

1996-97

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

**VOTES AND PROCEEDINGS**

No. 74

TUESDAY, 4 MARCH 1997

1 The House met, at 2 p.m., pursuant to adjournment. The Speaker (the Honourable Bob Halverson) took the Chair, and read Prayers.

**2 QUESTIONS**

Questions without notice being asked—

*Paper:* Mr K. J. Thomson, in accordance with standing order 321, having called for a document quoted from by Mr Moore (Minister for Industry, Science and Tourism)—

Mr Moore presented the following paper:

Federated Tanners' Association Board—Report of proceedings—Copy of letter from Lindsay Packer, President, Federated Tanners' Association of Australia to Mr Moore, 3 March 1997.

Questions without notice continuing—

*Paper:* Mrs Crosio, in accordance with standing order 321, having called for a document quoted from by Mr Fischer (Minister for Trade)—

Mr Fischer presented the following paper:

European Union agricultural subsidies—Briefing notes.

Questions without notice continued.

**3 ADVANCE TO THE MINISTER FOR FINANCE—PAPERS—MOTION TO TAKE NOTE OF PAPERS**

The following papers were presented:

Advance to the Minister for Finance—

Statements for November and December 1996 and January 1997.

Supporting applications of issues from the Advance during November and December 1996 and January 1997.

Mid-year economic and fiscal outlook 1996-97—Corrigendum.

Mr Reith (Leader of the House) moved—That the House take note of the papers.

Debate adjourned (Mr Crean), and the resumption of the debate made an order of the day for the next sitting.

#### 4 DISCUSSION OF MATTER OF PUBLIC IMPORTANCE—NATURAL HERITAGE TRUST

The House was informed that Dr Lawrence had proposed that a definite matter of public importance be submitted to the House for discussion, namely, “The failure of the Government to provide adequate accountability for the management of the Natural Heritage Trust”.

The proposed discussion having received the necessary support—

Dr Lawrence addressed the House.

Discussion ensued.

Discussion concluded.

#### 5 REFERENCE OF REPORT TO STANDING COMMITTEE

Mr A. P. Thomson (Parliamentary Secretary to the Minister for Foreign Affairs), by leave, moved—That the Auditor-General’s audit report No. 26 of 1996-97—Performance audit—Community Development Employment Projects Scheme—Phase two of audit: Aboriginal and Torres Strait Islander Commission—presented on Tuesday, 11 February 1997, be referred to the Standing Committee on Aboriginal and Torres Strait Islander Affairs for inquiry and report.

Question—put and passed.

#### 6 MESSAGES FROM THE SENATE

Messages from the Senate, dated 3 March 1997, were reported:

- (a) acquainting the House of the following resolution agreed to by the Senate:
  - That the Charter of Budget Honesty Bill 1996 be referred to the Joint Committee of Public Accounts for inquiry and report by 20 March 1997—Message No. 146; and
- (b) returning the following Bills without amendment:
  - Message—
  - No. 148—Migration (Visa Application) Charge 1996 (*without requests*).
  - No. 150—Education Services for Overseas Students (Registration of Providers and Financial Regulation) Amendment (No. 2) 1996.
  - No. 151—Sydney 2000 Games (Indicia and Images) Protection Amendment 1996.

#### 7 MESSAGE FROM THE SENATE—MIGRATION LEGISLATION AMENDMENT BILL (NO. 3) 1996

The following message from the Senate was reported:

Message No. 147

Mr Speaker

The Senate returns to the House of Representatives the bill for **An Act to amend the *Australian Citizenship Act 1948*, the *Immigration (Education) Act 1971*, the *Migration Act 1958* and the *Migration (Health Services) Charge Act 1991*, and for related purposes**, and acquaints the House that the Senate has agreed to the bill with the amendments indicated by the annexed schedule, in which amendments the Senate requests the concurrence of the House of Representatives.

MARGARET REID

President

The Senate

3 March 1997

Ordered—That the amendments be considered at the next sitting.

**8 MESSAGE FROM THE SENATE—EDUCATION SERVICES FOR OVERSEAS STUDENTS (REGISTRATION CHARGES) BILL 1996**

The following message from the Senate was reported:

Message No. 149

Mr Speaker

The Senate returns to the House of Representatives the bill for **An Act to impose registration charges in relation to the Commonwealth Register of Institutions and Courses for Overseas Students**, and requests the House to amend the bill as indicated by the annexed schedule.

MARGARET REID

President

The Senate

3 March 1997

Ordered—That the amendment requested by the Senate be considered at the next sitting.

**9 SELECTION COMMITTEE—REPORT**

Mr Nehl (Chair) presented the following paper:

Selection Committee—Report relating to the consideration of committee and delegation reports and private Members' business on Monday, 24 March 1997.

**10 TAXATION LAWS AMENDMENT BILL (NO. 4) 1996**

The order of the day having been read for the resumption of the debate on the question—That the Bill be now read a second time—

Debate resumed by Mr Latham who moved, as an amendment—That all words after “That” be omitted with a view to substituting the following words: “whilst not declining to give the Bill a second reading, the House calls on the Government to:

- (1) ensure the Capital Gains Tax rollover relief is restricted to situations where a net increase in employment will occur;
- (2) closely monitor the integrity of the tax system in light of the Capital Gains Tax changes;
- (3) reverse the reduction in the minimum proportion of the workforce which must be invited to participate in an ESOP; and
- (4) reverse the proposed limitation of accelerated depreciation to shipping”.

Debate continued.

Debate adjourned (Mr Cadman), and the resumption of the debate made an order of the day for a later hour this day.

#### 11 BILLS REFERRED TO MAIN COMMITTEE

Mr Cadman (Chief Government Whip), by leave, moved—That the following Bills be referred to the Main Committee for further consideration:

Taxation Laws Amendment (No. 4) 1996; and

Trade Practices Amendment (Industry Access Codes) 1997.

Question—put and passed.

#### 12 BOUNTY LEGISLATION AMENDMENT BILL 1996

The order of the day having been read for the resumption of the debate on the question—That the Bill be now read a second time—*And on the amendment moved thereto by Mr Crean, viz.*—That all words after “That” be omitted with a view to substituting the following words: “the House rejects outright the Government’s failure to develop and implement a policy for Australian manufacturing industry, and is of the view that because of the inevitable impact this bill will have on employment the bill would be more appropriately referred to as the Bounty Legislation (Export of Australian Jobs) Amendment Bill”—

Debate resumed.

Debate adjourned (Mr Jenkins), and the resumption of the debate made an order of the day for a later hour this day.

#### 13 RETIREMENT SAVINGS ACCOUNTS BILL 1996—REPORT FROM MAIN COMMITTEE

The Deputy Speaker reported that the Main Committee had considered the Retirement Savings Accounts Bill 1996 up to and including the second reading of the Bill, a Governor-General’s message recommending an appropriation for the purpose of the Bill had been reported and the Committee had returned the Bill to the House for further consideration, and presented a certified copy of the Bill.

*Consideration in detail*

Bill, by leave, taken as a whole.

Mr Miles (Parliamentary Secretary (Cabinet) to the Prime Minister), by leave, moved the following amendments together:

Clause 16—

Page 8 (after line 21), after the definition of *Australian court*, insert:

*AFIC Codes* means the following:

- (a) the AFIC (NSW) Code of New South Wales;
- (b) the AFIC (Victoria) Code of Victoria;
- (c) the AFIC (Queensland) Code of Queensland;
- (d) the AFIC (Western Australia) Code of Western Australia;
- (e) the AFIC (South Australia) Code of South Australia;
- (f) the AFIC (Tasmania) Code of Tasmania;
- (g) the AFIC (ACT) Code of the Australian Capital Territory;
- (h) the AFIC (NT) Code of the Northern Territory.

Page 9 (line 5), definition of *building society*, omit “Financial Institutions”, substitute “AFIC”.

Page 9 (line 27), definition of *credit union*, omit “Financial Institutions”, substitute “AFIC”.

Page 10 (lines 22 to 24), omit the definition of *financial institution*, substitute:

*financial institution* means:

- (a) a society or a special services provider for the purposes of any of the AFIC Codes; or
- (b) if any of the AFIC Codes apply to friendly societies—a friendly society for the purposes of any of the AFIC Codes.

Page 10 (line 25) to page 11 (line 9), omit the definition of *Financial Institutions Codes*.

Clause 26, page 22 (lines 3 and 4), omit subclause (2), substitute:

- (2) The Commissioner must consult with the prescribed regulatory agency, if any, before he or she can be satisfied that the applicant cannot be relied on to conduct RSAs in accordance with this Act and the regulations.
- (2A) If the Commissioner is so satisfied, he or she must, in writing, refuse the application.

Clause 33, page 25 (line 18), after “agency”, insert “, if any,”.

Clause 34, page 26 (line 19), omit “held in trust”, substitute “held and dealt with in the manner prescribed by the regulations”.

Clause 40, page 29 (after line 24), at the end of the clause, add:

- (2) A contravention of subclause (1) does not affect the validity of a transaction to the extent that the transaction relates to an account other than an RSA.

Clause 41—

Page 30 (after line 8), after subclause (3), insert:

- (3A) A person who intentionally or recklessly contravenes subsection (3) is guilty of an offence punishable on conviction by a fine not exceeding 100 penalty units.

Page 30 (line 11), omit the penalty.

Clause 50, page 35 (lines 26-28), omit subclause (2), substitute:

- (2) The RSA provider must transfer the amount of the RSA:
- (a) if the contract or agreement for the provision of the RSA specifies a period, within the period so specified; or
  - (b) as soon as practicable;
- but in any case within 12 months, after the receipt of the written request.

Clause 54, page 39 (after line 21), at the end of the clause, add:

- (2) An RSA provider who intentionally or recklessly contravenes a requirement of this section is guilty of an offence punishable on conviction by a fine not exceeding 100 penalty units.

Heading to Division 6, page 42 (line 2), omit the heading, substitute “**How certain money to be held**”.

Clause 60—

Page 42 (lines 19 and 20), omit subclause (3).

Page 42 (line 22), omit “so held on trust”, substitute “is to be held and”.

Page 42 (line 26), omit “(3) or”.

Clause 81, page 60 (after line 1), before the definition of *unclaimed money paid by provider*, insert:

*amount of unclaimed money specified in statement* means the amount specified in the statement provided in accordance with subsection 80(1).

Clause 134, page 97 (line 7), omit “7th”, substitute “30th”.

Clause 181—

Page 134 (line 18), after “Commissioner”, insert “, after consulting with the prescribed regulatory agency, if any,”.

Page 135 (line 18), omit “held in trust”, substitute “held and dealt with in the manner prescribed by the regulations”.

*Paper*: Mr Miles presented a supplementary explanatory memorandum to the Bill.

Amendments agreed to.

Bill, as amended, agreed to, after debate.

Consideration in detail concluded.

On the motion of Mr Miles, by leave, the Bill was read a third time.

**14 RETIREMENT SAVINGS ACCOUNTS (CONSEQUENTIAL AMENDMENTS) BILL 1996—REPORT FROM MAIN COMMITTEE**

The Deputy Speaker reported that the Main Committee had considered the Retirement Savings Accounts (Consequential Amendments) Bill 1996 up to and including the second reading of the Bill and the Committee had returned the Bill to the House for further consideration, and presented a certified copy of the Bill.

*Consideration in detail*

Bill, by leave, taken as a whole.

Mr Miles (Parliamentary Secretary (Cabinet) to the Prime Minister), by leave, moved the following amendments together:

Schedule 2—

Item 14, page 10 (lines 25 to 30), omit subsection (4), substitute:

- (4) A reference in this Act to a representative of an RSA provider includes a reference to an agent, employee or officer of the RSA provider, or of an associate of the RSA provider, who engages in conduct in relation to an RSA.

Page 11 (after line 9), after item 17, insert:

**17A Subsection 9(1)**

Omit all the words from and including “either:”, substitute “by 3 Tribunal members selected by the Tribunal Chairperson.”.

**17B After subsection 9(3A)**

Insert:

- (3B) If neither the Chairperson nor the Deputy Chairperson is present at a particular meeting, the Tribunal member selected by the Chairperson is to preside at that meeting.

Schedule 13—

Item 17, page 53 (line 2), omit “*general fund component*”, substitute “*standard component*”.

Item 19, page 53 (line 6), omit “general fund”, substitute “standard”.

Item 20, page 53 (line 8), omit “general fund”, substitute “standard”.

Item 21, page 53 (line 11), omit “*general fund component*”, substitute “*standard component*”.

Item 23, page 53 (line 15), omit “general fund”, substitute “standard”.

Item 24, page 53 (line 17), omit “general fund”, substitute “standard”.

Item 42, page 57 (line 17), omit “:section 116DAC”, substitute “section 116DAD”.

Item 66, page 60 (lines 8 and 9), omit all the words from and including “included in”, substitute “covered by paragraph 116DAC(2)(a) or (b)”.

Item 71, page 61 (lines 2 to 5), omit section 116DAA, substitute:

**116DAA Overview**

This Subdivision sets out how to calculate the taxable income of an RSA provider that is a life assurance company and the components of that taxable income.

Item 71, page 61 (lines 7 to 13), omit section 116DAB, substitute:

**116DAB RSA amount of taxable income**

The taxable income of an RSA provider that is a life assurance company includes all taxable contributions made during the year of income, to RSAs provided by the RSA provider.

Item 71, page 61 (line 15 ), omit “RSA component”, substitute “RSA amount”.

Item 71, page 61 (lines 17 to 24), omit subsection (2), substitute:

(2) The RSA amount of an RSA provider is the sum of:

- (a) all taxable contributions made; and
- (b) other amounts (other than contributions) credited;

during the year of income, to RSAs provided by the RSA provider, reduced by any amounts paid from the RSA other than benefits paid to, or in respect of, the holder of the RSA.

(2A) In calculating the RSA amount, any amount of tax paid in respect of an RSA is taken not to have been an amount paid from the RSA.

Note: The heading to section 116DAC is altered by omitting “**component**” and substituting “**amount**”.

Item 71, page 62 (lines 5 to 8), omit section 116DAD, substitute:

**116DAD Components of general fund component**

- (1) The general fund component of an RSA provider that is a life assurance company is divided into the *RSA component* and the *standard component*.
- (2) The RSA component is equal to the RSA amount worked out under section 116DAC.
- (3) The standard component is the amount (if any) remaining after deducting the RSA component from the general fund component.

Item 71, page 62 (after line 8), after section 116DAD, insert:

**116DADA Taxable income and amount of components in certain cases**

- (1) This section applies if:
  - (a) an RSA provider has no taxable income; or
  - (b) the RSA provider has no general fund component; or
  - (c) the general fund component of an RSA provider is less than the RSA amount.
- (2) If, apart from this subsection, an RSA provider has no taxable income, or the taxable income is less than the RSA amount:



- (a) the RSA provider is taken to have both a taxable income and a tax loss in relation to the year of income; and
  - (b) the taxable income is taken to equal the RSA amount; and
  - (c) the tax loss is taken to be the amount that would have been the RSA provider's tax loss if the RSA amount were not income derived; and
  - (d) the general fund component and the RSA component of that component are taken to be equal to the RSA amount; and
  - (e) all other components of taxable income are taken to be nil.
- (3) If, apart from this subsection, the taxable income of an RSA provider is equal to or greater than the RSA amount:
- (a) the general fund component and the RSA component of that component are taken to be equal to the RSA amount; and
  - (b) an amount equal to the difference between the RSA amount and the amount that would, apart from this subsection, have been the general fund component is to be applied in reducing the other components of taxable income in the following order:
    - (i) if the RSA provider is an ordinary life assurance company—AD/RLA;
    - (ii) CS/RA;
    - (iii) NCS.

Item 107, page 67 (line 7), after “in relation”, insert “to”.

Schedule 13, page 67 (after line 7), after item 107, insert:

**107A Section 202A (definition of *interest-bearing account*)**

After “any facility”, insert “, other than an RSA,”.

**107B Section 202A (definition of *interest-bearing deposit*)**

After “deposit of money”, insert “, other than into an RSA,”.

Item 116, page 68 (line 19), omit “section 299C”, substitute “section 299D”.

Item 125, page 71 (lines 2 to 7), omit section 299A, substitute:

**299A Overview**

This Division sets out how to calculate the taxable income of an RSA provider, other than one that is a life assurance company.

Item 125, page 71 (lines 8 to 14), omit section 299B, substitute:

**299B RSA amount of taxable income**

The taxable income of an RSA provider (other than a life assurance company) includes all taxable contributions made during the year of income to RSAs provided by the RSA provider.

Item 125, page 71 (line 16), omit “RSA component”, substitute “RSA amount”.

Item 125, page 71 (lines 18 to 25), omit subsection (2), substitute:

- (2) The RSA amount is the sum of:
- (a) all taxable contributions made; and
  - (b) other amounts (other than contributions) credited; during the year of income, to RSAs provided by the RSA provider, reduced by any amounts paid from the RSA other than benefits paid to, or in respect of, the holder of the RSA.
- (2A) In calculating the RSA amount, any amount of tax paid in respect of an RSA is taken not to have been an amount paid from the RSA.

Note: The heading to section 299C is altered by omitting “**component**” and substituting “**amount**”.

Item 125, page 72 (after line 4), after section 299C, insert:

**299CA Taxable income in certain cases**

If, apart from this section:

- (a) the taxable income of an RSA provider is less than the RSA amount; or
- (b) the RSA provider has no taxable income;

then:

- (c) the RSA provider is taken to have both a taxable income and a tax loss in relation to the year of income; and
- (d) the taxable income is taken to equal the RSA amount; and
- (e) the tax loss is taken to be the amount that would have been the RSA provider’s tax loss if the RSA amount were not income derived.

Item 125, page 72 (lines 5 to 8), omit section 299D, substitute:

**299D Components of taxable income**

- (1) The taxable income of an RSA provider (other than a life assurance company) is divided into the ***RSA component*** and the ***standard component***.
- (2) The RSA component is equal to the RSA amount worked out under section 299C.
- (3) The standard component is the amount (if any) remaining after deducting the RSA component from the taxable income.

*Paper:* Mr Miles presented a supplementary explanatory memorandum to the Bill.

Amendments agreed to.

Bill, as amended, agreed to.

Consideration in detail concluded.

On the motion of Mr Miles, by leave, the Bill was read a third time.

**15 RETIREMENT SAVINGS ACCOUNTS SUPERVISORY LEVY BILL 1996—  
REPORT FROM MAIN COMMITTEE**

The Deputy Speaker reported that the Main Committee had considered the Retirement Savings Accounts Supervisory Levy Bill 1996 up to and including the second reading of the Bill and the Committee had returned the Bill to the House for further consideration, and presented a certified copy of the Bill.

Leave granted for third reading to be moved forthwith.

On the motion of Mr Miles (Parliamentary Secretary (Cabinet) to the Prime Minister), the Bill was read a third time.

**16 BOUNTY LEGISLATION AMENDMENT BILL 1996**

The order of the day having been read for the resumption of the debate on the question—That the Bill be now read a second time—*And on the amendment moved thereto by Mr Crean, viz.*—That all words after “That” be omitted with a view to substituting the following words: “the House rejects outright the Government’s failure to develop and implement a policy for Australian manufacturing industry, and is of the view that because of the inevitable impact this bill will have on employment the bill would be more appropriately referred to as the Bounty Legislation (Export of Australian Jobs) Amendment Bill”—

Mr Crean, by leave, amended his amendment to read as follows: That all words after “That” be omitted with a view to substituting the following words: “whilst not declining to give the Bill a second reading, the House:

- (1) rejects outright the Government’s failure to develop and implement a policy for Australian manufacturing industry, and is of the view that because of the inevitable impact this bill will have on employment the bill would be more appropriately referred to as the Bounty Legislation (Export of Australian Jobs) Amendment Bill; and
- (2) calls on the Government to keep the ships bounty in place until the OECD Shipbuilding Agreement comes into force, recognising that arrangements entered into by Australian shipbuilders prior to the OECD Shipbuilding Agreement coming into force should be subject to the same transitional benefits as allowed for overseas shipbuilders under the agreement”.

Debate resumed.

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**17 ADJOURNMENT**

It being 10.30 p.m.—The question was proposed—That the House do now adjourn.

Debate ensued.

Question—put and passed.

And then the House, at 10.58 p.m., adjourned until tomorrow at 9.30 a.m.

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**PAPERS**

The following papers were deemed to have been presented on 4 March 1997:

Australian Bureau of Statistics Act—Australian Bureau of Statistics—Proposal for the collection of information 1997 No. 2.

Civil Aviation Act—Civil Aviation Regulations—Civil Aviation Orders—Part 40 Amendment 28 February 1997.

Commonwealth Electoral Act—Australian Electoral Commission—Certificate pursuant to section 46, 28 February 1997.

**ATTENDANCE**

All Members attended (at some time during the sitting) except Mr Katter, Mr Lieberman, Mr Wilton and Ms Worth.



**L. M. BARLIN**

Clerk of the House of Representatives.

1996-97

**HOUSE OF REPRESENTATIVES**  
**SUPPLEMENT TO VOTES AND PROCEEDINGS**

No. 74

**MAIN COMMITTEE**

**MINUTES OF PROCEEDINGS**

**TUESDAY, 4 MARCH 1997**

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1 The Main Committee met at 8 p.m.

**2 RETIREMENT SAVINGS ACCOUNTS BILL 1996**

The order of the day having been read for the resumption of the debate on the question—That the Bill be now read a second time—

Debate resumed.

Question—put and passed—Bill read a second time.

*Message from the Governor-General:* Message No. 104, dated 3 February 1997, from His Excellency the Governor-General was announced recommending an appropriation for the purposes of the Bill.

On the motion of Mr Miles (Parliamentary Secretary (Cabinet) to the Prime Minister), further proceedings to be conducted in the House.

**3 RETIREMENT SAVINGS ACCOUNTS (CONSEQUENTIAL AMENDMENTS) BILL 1996**

The order of the day having been read for the resumption of the debate on the question—That the Bill be now read a second time—

Question—put and passed—Bill read a second time.

On the motion of Mr Miles (Parliamentary Secretary (Cabinet) to the Prime Minister), further proceedings to be conducted in the House.

**4 RETIREMENT SAVINGS ACCOUNTS SUPERVISORY LEVY BILL 1996**

The order of the day having been read for the resumption of the debate on the question—That the Bill be now read a second time—

Question—put and passed—Bill read a second time.

On the motion of Mr Miles (Parliamentary Secretary (Cabinet) to the Prime Minister), further proceedings to be conducted in the House.

**5 TAXATION LAWS AMENDMENT BILL (NO. 4) 1996**

The order of the day having been read for the resumption of the debate on the question—That the Bill be now read a second time—*And on the amendment moved thereto by Mr Latham, viz.*—That all words after “That” be omitted with a view to substituting the following words: “whilst not declining to give the Bill a second reading, the House calls on the Government to:

- (1) ensure the Capital Gains Tax rollover relief is restricted to situations where a net increase in employment will occur;
- (2) closely monitor the integrity of the tax system in light of the Capital Gains Tax changes;
- (3) reverse the reduction in the minimum proportion of the workforce which must be invited to participate in an ESOP; and
- (4) reverse the proposed limitation of accelerated depreciation to shipping”—

Debate resumed.

Debate adjourned (Mr Tuckey), and the resumption of the debate made an order of the day for the next sitting.

**6 ADJOURNMENT**

On the motion of Mr M. A. J. Vaile, the Main Committee adjourned at 10.10 p.m.

The Deputy Speaker fixed tomorrow at 10 a.m. for the next meeting of the Main Committee.

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**I. C. HARRIS**  
Clerk of the Main Committee