queensland's history, we have been able to accomplish fully the raisings permitted by loan councils for semi-governmental authorities. But if that tendency continues unchecked and the rates of interest offered by people such as Lombards continue, there is no hope that we will be able to come here in 12 months' time and say that every local authority, harbour board and regional electricity board in Queensland has raised the full quota of its entitlement.

The raising of money is a strictly competitive business. Investors naturally look to returns, and there is no way in the world that we can hold a 5 per cent. maximum rate in the bond field, a maximum rate of £5 10s. in the semi-governmental field, while these people are creeping up from 7 to 8 per cent., from 8 to 9 per cent., from 9 to 10 per cent. I do not mention above 10 per cent., because when you go past 10 per cent. even uninformed investors realise that they are dealing with desperate people who are willing to pay any price to get their hands on a few pounds.

Mr. Duggan: What form of control do you favour to deal with this problem?

Mr. HILEY: I am coming to that.

Having stated my concern about this, now let me state my philosophy. My whole philosophy on the question of interest rates is that it will be a sorry day for Australia if the gilt-edged field and those who deal in it join in a competitive rat race and chase these competitive rates of interest and thereby throw an infinitely heavier burden on the community by way of interest. I have always set my face against high rates of interest, and I am speaking as I am this afternoon to do what I can to arouse public knowledge and public concern about what I think are two inescapable conclusions, neither of which is welcome. One would be the absolute collapse of support for the gilt-edged market, and that would be tragic. The other would be that, in order to live in this highly competitive world, those who operate in the gilt-edged market should be forced to raise their interest rates and pay more than 5 per cent. and start what I regard as a competitive rat race of interest rates.

It was because I felt so strongly about this that the Premier raised the matter at the last Loan Council meeting. Following the raising of it, with some reluctance on the part of some members of the Council but, I am glad to say, with clear majority support, we were able to secure the appointment of that committee to which I made brief reference in presenting the Financial Statement. I have here my submissions in relation to the steps that I feel could be validly taken to deal with this problem, but until I have had the opportunity of presenting them, as I should, to the committee of which I am a member, I do not think it would be fitting for me to release the document for public consideration.

Mr. Duggan: Will you make it available as a public document in due course?

Mr. HILEY: I was going to go further than that. This is not a party political problem—the Government certainly do not regard it as such—and I have a great deal of respect for the obvious interest that the Opposition have taken in it and the concern they are showing. If the Leader of the Opposition will agree to peruse the document privately, I shall be happy to make it available to him.

Mr. Duggan: Thank you very much.

Mr. HILEY: This problem goes right to the roots of Queensland's future. Because of our tremendous semi-governmental activities, it is more important to Queensland than it is to other States. If the Leader of the Opposition agrees to peruse the document privately, I should be glad if he could spare me some time subsequently to give me his advice on the various suggestions that I have made.

Mr. Duggan: I appreciate your offer, and I accept it.

Mr. HILEY: I think that will serve to present to the Committee my concern over the basic problem I see looming, and my dissatisfaction at any thought that we should simply sit down and wait until some cataclysm overwhelms us. I have already indicated the physical steps we have taken towards setting up this committee in the hope that from their recommendations an answer might come. I am going to say only this much concerning the observations in this document: we have made a number of proposals. I do not doubt that those proposals will attract wide interest, and at this stage I expect considerable opposition to some of them. A number of them cut right across the accepted avenues, practices and desires of many people concerned in this vast and important field of credit control in Australia. But here is an unusual problem that can be solved only by some pretty radical and unusual approaches.

The debate on the Bill has already attracted considerable interest on both sides of the Chamber, and when the report of the committee becomes available it could well provide the subject for one of the most interesting discussions Parliament has heard for many a day. I am very grateful to hon. members for the way in which they have accepted the purpose of the Bill.

Motion (Mr. Hiley) agreed to.

Resolution reported.

FIRST READING

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

POLICE ACTS AMENDMENT BILL

SECOND READING

Hon. K. J. MORRIS (Mt. Coot-tha—Minister for Labour and Industry (3.59 p.m.): I move—

"That the Bill be now read a second time."

I remind the House that when the Bill was introduced I pointed out that although it was very small and very simple, it contained a very vital and important principle. That principle is to give commissioned officers a right of appeal against dismissal. I think all hon. members know that already other than commissioned officers have this right of appeal but until now it has not existed for commissioned officers. We feel that it should. Therefore, we are introducing it in this way. The point was raised by two or three hon. members that it might be desirable also to include in the measure a further provision dealing not only with dismissals but also with punishments. I think we have taken an important step at this stage. I have given some further thought to the other suggestions, but I do not intend, at this stage, to go further than I indicated at the introductory stage of the Bill.

I point out also, more as a matter of interest than one of great importance, that there is no provision for the reduction of commissioned officers to the ranks. I mention that merely because the question was asked when the Bill was introduced, and I do not think I answered it. I am answering it now. I commend the Bill to the Committee. It has only one provision, but it is an important one.

Mr. DUGGAN (Toowoomba West—Leader of the Opposition (4.2 p.m.): As I indicated earlier, the alteration to be made in the law by this Bill is simple. I am surprised that some of these things have been permitted to go on for so long. I pointed out to the Minister that we should not completely surrender the rights of the Executive Council to an appeal board. It is good, in certain circumstances, to allow the Executive Council the right to deal with these matters as it thinks fit in the public interest.

The measure is a timely one. The commissioned officers in the Police Force have a responsible task to perform, a very disagreeable job at times, and we should see that they are protected against the wrath and sometimes capricious displeasure of any Minister whom they may offend. Our system of democracy rests upon an affiliation of the powers of Parliament and those of the Executive, and if we are to have a successful form of Government in a democracy we must have a competent and efficient Public Service.

The present Minister will agree that sometimes a responsible Minister may be actuated by some personal dislike of or antipathy towards a person or he may have a very sincere conviction that some person has erred in some way. No-one is free from human fallibility and an officer may be done a disservice. I think we should as far as possible see that officers who are interested in serving the State are given the protection afforded by this Bill. For that reason the Opposition approves of the measure.

Motion (Mr. Morris) agreed to.

COMMITTEE

(The Chairman of Committees, Mr. Taylor, Clayfield, in the chair)

Clauses 1 to 3, both inclusive, as read, agreed to.

Bill reported, without amendment.

MACKAY GAS COMPANY LIMITED BILL

SECOND READING

Hon. G. F. R. NICKLIN (Landsborough—Premier) (4.5 p.m.): I move—

"That the Bill be now read a second time."

As indicated by my colleague, the Minister for Development, Mines, Main Roads and Electricity, when he introduced the Bill, it has become necessary to introduce an enabling Act to apply to this company's activities. It is the only gas company now operating in Queensland that has not the benefit and protection of such an Act.

The Mackay Gas Company has been established since 1884 and is not an inconsiderable undertaking. For example, for the year ended 31 December, 1959, it served 4,416 customers, used 10,088 tons of coal and produced 124,353,000 cubic feet. It has 60½ miles of mains and the average net price per 1,000 cubic foot of gas is £1 5s. 2d.

The company is considered to be very efficient, and the Government Gas Engineer, in reporting on its activities, said it was one of the most efficient and progressive of such companies in Queensland.

Mr. Thackeray: It has been keeping the Ogmore coalfield going for a considerable time.

Mr. NICKLIN: It has helped very considerably, and the coal supplied must be good if the company can operate so efficiently on it.

According to the Gas Engineer the company is held in very high esteem by its customers, who receive a very excellent supply—and what is more important from the customer's viewpoint—at a price lower than the company would be entitled to charge. It is entitled to statutory protection. For a number of years it has operated under a shirt-tail agreement between itself, the Mackay Town Council and the Pioneer Shire Council, but at long last it will enjoy the same privileges as other gas companies.

All the protections that are necessary for a company in this field are provided in the Bill. The sole purpose of the measure is to extend to the company the authority and protection already enjoyed by other gas companies.

Briefly, the provisions of the Bill ratify and protect the actions of the company since 1884 in acquiring property for the manufacture of gas and in supplying same. The various other clauses are similar to those of other enabling Acts, and provision is made to ensure that the gas supplied shall comply with the standards required by the Gas Acts, 1916 to 1952.

The Bill is desirable and is obviously needed. The company should be given the necessary protection to enable it to operate successfully as it has done over a great number of years.

Mr. DUGGAN (Toowoomba West—Leader of the Opposition) (4.9 p.m.): The Premier has certainly given more detail than the Minister who introduced the measure. I think there are good reasons why it should be introduced. The interjection by the hon. member for Rockhampton North raises in my mind the only doubt whether I should go the whole way in extending my blessings to the management of the company on their efficiency. I do not know whether the success of the company is due to efficiency in management or the good quality of the coal supplied to it. I presume from what has been said that the twin factors—good management and good-quality coal—contribute to the efficiency that has enabled the company to become a successful enterprise. The Bill ratifies the actions of the company, and, as Labour Governments were in office during a long period and found no evidence of dishonesty—and apparently none has arisen during the present Government's term of office—I think we should validate the acts of the company over the last 70 years or more.

In view of the franchise under which the company operates, the very important public utility conducted by it, and the service given to the community by it, I think it is entitled to the protection sought from this Parliament. We have much pleasure in informing the Premier that we give the measure our blessing.

Motion (Mr. Nicklin) agreed to.

COMMITTEE

(The Chairman of Committees, Mr. Taylor, Clayfield, in the chair.)

Clauses 1 to 40, both inclusive, and preamble, as read, agreed to.

Bill reported, without amendment.

KYLE ENTERPRISES PTY. LTD. BILL

SECOND READING

Hon. G. F. R. NICKLIN (Landsborough—Premier) (4.12 p.m.): I move—

"That the Bill be now read a second time."

As I indicated on the introductory stage of the Bill, it is a measure to provide a supply of gas for domestic and industrial purposes for a very important and highly-developed and populated part of Queensland, that is, the area on the Gold Coast, extending from Rat Island to Point Danger and 10 miles inland from the coast. In a very highly-developed area like that it is surprising there has not been previous interest shown by gas companies in the potential sale of gas.

Mr. Hanlon: I have had some inquiries. Is there any indication when gas may be available on the South Coast?

Mr. NICKLIN: This Bill will enable Kyle Enterprises Pty. Ltd. to go ahead with their plans for the supply of gas. I cannot give the hon. member any indication as to when the supply is likely to be available. This company are very interested in supplying gas and I am sure they will lose no time in making that facility available. There is no existing gas company with a franchise in the proposed area, nor is there any reticulated gas supply in the area. The only application that has been received for an Act to enable the supply to be given is from Kyle Enterprises Pty. Ltd., with which this Bill deals.

Mr. Duggan: You are not granting approval to put in a gas supply so as to create enhanced over-valuation on the South Coast; are you?

Mr. NICKLIN: This Bill deals with gas, not with valuations.

The Bill will confer on the company the same rights as are enjoyed by various other companies in the State. Under various enabling Acts provision is made to ensure that the gas supply shall comply with the specifications laid down in the Gas Acts. I think all hon. members will agree that the company should be given an opportunity to undertake the reticulation of gas in this very important part of the State. It will supply a much-needed amenity, which will both help to improve the domestic facilities available and also fill a basic need of any industry that may come to the area.

Mr. DUGGAN (Toowoomba West—Leader of the Opposition) (4.16 p.m.): At the introductory stage I said I was pleased to note that an additional amenity was being provided for the South Coast, and I think the interjection of the hon. member for Baroona was very pertinent. I assumed when the Bill was introduced that the Government had received very firm and definite proposals for a project of this kind to proceed. However, before the Bill is passed we should like to have an assurance from the Premier that he and his officers are satisfied that the credentials of the company have been well established and that it has sufficient financial guarantees to undertake the construction and carry out the subsequent obligations of the project. There seems to be some doubt as to whether the company is sufficiently well known. It is not my desire to cast any suspicion on it but it would be helpful to us to have from the Premier an assurance that the officers of the Department of Development, Mines, Main Roads and Electricity are satisfied that the necessary guarantees and evidence of capital ability have been forthcoming. Upon receiving the assurance we shall be happy to help accelerate the passage of the Bill and enable the company to get on with the job.

Hon. G. F. R. NICKLIN (Landsborough—Premier) (4.17 p.m.), in reply: Naturally, before the Bill was introduced investigations were made into the bona fides of the company and officers of the Department of Development, Mines, Main Roads and Electricity were of opinion that the introduction of the Bill was warranted. I agree entirely that we should not lightly give such a privilege and I can assure the Leader of the Opposition that, if the company does not live up to its obligations, the Government will take away its franchise.

Motion (Mr. Nicklin) agreed to.

COMMITTEE

(The Chairman of Committees, Mr. Taylor, Clayfield, in the chair.)

Clauses 1 to 36, both inclusive, schedule and preamble, as read, agreed to.

Bill reported, without amendment.

COAL AND OIL SHALE MINE WORKERS (PENSIONS) ACTS AMENDMENT BILL

SECOND READING

Hon. G. F. R. NICKLIN (Landsborough—Premier) (4.21 p.m.): I move—

"That the Bill be now read a second time."

In introducing the Bill, the Minister for Mines gave a very comprehensive outline of the desire and purpose of the amendment. Briefly, the position is that there exists in all States with the exception of South Australia and the Northern Territory legislation to make provision for and with respect to the payment of pensions to persons who upon retirement or prior incapacity were employed in the coal-mining industry.

Each State maintains its separate Miners' Pensions Fund, which is governed by a tribunal consisting of three members representing the Government, the mine-owners, and the employees. This tribunal determines the eligibility for benefits under the Act only on the basis of employment qualifications in the State in which the mine-worker retires or becomes incapacitated.

Shortly after the passing of the Act in 1941, endeavours were made to enter into a reciprocal arrangement with other States under which a mine-worker would qualify for pension benefits for himself and his dependants where his employment in the industry extended to another State or States.

The necessary protections to the Fund, without reciprocity, had in many cases the effect of debarring a mine-worker from continuing to contribute and to become eligible for a pension although he may have been a mine-worker all his life. Under the Queensland legislation, any employee commencing work in this State after attaining

the age of 50 years was not accepted as a mine-worker within the meaning of the Act and, consequently, could not become eligible for a benefit.

As already stated by the Minister, agreement has been reached between the Hon. J. Simpson, Minister for Mines in New South Wales, and himself whereby employment and residence in either State will contribute towards entitlement. The assessment of eligibility will rest with the State in which he is last employed, and if he cannot qualify without taking into account his service in New South Wales, he may then be allowed such credit, and any pension so granted will be paid thereafter by the State allowing his pension.

However, to ensure that each State fund will meet the correct proportion of the cost of pensions granted under the reciprocal agreement, an adjustment will be made between the States whereby the other State will be debited annually with the cost of all pensions paid under the agreement, less all contributions collected on behalf of such pensioners.

The present amendment of the Act, however, is purely machinery and is the result of advice from the Solicitor-General that, because of the differences in the pensions legislation in each State, a valid agreement could not be entered into without amending the Queensland Act. The passing of this Act will simplify the proclaiming of a reciprocating State where the rates and conditions for pensions do not coincide and where an agreement has been entered into in terms of subsection 2 of section 4 of the Acts.

It is expected that when the agreement between Queensland and New South Wales is proclaimed further agreements will be reached with other States, and the amendment now before the House will simplify any such proposals.

This Bill received the commendation of all hon. members in the introductory stage, as it rightly should, because it gives the opportunity for a reciprocal arrangement on rates of pensions between contracting States, and I hope it will not be long before it is possible for us to enter into similar agreements with other States so that miners migrating from Queensland to the other States or from the other States to Queensland will be covered. I believe that the Bill will be of great benefit to the coal and oil shale mine workers in this State.

Mr. DONALD (Ipswich East) (4.25 p.m.): It is the practice for Ministers when introducing simple Bills to preface their remarks by saying, "This is a very simple Bill; it contains very few clauses. There is nothing contentious in it and it should not call for any adverse comment." But very often we find that the Bill has some snag in it somewhere, some very contentious clause and something that should be debated. That something is debated and the debate continues for a long time. At times what was introduced as being very simple turns out to be anything but simple. On this occasion the Premier said that it was a simple Bill, and I am pleased to say that it turned out to be a simple Bill and everything else he said it was.

Government Members: You had us worried.

Mr. DONALD: We can all laugh about the Bill, not in ridicule, but with satisfaction. It provides what the people of Queensland have sought right from the inception of the original legislation. Unfortunately, New South Wales would not agree to our proposal. Similar legislation will now be introduced in that State. Perhaps agreement was arrived at because the present Minister for Mines in New South Wales, Hon. J. Simpson, was originally a mine-worker and for many years before entering Parliament was an official of the Mineworkers' Federation.

It is of great satisfaction to me and those connected with the coal mining industry that agreement has been reached. The Premier mentioned that in Queensland we amended the law to provide that the man entering the industry after reaching the age of 50 is not qualified as a mine-worker. He pointed out that this provision was to protect our funds and had become necessary because of abuses in the past when people entered the industry, not at 51, but at 57, 58 and 59. At the introductory stage I instanced how employees had entered the industry at 59 and, having the necessary residential qualification, got their 300 days' employment in the industry by working on Saturdays and holidays, thereby qualifying for the pension.

It is wise to protect the funds of Queensland as well as those of other coal-producing States. As the Premier has outlined, the Bill protects the Queensland tribunal from any additional burden that it may have to carry as a result of this legislation. We are not going to quarrel with that.

We are very happy about the Bill. I speak for the Opposition, and I think I am also speaking for the coal-mining fraternity, when I say that we are very happy that it has been introduced. It has both our support and our blessing.

Motion (Mr. Nicklin) agreed to.

COMMITTEE

(The Chairman of Committees, Mr. Taylor, Clayfield, in the chair.)

Clauses 1 and 2, as read, agreed to.

Bill reported, without amendment.

The House adjourned at 4.31 p.m.