Workers Compensation Legislation Amendment Bill Pay-Roll Tax Legislation Amendment (Avoidance) Bill Industrial Relations Amendment (Industrial Agents) Bill

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Second Reading
In Committee

WORKERS COMPENSATION LEGISLATION AMENDMENT BILL
PAY-ROLL TAX LEGISLATION AMENDMENT (AVOIDANCE) BILL
INDUSTRIAL RELATIONS AMENDMENT (INDUSTRIAL AGENTS) BILL

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Second Reading

The Hon. IAN MACDONALD (Parliamentary Secretary) [8.17 p.m.]: I move:

That these bills be now read a second time.

I seek leave to incorporate the second reading speeches in *Hansard*.

Leave granted.

WORKERS COMPENSATION LEGISLATION AMENDMENT BILL

The bill before the House introduces a number of further reforms to the workers compensation legislation.

The Workers Compensation Legislation Amendment Bill can be summarised as follows.

Schedule 1 to the bill establishes a scheme to address cross-border issues in workers compensation.

Schedule 2 introduces amendments to improve employer compliance with workers compensation insurance obligations.

Schedule 3 contains amendments to the Sporting Injuries Insurance Act to permit insurance exemptions for sporting organisations that have adequate private insurance.

Schedule 4 provides for the establishment of a single notification scheme for injuries to workers under both the occupation health and safety legislation and the workers compensation legislation.

A further amendment in schedule 4 extends protection from personal liability to approved medical specialists who exercise functions under the Act in good faith.

I now turn to each of these amendments in more detail.

For a number of years, there has been concern about the need for employers to take out workers compensation insurance for individual workers in more than one State or Territory even if these employees are working only temporarily in another State. Over the past 10 years there have been a

number of attempts to resolve these cross-border issues. Discussions with all of the States and Territories at ministerial and officer level have recognised the need for a legislative solution. Attempts were made to prepare national template legislation, but these attempts have foundered because the proposed solution became too complicated and unworkable. However, national principles have been agreed. These aim to eliminate the need for employers to obtain workers compensation coverage for a worker in more than one jurisdiction. These principles also are intended to ensure that workers working temporarily in another jurisdiction will only have access to the workers compensation entitlements—and common law benefits—available in their home State or "State of connection" and to provide certainty for workers about their workers compensation entitlements and ensure that each worker is connected to one jurisdiction or another.

In addition, it has been agreed between New South Wales, Queensland and Victoria that each State should pursue complementary legislation establishing a single rule for workplace-related accidents, consistent with the national principles.

Queensland introduced amendments to deal with this issue on 7 November. As Victoria is currently preparing for elections, legislative action in that State has been delayed. It is hoped that the provisions in all three eastern States will be operative by the middle of next year. It is also hoped that the other Australian States and Territories will adopt the template legislation that has been developed.

Schedule 1 to the bill introduces the necessary legislative framework to give effect to these principles by amendments to the Workers Compensation Act. The test for home State connection is set out in proposed section 9AA (3). If a single home State cannot be clearly determined by the first test, that is, what is the usual place of employment, the second test—where is the worker usually based—will be applied.

If no one State is identified by the application of the first two tests, the final test will be applied. That is, what is the employer's principal place of business in Australia? In deciding whether a worker usually works in a State, section 9AA (6) provides that temporary arrangements under which a worker works in a State for a period of not longer than six months are to be disregarded.

This will remove the need for employers to have two workers compensation policies for employees working temporarily interstate for up to six months. Other provisions in schedule 1 will enable the recognition of a determination of the State of connection made in another State and will enable the State of connection tests to also apply to common law claims against an employer. The reforms contained in schedule 1 will be of significant benefit to both workers and insurers. It will give employers with workers in different States clear guidelines on their workers compensation responsibilities. It will also provide injured workers with increased certainty about their workers compensation entitlements and common law rights.

Schedule 2 to the bill relates to compliance amendments. In June 2000 strategic directions for the WorkCover scheme were announced. One of the key aspects of the Government's workers compensation reform agenda, which I outlined at that time, is the development of strategies to improve employer compliance with workers compensation insurance obligations.

Where employers are not insured, or have not paid the correct amount of premium, the cost of any claims made by injured workers is picked up by the scheme. Also, if no premium is paid there is no economic incentive for employers to give priority to injury prevention. This is unacceptable and the Government takes the issue of employers avoiding their premium obligations very seriously. Major legislative reform of the compliance provisions was undertaken in December 2000 and July 2001. These amendments included an extension of liability for premium debt to directors of corporations; the ability to recover audit costs and charge employers interest on avoided premiums due to underdeclaration of wages; and increased penalties for non-insurance, failure to provide wage records for inspection, and failure to produce a workers compensation policy for inspection. The Government recognised that further strategies beyond these were necessary to ensure employer compliance with workers compensation.

In April 2001 a compliance working party was established under the Workers Compensation and Workplace Occupational Health and Safety Council to focus on strategies to address premium avoidance. The working party was comprised of representatives from peak employer and employee bodies. The working party identified a number of factors contributing to non-insurance, underinsurance and premium avoidance in the WorkCover scheme and put forward a number of proposals to address these factors. Proposals included options to extend the WorkCover scheme coverage to individual contractors, sole traders and partnerships; options to address underinsurance through monthly reporting; and options to address premium avoidance by related corporations and employers.

In September 2001 the Government released a workers compensation compliance green paper inviting public comment on the working party's proposals.

Earlier this year the Government appointed two special advisers on compliance, Ms Penny Le Couteur, an independent consultant, and Dr Neil Warren, Associate Professor of Economics at the University of New South Wales. The special advisers were asked to consider options and make recommendations on measures to substantially improve the level of employer compliance with workers compensation insurance and payroll tax obligations.

The submissions received in response to the green paper were considered as part of this broader review of employer compliance. During the course of the review, the special advisers undertook considerable consultation with stakeholders, including WorkCover, the Office of State Revenue and employer and employee representatives.

Broadly speaking, the special advisers have recommended that the WorkCover Authority and the Office of State Revenue adopt consistent approaches to the assessment and collection of payroll tax and workers compensation premiums using consistent definitions.

The recommendations contained in the final report include the alignment of definitions of "wages"; revision of payroll tax grouping provisions and their adoption for workers compensation purposes; and new provisions to oblige principals to be concerned with the workers compensation policies of contractors.

Schedule 2 to the bill amends the Workers Compensation Act 1987, to implement the special advisers' recommendations to improve workers compensation premium collection and minimise avoidance by employers.

The amendments contain provisions to adopt the recommendations made by the special advisers in relation to the definition of wages, the adoption of grouping and measures to oblige principals to be concerned with the workers compensation policies of contractors.

The amendments proposed in schedule 2 to the bill provide for the definition of "wages" to be amended to include the grossed-up value of fringe benefits, employer superannuation contributions, long service leave special expenses, allowances, director's fees or other sums given by the employer. The amendments also provide explicitly for distributions from trusts to beneficiaries to be considered to be wages, where the beneficiaries perform unpaid work. These changes will more accurately reflect true wages paid by taking into account different forms of remuneration and will reduce the scope for premium avoidance.

This definition of wages will apply to all policies written on or after 1 July 2003 and there will be an appropriate reduction in the workers compensation tariff rates to offset the additional premium, which will be collected as a result of broadening the definition. Proposed section 175B requires principal contractors to verify that their subcontractors comply with their workers compensation premium obligations. Principal contractors will be liable for payment of any amounts of workers compensation premiums not paid by their sub-contractors for work conducted for the principal contractor unless the principal contractor has a written statement and certificate of currency from contractors indicating that the correct premiums have been paid. This provision is similar to section 127 of the Industrial Relations Act 1996, which makes principals liable for any unpaid remuneration

for employees of sub-contractors.

If a statement given by a contractor is known to be false or the principal does not receive a statement, the principal may withhold any payment due to the contractor until they receive an accurate statement. Each contractor is required to have a statement from any sub-contractor of its own, ensuring compliance along chains of contractors. This proposal provides principal contractors with a means of ensuring that correct workers compensation premiums have been paid by contractors and sub-contractors.

Schedule 2 to the bill inserts a new division into the Workers Compensation Act 1987 providing for the assessment of workers compensation premium based on employer groups. The grouping provisions in the Pay-roll Tax Act 1971 ensure that wages paid within a group, which is defined by reference to common ownership and control, are assessed together. The grouping provisions under the payroll tax legislation assess related employers as a group to prevent employers from splitting activities and reducing liabilities.

While there are currently provisions in workers compensation legislation that require some related entities to have their premium assessed on a group basis, these focus only on clerical and administrative support companies that are separated from core businesses.

They do not address the large numbers of parallel companies which would otherwise be part of one entity, which are used as a device to minimise premiums. The bill requires each group to have one workers compensation policy. Employers who are part of a group will need to nominate a principal employer to represent the group and to act on its behalf for correspondence and insurance information. The nominated member, usually the controlling entity of the group, will be required to submit a declaration specifying all members of the group, and that there are no other related entities.

Groups will include related trusts, partnerships and corporations. All members of a group will be jointly and severally liable for all premiums, penalties and all other liabilities under the Act.

Further consideration needs to be given as to how the grouping provisions will apply to organisations currently exempt from payroll tax, such as charities and religious organisations. Consultation with these organisations will be undertaken and any special issues will be considered.

The bill provides for a regulation making power giving WorkCover the discretion to determine how grouping will apply to such organisations. The provisions contained in schedule 2 will assist in ensuring employers comply with their workers compensation obligations.

Schedule 3 to the bill deals with a proposed amendment to the Sporting Injuries Insurance Act 1978. The purpose of this amendment is to enable the Sporting Injuries Committee to exempt a sporting organisation from participation in the Sporting Injuries Insurance Scheme under certain circumstances. An insurance exemption may only be granted if the committee is satisfied that the sporting organisation will have adequate private insurance for the period for which the exemption will be in force.

Professional sports people, those who receive remuneration, are regarded as workers under workers compensation legislation. Therefore, sporting organisations which employ professional sports people are required to take out workers compensation insurance.

This does not apply where the professional sports person is covered under the Sporting Injuries Insurance Scheme. Under the proposed amendment, sporting organisations that participate in private insurance schemes providing adequate private insurance may be exempted from the requirement to take out workers compensation insurance cover or participate in the Sporting Injuries Insurance Scheme. This will eliminate duplication as sporting organisations that have exemptions will no longer need to take out workers compensation cover or cover under the Sporting Injuries Insurance Scheme, in addition to a private scheme organised by the organisation.

The amendment requires the insurance provider to be an organisation that is authorised to carry on insurance business subject to regulation by the Australian Prudential Regulation Authority. Under the amendment injury and death benefits that will be paid under the private scheme should be at least equal to those offered under the Sporting Injuries Insurance Scheme. This makes it possible for sports persons to enjoy more generous benefits than are currently provided under the Sporting Injuries Insurance Scheme.

Sporting organisations will be required to pay a 10 per cent levy based on the rate of premium that they would otherwise have to pay, on each occasion of a grant or renewal of an insurance exemption, for the period of the exemption. The levy will be paid into the Sporting Injuries Fund to finance research into injury prevention. This will benefit all participants in the Sporting Injuries Insurance Scheme, and could reduce premiums for both the Sporting Injuries Insurance Scheme and approved private schemes.

The exemption may be granted for a period of up to 12 months renewable for further periods of up to 12 months, and is subject to approval by the Sporting Injuries Committee on satisfaction that the sporting organisation maintains adequate private insurance.

Schedule 4 to the bill addresses two issues: it facilitates the establishment of a single notification system for employers in relation to workplace injuries; and it makes a minor amendment to the Workplace Injury Management and Workers Compensation Act 1998 to confer protection from personal liability on approved medical specialists for acts and omissions in good faith in the exercise of functions under that Act.

These amendments will establish a single notification system for reporting workplace injuries and incidents, replacing the current dual reporting requirements for employers imposed by the Occupational Health and Safety Act 2000 and the Workplace Injury Management and Workers Compensation Act 1998.

The amendments will permit the notification required to be given by employers under the Workplace Injury Management and Workers Compensation Act 1998 to be given to either the insurer or to WorkCover. If notification is given to WorkCover, the authority is to forward the notice to the insurer. Similarly, if notice is given to the insurer, the insurer is to forward the notice to the authority.

The bill also provides for an amendment to the Occupational Health and Safety Act to provide that the giving of notice under the WorkPlace Injury Management and Workers Compensation Act 1998 will satisfy the notification requirements of section 86 of the Occupational Health and Safety Act. The effect of these changes will be to ensure prompt and accurate notification of all injuries, accidents and work-related illnesses and that a comprehensive database of these occurrences can be established.

The bill permits the making of regulations that will simplify the current notification requirements and facilitate the notification of data by telephone and over the internet. These regulatory changes will be matched by administrative changes that will be established in consultation with unions, employers and insurers to establish systems to encourage an exchange of information about notifications between WorkCover, insurers and employers.

To encourage prompt notification of workplace injuries by employers, financial incentives will be introduced. The bill specifically permits the making of regulations to prescribe different excess amounts payable by employers to their insurers in response to notification of injuries in certain time frames. For example, employers who notify within the specified time frames may pay a lower excess, or no excess, for that claim.

Conversely, employers who do not notify within the specified time frame may be required to pay a higher excess for that claim. These amendments should benefit employers by reducing their administrative burden in the area of reporting of workplace injuries, leading them to potentially benefit from a reduction of up to 50 per cent in costs as they move from two reporting systems to one.

Simplification of the notification process will promote higher compliance and more reliable, accurate and timely information on injuries, illnesses and incidents.

The President of the Workers Compensation Commission may appoint approved medical specialists. An approved medical specialist may make an assessment of the degree of permanent impairment of an injured worker for the purposes of the workers compensation Acts where a medical dispute is referred by a court, the commission or the registrar. Accordingly, approved medical specialists are essentially carrying out functions related to the commission. The proposed amendment confers protection from personal liability on approved medical specialists for acts and omissions in good faith in the exercise of functions under the Act. The protection proposed for approved medical specialists is similar to that given to mediators under section 318G of the Act. The amendments contained in the bill will achieve significant reforms: to resolve cross-border issues, to improve compliance with workers compensation insurance requirements and to enable exemptions to be made available under the Sporting Injuries Insurance Act.

They merit the support of honourable members.

I commend the bill to the House.

I would like to add the following:

Concerns have been expressed about the width and impact of proposed clause 175B of the Bill.

Clause 175B ensures that a principal contractor who engages sub-contractors to perform work as part of their business undertaking have workers compensation insurance. For example, it is intended to apply to a builder who engages a series of sub-contractors to carry out the work and those sub-contractors engage employees to carry out the work.

However, a possible problem with proposed section 175B(13) is that it may extend to any contract undertaken by a person who runs a business, even if the connection with the business is tenuous. It has been argued that it may apply to a person in respect of their own home.

It is the government's intention that proposed section 175B should apply to work done as a core part of a business undertaking on business premises, not ancillary or incidental work.

Consequently, I will be moving an amendments in committee to clarify the operation of clause 175B (13)

PAY-ROLL TAX LEGISLATION AMENDMENT (AVOIDANCE) BILL

The Pay-roll Tax Legislation Amendment (Avoidance) bill contains amendments to the *Pay-roll Tax Act 1971* and the *Taxation Administration Act 1996.* The amendments were recommended by two special advisers in a recently completed Report on Compliance with Workers Compensation Premiums and Pay-roll Tax.

Earlier this year, the Government appointed the two special advisers, Ms Penny Le Couteur, an independent consultant, and Dr Neil Warren, Associate Professor of Economics at the University of New South Wales, to undertake a review and make recommendations to improve compliance with pay-roll tax and workers compensation legislation.

The advisers were asked to examine measures to increase the level of compliance, and make recommendations on various issues including aligning definitions and administrative processes for pay-roll tax and workers compensation purposes.

The special advisers consulted with peak employer, employee and industry bodies and also with the Office of State Revenue and WorkCover.

An Interim Report was released for public comment on 7 June 2002, and attracted fifteen written

submissions from a range of organisations including professional advisers, and peak industry and union bodies.

After taking these submissions into account, the special advisers presented their final Report to the Government in mid-September.

The report's recommendations include immediate, short term, and long term changes.

The Report proposes that consistent definitions of workers, employers and wages be adopted for pay-roll tax and workers compensation purposes.

The Report also recommends that WorkCover and the Office of State Revenue adopt consistent approaches to the assessment and collection of pay-roll tax and workers compensation premiums.

Implementation of these recommendations should significantly reduce compliance costs for employers, increase the ease of enforcement for WorkCover and the Office of State Revenue, and improve the transparency of the system.

As a first step it is proposed to amend the pay-roll tax and workers compensation legislation, with effect from 1 July 2003, to implement certain short-term recommendations.

These include common definitions of ordinary wages; the introduction of common grouping provisions; and placing an obligation on principal contractors to ensure their sub-contractors comply with workers compensation and pay-roll tax legislation.

This bill contains amendments to the Pay-roll Tax and Taxation Administration Acts to implement these short-term measures.

The remaining recommendations will require longer lead times and have significant implementation and operational implications.

These recommendations will be subject to further consultation with stakeholders to ensure they provide equitable and practical outcomes.

I will now explain in greater detail the pay-roll tax amendments contained in the Bill.

Definition of Wages

The special advisers recommended that the definition of wages for pay-roll tax be amended to tax certain payments which are part of the remuneration for services performed by employees, but which are not currently subject to pay-roll tax.

The changes include taxing the GST-inclusive grossed-up value of fringe benefits.

Currently, GST is excluded from the taxable value of fringe benefits, which provides an untaxed benefit to employees, equivalent to the amount of the GST. The changes also include removal of an exemption for lump sum payments of leave paid on termination where the leave accrued prior to 1 January 1990.

This exemption is redundant in many cases, but creates administrative difficulties, particularly in relation to record-keeping which means many employers may incorrectly claim the exemption, or may be unable to verify that they are entitled to claim it.

These changes will bring the New South Wales pay-roll tax legislation into line with most other States and Territories.

An avoidance practice identified by the special advisers will be dealt with by taxing distributions from trusts to beneficiaries, where the beneficiaries perform unpaid or under-paid work.

Grouping related employers and businesses

The existing grouping provisions under the pay-roll tax legislation assess related employers together as a group to prevent employers from splitting their businesses amongst several legal entities to reduce their pay-roll tax by claiming multiple threshold deductions.

The advisers recommended that the pay-roll tax grouping provisions be strengthened in relation to trusts, and simplified using recent A.C.T. legislation as a model.

The advisers also recommended that the upgraded provisions should be applied for workers' compensation purposes.

There are approximately 24, 000 employers registered for pay-roll tax, and about 4,600 separate groups consisting of approximately 9,500 separate employer entities.

The A.C.T provisions have a similar outcome to the NSW provisions in most respects, but have been written in simpler format. This makes the legislation easier to understand and should ensure a higher level of compliance by employers.

The bill will transfers the simplified grouping provisions from the Pay-roll Tax Act to the Taxation Administration Act.

This will facilitate the application and maintenance of uniform provisions for both workers compensation and pay-roll tax purposes.

The bill extends the circumstances in which the Chief Commissioner may exclude a business from a group where it is conducted by a trustee but is owned and operated independently of all the other members of the group.

Currently this discretion may only be applied where two businesses are grouped because they use common employees but the businesses are owned and operated substantially independently of each other.

Application of Principle in s.127 of the Industrial Relations Act 1996

The consultants have recommended that provisions similar to section 127 of the Industrial Relations Act 1996 be introduced to require principal contractors to verify that their subcontractors have complied with pay-roll tax and workers compensation premium liabilities.

The bill inserts such a provision into the Taxation Administration Act for pay-roll tax purposes.

The bill requires a principal contractor to obtain a certificate from their sub-contractors within 21 days after entering into a contract, indicating that the sub-contractor has complied with the pay-roll tax legislation.

A principal contractor who does not obtain a certificate, or knows that a certificate is false, will be liable for payment of any amounts of pay-roll tax not paid by the sub-contractor for work done for the principal contractor.

However, the principal contractor will be able to recover any such liability from the sub-contractor.

If a sub-contractor fails to provide a certificate as required, the principal contactor will be able to retain any amounts payable to the sub-contractor unless or until a correct statement is provided.

These obligations are not new to principal contractors as they already exist in section 127 of the Industrial Relations Act, in relation to remuneration payable but not paid by the sub-contractor to its

employees.

I table a summary of the bill for the assistance of Honourable Members and seek its incorporation into Hansard.

I commend the bill to the House.

INDUSTRIAL RELATIONS AMENDMENT (INDUSTRIAL AGENTS) BILL

Termination of employment can be one of the most traumatic events in anybody's working life. Loss of a job and the security it brings are heavy burdens to bear, particularly for lower paid or less skilled workers.

For many years now, this State has had laws which recognise that the loss of a job is a burden that should not fall on a person without good reason, dependent on impulsive decisions of an employer. Where a dismissal was unfair, whether in substance, in process or in effect, the dismissed employee has the right to challenge it in the Industrial Relations Commission of New South Wales. Where the Commission finds there has been unfairness, it has power to order a remedy. The remedies, in descending order of priority, are reinstatement, re-employment or compensation.

However, this Government acknowledges the time, effort and money that it takes both to prosecute and to defend a claim of unfair dismissal. The burden of defending a claim may fall particularly heavily on smaller businesses, with less capacity to absorb such unexpected costs.

Because it believes in the integrity of the unfair dismissal system, the Government is also concerned about the unfair burden on business of defending vexatious or unreasonable claims.

The fact is that unfair dismissal is becoming, for some, a money game. And a money game attracts those prepared to take a gamble on getting a big payout. It is undeniable that claims that some claims are a 'try on'. Some employers may find it cheaper and quicker to 'pay off' the claimant than to expend time and energy on attending conciliation hearings and then preparing for the formal procedures of an arbitral hearing of the merits.

The Government has committed to take a complete overview of the unfair dismissal legislation as it operates in New South Wales. This has already commenced through the five-year review of the Industrial Relations Act. Restoring the primary remedy of reinstatement and examining the historical context of the dispute based role of unfair dismissals will be included in this review.

The first phase of this review will focus on the conduct of unscrupulous agents, who are not legal practitioners nor union or employer representatives.

Large numbers of industrial agents are a recent phenomenon in the Commission. They are not bound by the requirements that apply to either legal practitioners or industrial organisations. Some of them feed off the system, encouraging weak or baseless claims and holding out for the biggest monetary settlement possible. Such agents not only rip off the system – some of them rip off their clients as well. They promise 'no win, no pay', but then charge like wounded bulls for a win.

A system that permits such unethical behaviour and inappropriate outcomes is not doing anybody a favour. It is not in the best interests of the sacked employee or their former employer.

A survey by the Department of Industrial Relations has revealed a significant increase in the number of applications in which the applicant was represented by an agent. In a survey undertaken in 1998, only 4 per cent of applicants were represented by agents. In the 2001 survey, 18 per cent of applicants were represented by an agent. This is a significant increase and is not a issue which is going to go away.

I should point out that not all agents are simply money hungry. Of course, some of them are

decent advocates, working for their clients best interests. The Government does not want to prevent these good people from doing their work. We simply want to put a stop to money hungry agents clogging the system and taking employers for a ride.

The proposed amendments will regulate the activities and conduct of industrial agents and deal with the difficulties that I have identified.

I now turn to the specific amendments.

A new definition in the Dictionary of the Act will define 'industrial agent' to mean a person, other than a legal practitioner or an employee or officer of an industrial organisation, who represents a party in proceedings before the Commission for fee or other award. Services performed by an industrial agent will be defined as 'industrial agent service'.

It is very important to note that the issue here is fee-charging agents. We are not seeking to prevent friends or family from assisting the applicant or employer in running a claim or response in relation to an unfair dismissal allegation.

Also, for the most part, these amendments do not deal with the conduct of industrial organisations in representing their members in unfair dismissal proceedings.

As has long been recognised, by High Court decisions as well as in the reality of the everyday functioning of the industrial relations system, industrial organisations of employees and employers are in themselves parties to that system, not mere delegates of their members. They have a unique place in the industrial relations system, and a commitment to maintaining the integrity and effective operation of that system. Such organisations have rules that regulate their relationship with their members. Certainly, I have had no complaints about industrial organisations failing to service their members appropriately in relation to unfair dismissal claims.

However, I have heard numerous complaints about the conduct of certain fee charging agents and it is appropriate that their conduct be regulated to protect their clients and also the integrity of the Commission's processes.

Most of the proposed amendments go no further than imposing on industrial agents similar restrictions to those that are currently imposed on legal practitioners under the Legal Profession Act 1987. There is evidence that some of these industrial agents are in fact persons who have been admitted as legal practitioners, who have allowed their practising certificates to lapse so that the rules of conduct that apply to legal practitioners no longer apply to them. This is clearly unacceptable.

Industrial agents representing either an applicant or employer in a claim where compensation is sought will be required to file a certificate certifying that the agent has reasonable grounds for believing, on the basis of provable facts, that the claim or the response to the claim has reasonable prospects of success. This is similar to the requirement imposed on legal practitioners by section 197L of the Legal Profession Act. The Commission will be able to award costs against an industrial agent who lodges a certificate in circumstances where the Commission considers there was no reasonable prospect of success.

Whilst legal practitioners are required to maintain trust funds in which to hold moneys on behalf of their clients, there is nothing that presently prevents an unethical agent from holding onto moneys received in relation to their clients' cases and not passing those moneys on to their clients. Under this bill, a payment made to an industrial agent will not be effective to extinguish the rights or liabilities of the parties. Where a party uses an industrial agent, the payment will have to be made directly to the party.

Section 166(2) of the Act currently requires legal practitioners to obtain the leave of the Commission before appearing in conciliation proceedings. The bill proposes that this requirement be extended to industrial agents. Although it can be expected that the Commission will grant leave in

most cases, this amendment will empower the Commission to refuse leave in the case of notorious industrial agents, or industrial agents who do not comply with any of the other requirements that the bill will impose on them.

There was one complaint about industrial agents that concerned me more than any other. This was that some agents charge their clients, not for the work they actually do, but on the basis of how much money they get from their former employer. And this is based on a sliding scale. That is to say, the greater monetary payment they can obtain for their client, the greater a proportion of the winnings the agent claims for themself. With such a payment system in place, it is easy to see the incentives for the agent in chasing outrageously high settlements from the employer, and for resisting offers of reinstatement.

Legal practitioners are not permitted to charge fees in this way. The bill proposes to impose the same prohibition as that set out in section 188 of the Legal Profession Act on all fee-charging agents (including industrial agents, and employees and officers of industrial organisations). Costs agreements will not be permitted to provide that costs are to be determined as a proportion of, or are to vary according to, the amount recovered in any proceedings to which the agreement relates. If a prohibited costs agreement is made, the client will not be bound to pay the costs and the agent will not be able to maintain proceedings for the recovery of those costs.

The costs of industrial agent services will have to be disclosed both to the client and to the Commission at or before the commencement of proceedings. If the industrial agent fails to make the required disclosure, the client will not be required to pay the costs of the representation and the agent will not be able to maintain proceedings for the recovery of those costs.

The proposals in this bill will protect participants in the unfair dismissal system from unscrupulous and unethical industrial agents. Agents will have to comply with the new requirements or get out of the unfair dismissal system. The amendments will ensure the smoother running of the system. This will be a benefit to all parties.

I commend the bill to the House.

The Hon. MICHAEL GALLACHER (Leader of the Opposition) [8.17 p.m.]: The Opposition intends to move amendments to the Workers Compensation Legislation Amendment Bill. It will probably come as no surprise to the Government that the Opposition has some serious concerns about the compliance aspect of the bill. It is our intention to vote against schedule 2. I will address the reasons for that in my contribution, and. I will also talk about other aspects of the bill that we do not oppose. We do not oppose allowing the Sporting Injuries Committee to exempt a sporting organisation from participation in the Sporting Injuries Insurance Scheme when those organisations have adequate private insurance. It was obvious from our consultations with a number of stakeholders in this area that the issue had to be addressed, and the Government is obviously taking this opportunity to do so. The Opposition also does not oppose protecting medical specialists from personal liability for acts or omissions in good faith.

The single notification of injuries and incidents under occupational health and safety legislation and workers compensation, rather than two notifications, is a sensible move that the Opposition is pleased to support. It simplifies matters for employers in the industrial relations system, which involves occupational health and safety, workers compensation and unfair dismissals. Employers need simplification, and this amendment is a step in the right direction. The Opposition does not oppose the proposed cross-border arrangements.

However, these amendments have a certain element of deja vu. I read with some interest the second reading speech, which was delivered in the other place by Ms Reba Meagher on 14 November. She said that for a number of years there has been concern about the need for employers to take out workers compensation for individual workers in more than one State. She said that during the past 10 years there had been a number of attempts to resolve these cross-border issues. Members should cast their minds back to 31 May 1995, when the Hon. Jeff Shaw, the Minister responsible for workers compensation at that time, said in the second reading speech on

the Workers Compensation Legislation Amendment Bill:

A major issue in the bill is the proposed elimination of duplicated insurance requirements where a worker works in one or two of the States or Territories for the same employer ...

Based on consultations involving the Labor Ministers council, a proposal has been adopted for matching provisions to be placed in all State and Territory Workers Compensation Acts.

We have heard the words from Jeff Shaw and we have heard them from Reba Meagher. One would like to think that the Government, after all of its trying, may have got it right. However, the legislation was dropped not only on the Parliament but on the employers of this State. The Government may suggest that it consulted widely with employers, and particularly with employers involved in the advisory council, but there is no evidence of that when one speaks to employers. If 24 hours notification, consultation and involvement are sufficient, then it qualifies. But the legislation contains major reforms that require significant consultation, which means that the Government has failed.

The Opposition sought advice from a Queens Counsel about cross-border amendments. The Opposition would like to have worked with the Government during the last months of this Parliament to resolve cross-border arrangements but the Government did not involve too many people in its final decision. Consequently, there are still concerns and it is my intention to put them on the record. The advice I have been given is as follows:

The preamble to the amending legislation under clause 3.3 refers to the concern for the need for employers to take out workers compensation insurance in other jurisdictions. This need arose after the amendments were made to the Workers Compensation Act in 1987 and the subsequent amendments to the statutory policy which commenced on 1 November, 1996. Under the previous 1926 Act all policies of workers compensation covered liability under the Act and liability independently of the Act provided that the employment relationship existed.

The current wording of the statutory policy excludes liability to pay compensation under the laws of another State or Territory or indeed another country. Under the present law there is no confusion, and there has not been for many years.

A worker if he brings himself within the provisions of Section 13 of the Act, that is if he is employed in New South Wales by an employer who has a place of employment or a presence in New South Wales and he receives injury outside of New South Wales, then he is paid compensation under the New South Wales Act.

The problem arises in that he may have entitlements for compensation to be paid under the Act of another State. If he does make such a claim then and only in respect of compensation is there a need for the employer to have a policy not in New South Wales, but in another State. Thus, it becomes a forum shopping exercise.

In respect of common law damages the same situation applies although the New South Wales policy must respond to claims for common law damages because they are not compensation under an Act if proceedings are taken in another State or Territory. There is however no need for an employer to have a policy in another State to protect himself from the liability to pay damages in another State.

If the statutory policy reverted to the 1926 Act wording, that is, to pay workers compensation under the New South Wales Act or to indemnify the employer in respect of any claim either at workers compensation or common law independently of that Act, then the need for these amendments would disappear.

The view of the person giving the advice is that the complicated arrangements that are drafted in schedule 1 lead to more confusion and are unnecessary in light of the simple suggested amendment. If the Government were at all interested it would have consulted more widely and been prepared to consider it. Be that as it may, it has been a long-held view of the Opposition that we

should continue to work towards solving these cross-border anomalies. However, it would appear on the advice we have been given that, as well meaning as these amendments are, they may not live up to their promise, in the same way that the contribution by the Hon. Jeff Shaw on 31 May 1995 failed to live up to the promises he made all those years ago. Schedule 2 makes principal contractors liable for workers compensation premiums when subcontractors are not insured or not adequately insured. The Opposition is fundamentally opposed to this principle.

There can be no doubt whatsoever that this revisits earlier legislation. It was Jeff Shaw who, in 2000, tried to sneak through legislation about independent contractors. He was caught up very quickly by the Opposition. The revelation subsequently required Jeff Shaw to split into two separate bills the proposed reforms for independent contractors and a raft of other industrial relations reforms. Consequently, the industrial relations reforms languished on the notice paper until the House was prorogued earlier this year, when they finally went off into the ether.

However, that does not mean that the Government is not fixated on subcontractors and independent contractors. It would appear that, yet again, the Government will have another go at subcontractors and principal contractors. We have sought advice from a broad spectrum of employee representatives who represent other principal contractors and subcontractors. They have spoken to members of the Opposition and crossbenchers and painted a stark and clear picture of exactly what will be the end result of this legislation if it is passed by the Legislative Council.

Members on the crossbenches should be under no illusion that these are the employer groups that spoke to them during earlier debates about workers compensation. They were supportive of the Government's workers compensation reforms. I know that their contributions weighed heavily on the minds of many members on the crossbenches and had an impact on their final decision. I know that Reverend the Hon. Fred Nile was persuaded by the argument put by employers about the impact of any delay in enactment of the legislation and what that would mean to premiums and jobs in this State. Those groups still have the same level of credibility with members on the crossbenches and other members of the House and they are now saying that they have not been consulted on this issue and that the Government is simply ignoring their predictions. Ron Jeffs, who represents contractors undertaking cleaning, facilities management, ground maintenance and security work, referred to the effect of the proposed changes on the definition of wages to include superannuation and long service leave. That amendment will add a minimum of 10.7 per cent to workers compensation premiums due to a larger wage base.

These and other proposed amendments to the legislation will have serious consequences for industry and the State. They will cripple the contract cleaning industry and put people out of business; they will increase unemployment and encourage illegal subcontracting. I ask honourable members to give serious thought to the process that the Government has used to progress this legislation through this place. It is hurried legislation and it is undoubtedly designed to revisit the issue of subcontracting that this House dealt with decisively in 2000. This is a sleight-of-hand tactic by the Government to revisit that issue. This legislation will have a significant effect on the ability of employers to pay premiums.

The Housing Industry Association is equally concerned about the effect this legislation will have on its members. It was very outspoken and said that the State Government was attacking small business and that this legislation would have a devastating effect on the housing industry in this State. It focused on the amendments regarding workers compensation and the broadening of the definition of wages, which is a key part of this legislation, together with the changes I have already outlined relating to making principal contractors liable for workers compensation premiums. All in all, the employers of this State have resoundingly rejected this legislation. If the Government continues with the bill in its current form it will do so knowing that employers and employees will suffer the consequences of the lack of consultation. I draw members' attention to new section 175B in schedule 2. Again, the Opposition sought advice about this issue. That advice states:

The subsection (2) makes the principal subcontractor liable in respect of workers compensation premiums for work done in connection with the contract during any period of the contract unless the principal contractor has a written statement given by the subcontractor under this Section for that

contract.

Workers compensation insurance premiums are defined as including not only the original premium assessed but any amounts relating to double premiums and/or late payment fees payable.

This Section does not have a commencement date in respect of contracts entered into after a particular date.

Under subsection (4) the statement required from a subcontractor is to contain the following information:

(a) that all premiums in respect of the work being carried out for workers compensation have been paid together with a Certificate of Currency number for the policy:

(b) a statement as to whether there are any subcontractors working for the contractor;

(c) a statement by that subcontractor that his subcontractors provided him with such a written statement.

Pursuant to subsection (13) the Section is said to extend to owners or occupiers of the building carrying out work in connection with the building while ever they own or occupy the building. The intention of the Section is no doubt to make easier to recover premiums from employers who did not take out proper workers compensation, the practice that is rife in the building industry at the present time. Tactically, because the Section does not differentiate between any type of contract it will become an administrative nightmare for many corporations and for individuals.

This is best illustrated by some examples:

(a) The call to the neighbourhood plumber to fix the leaking pipe would require a householder to obtain the necessary form from the plumber before he could commence work. The householder would then have to keep that form for seven years in case no doubt the plumber failed to pay his insurance during the period;

(b) The same householder has a gas leak and calls AGL to repair the leak. The AGL repair man would have to have with him a form, no doubt signed by a person in authority, saying that AGL has workers compensation, a Certificate of Currency and therefore is able to do the job. If not, then the householder would under the draftsmanship of this Bill, be responsible for the premium for workers compensation for AGL in respect of that job;

(c) In an owner/builder situation where there are many tradesmen and suppliers providing single individual items under contract, each such supplier would have to provide the documentation, eg the company providing ready mixed concrete, the company providing bricks, the company providing the roofing tiles, in short anyone who was providing goods under a contract would have to provide the documentation.

The administrative nightmare this will cause is beyond imagination. Small business people who call in AGL to do repairs will be required to keep records for seven years to protect themselves. What will happen if five years down the track a claim is made and a company's records need to be investigated to work out how long a repairman worked on a particular job and what proportion of that work constituted the overall work done during the week in question so that any payment can be evenly distributed among the head contractors? Members can imagine the administrative nightmare that will cause WorkCover. These are not the ramblings of Opposition members who are concerned about confusing an issue sufficiently to stop any further reform. Heaven knows, we want continuing workers compensation reform to reduce premiums. We said that at the outset and we have continued to say it.

The Government has not been able to show how workers compensation premiums will be

reduced. The Deputy-President, Reverend the Hon. Fred Nile, knows that better than I do. We are hanging out for a reduction in premiums in this State. There must be respite for employers. What has been the Government's answer? It has responded with more bureaucracy and red tape. It is pushing more responsibility down the line to employers and, in particular, to small business people. If the advice I have been given is correct, they will find this legislation unworkable. We still have substantial legislation to deal with this evening, so I do not intend to labour the point. The Opposition will oppose schedule 2, which deals with the compliance aspects of this legislation, simply because it is ill thought out. There is still too much work to be done to let this legislation go through.

I am quite happy for other legislation to proceed because the changes will hopefully address some problems. However, according to advice I have received, it does not appear that that will be so. The Opposition hopes that other aspects of the legislation will rectify problems faced by certain sectors in the workers compensation scheme. The Opposition will not agree to the ill-thought-out compliance reforms contained in schedule 2 becoming law in this State because of the effect they will have on employers and people in the building industry. If the building industry experiences a marked increase in its premiums home buyers will bear the cost. Builders, carpenters and plumbers will push that increase down the line to consumers. This could be avoided if schedule 2 were removed from the bill. The Government should redraft schedule 2 and reconsider its position. The Government has put employers and small business people in an unworkable position.

I turn to the Industrial Relations Amendment (Industrial Agents) Bill. This would have to be one of the greatest industrial backflips by this Government in recent times. During the past two months, while out in the public domain, the Premier specifically said the Government would reform unfair dismissal laws, in particular the matter of reinstatement. Honourable members might recall that there was a fair degree of media interest when the Premier said, "We are going to reform unfair dismissal laws in this State, and really get stuck into the issue of reinstatement." Under the Premier's proposals people were no longer to receive cash payment in unfair dismissals, but workers were to get their jobs back. The Premier made quite a song and dance about that. The Government released a paper that was an absolute lemon.

The only reform to come out of the proposed changes to unfair dismissal laws is this bill, which refers to industrial agents. The Government has run with that change because industrial agents are the smallest group to be affected by the reforms. The Government was assured that that group would have employers, unions and legal practitioners on side. That group is the one area within the industrial relations reforms that had consistency in decision-making at the Industrial Relations Commission. The remainder of the reforms have gone by the wayside. Some workers compensation reforms were astronomical. For example, one reform proposed that an employee could not be dismissed whilst his workers compensation case was ongoing. Of course, the law currently provides that someone in receipt of a workers compensation claim cannot be dismissed from the workplace for a period of six months whilst that matter is proceeding.

The Government was proposing to make that period indefinite, so that a worker could not be dismissed whilst his workers compensation claim was proceeding through the system. In some cases, a worker may be out of the workplace for years. Who would that affect? It certainly would affect all the small business people that I mentioned earlier when speaking about reforms to workers compensation legislation, people whom the Government seems to have completely ignored. I do not know which rocket scientist in the Government thought up changes to reinstatement laws. However, the Government again failed to consult with employers because, in real terms, it simply did not work. It may well be an objective of the Industrial Relations Commission, but if one considers the breakdown in any work relationship—which is similar to a breakdown in a personal relationship—once an irreconcilable point is reached no court and no jurisdiction can force the two parties back together or make the relationship work.

The Government's stand on forcing reinstatement down the line—to ensure that employees got their jobs back, to make that a primary focus—was inconsistent with the reality in the workplace. When a relationship breaks down in a small business it will not matter what the courts say. It is very difficult to get an employee and employer to patch up their differences and go back to work. It cuts both ways. In many instances employees do not want to go back into a working relationship where

they no longer feel valued, wanted or liked. Similarly, employers do not want employees who no longer fit into the team to return to the workplace. The Government's position was incredibly bizarre considering that no consultation had taken place. Be that as it may, the Opposition was very quick to jump on this because it was a significant shift in focus by the Government. It was designed, first and foremost, to get union support back in line in the lead-up to the State election campaign.

Apart from the Premier, the only person who had been pushing the reform of unfair dismissal laws was the current State Secretary of the New South Wales Labor Council. He was incredibly supportive of this, and I can understand and respect the position that he took. However, I believe now—as I did when these matters were first raised—that his position about what was occurring in the workplace was unrealistic. This legislation, as with the workers compensation legislation, is nothing more than a last minute grab back of support from the union movement in the dying days of the Carr Government as it approaches the election campaign. The Government is still suffering from its earlier workers compensation reforms, and it is most certainly suffering in the minds of rank and file unionists who are thinking, "What is the use of backing these guys? This Labor Party in New South Wales doesn't want to listen to workers any more."

We all saw that on the steps of Parliament House when the Hon. Bob Carr, the Premier of New South Wales, gave the unionists in Macquarie Street the peace sign in reverse. We know what this Government's attitude to workers really is. The Government had to go a long way to rebuild some of the union's support, without pushing employers too far. The Government has tried to cover up the workers compensation legislation in such a way that it really affects only the building industry. This is all about ensuring that the right premium is being made in the building industry. The reality is that this goes beyond the building industry; it affects the road transport industry, the information technology industry, the film industry, the cleaning industry and all industries that rely on independent contractors in a significant way. The application of the legislation is very broad.

The industrial agents legislation is merely a replication of what I have just said—it is all about the Government trying to claw back union support in the lead-up to the State election campaign. The Government probably would not be too upset if it lost schedule 2 to the workers compensation legislation, because it knows that it is bad legislation. However, the Government is locked in on that legislation and has received delegations from employers. No doubt the Government has received communications from significant employers in the city concerning the impact the legislation will have on them. I would not be surprised if the Minister would not be all that upset if schedule 2 was knocked out. The Government has not been fighting very hard on this issue; it knows the Opposition has been pushing it. The employers have interviewed a number of the crossbenchers and I am told that they put a legitimate case to them. It is a matter for us to determine whether it was a strong enough case to get their support—that is a test we will see shortly.

The Industrial Relations Amendment (Industrial Agents) Bill will change the way in which industrial agents operate in the Industrial Relations Commission. Philosophically, I am not happy with the idea that industrial agents must disclose their fee structure to a client and the commission before or after the commencement of proceedings. I fully understand a requirement to disclose the fee structure to the client, because it is a master-servant relationship with regard to the service being supplied, but a requirement to disclose the fee structure to the commission is a little bizarre. What if the commission does not approve the fee structure as advised by the agent? What will the commission do about it? It appears that the legislation does not address the situation of the commissioner not accepting the fee structure as advised by the industrial agent. Is it suggested that the commissioner should advise the applicant to obtain another agent, or to perhaps sit down with the agent and reassess the fee structure? It appears that the legislation is not consistent in relation to the way in which others who appear before the Industrial Relations Commission are treated.

I acknowledge that there have been problems in the Industrial Relations Commission. I, for one, have often spoken about fishing expeditions in the commission, in which people encourage unfair dismissal cases to come forward when the matters are based on frivolous or vexatious allegations and there is little likelihood of the cases being successful. We have all heard anecdotal evidence of employers —and many of us have spoken to employers—who have been confronted with the reality that it will cost them $10,000 to $15,000 to defend a matter, and they have been advised that they

should pay the employee concerned $5,000 simply to get rid of the problem. I will not use the expression that my learned colleague Tony Abbott uses to describe this unacceptable and probably illegal practice in Australian law, but employers find themselves in a situation where they are forced to pay off people to get rid of their problems, and of course that does not do the scheme any justice whatsoever.

I suspect that many industrial agents would be extremely hardworking, but if one believes the stories that emerge from the Industrial Relations Commission there are instances of industrial agents—as there probably would be instances of representatives of various unions and even employer representatives—encouraging cases that are baseless or without substantiation to proceed. The Government is simply seeking to tidy up this aspect with regard to industrial agents who, I am told, are not subjected to the same level of review as are legal practitioners and union representatives who appear before the Industrial Relations Commission. The Opposition will not oppose the Industrial Relations Amendment (Industrial Agents) Bill. I took this opportunity to place on record the Opposition's concerns. I reiterate that the Opposition will oppose schedule 2 to the Workers Compensation Legislation Amendment Bill.

Ms LEE RHIANNON [8.53 p.m.]: The Greens are generally supportive of the Workers Compensation Legislation Amendment Bill, which seeks to make further amendments to workers compensation legislation. The Greens are certainly concerned about the management of workers compensation in this State. We vividly recall the huge demonstration that was held in the precincts of the Parliament. It was an issue on which we campaigned long and hard in the many workplaces around the State. Labor's approach appears to be highly reactive and piecemeal, lurching from crisis to crisis, which is disappointing but not surprising because Labor can never accommodate its two competing constituencies—the big end of town and the remainder of the labour movement that it tries to work with. We do not accept that the reforms to date, which have focused on reducing the compensation payable to injured workers, will either fix the problems with the system or deliver a fair amount of compensation to injured workers. The Greens have been highly critical of Labor's attacks on the rights of injured workers in the past, and we realise the need to continue to be vigilant on this aspect.

Throughout the debate on previous bills, the Greens consistently maintained that one of the key failings of the system is employer compliance. We constantly hear reports of shonky employers, particularly in the construction industry, who deliberately underpay their workers compensation premiums. It is not simply that they underpay their workers compensation premiums; they also do not put aside enough money for basic occupational health and safety measures. We read about many tragedies in the industry, and as legislators we need to take responsibility for those tragedies. It is shameful that, on average, one person in that industry dies every week. Of course, when this happens WorkCover has to pick up the bill for any compensation payments and its financial position is weakened accordingly. We are pleased that the Government is finally moving on this issue.

The Government's effort to tackle employer non-compliance is long overdue. It is too early to tell whether it will be successful. Certainly there has been opposition to it from the Housing Industry Association and the Opposition, and only time will tell whether the Government has found the best way to go about addressing the issue. Although the Greens support the Government's intention, we will certainly not hesitate to be critical down the track if this approach either does not work or brings about inadvertent hardships. The remaining provisions in the bill seek to make more minor reforms, such as addressing cross-border issues, with which the Greens do not take issue. The Greens will not oppose the Workers Compensation Legislation Amendment Bill.

The Greens support the Pay-roll Tax Legislation Amendment (Avoidance) Bill, which seeks to improve compliance with payroll tax legislation. The bill has arisen from the same review that led to the Workers Compensation Legislation Amendment Bill, and the Greens are supportive of it for largely the same reasons. We believe it is important to tighten up the many loopholes with regard to payroll tax. We acknowledge that there is an ongoing debate about whether payroll tax should be maintained, but while it is in existence we believe it should be applied across the board. The Greens also support the Industrial Relations Amendment (Industrial Agents) Bill. We believe there is a need for greater regulation of industrial agents, and we welcome that change.

The Hon. JOHN RYAN [8.57 p.m.]: The comments I wish to make relate primarily to the Pay-roll Tax Legislation Amendment (Avoidance) Bill. Essentially, the bill introduces what might be regarded as five amendments to the manner in which payroll tax is collected in this State. The Government's rationale is that these amendments reduce avoidance and make the collection of payroll tax more consistent across business. The Opposition agrees with four of the five reforms that the bill seeks to introduce. One of the reforms relates to trust distributions. The definition of "wages" is expanded to include any distribution from a trust to a person in lieu of wages. The purpose of that amendment is to close a loophole relating to the avoidance of payroll tax by paying employees through distributions from trusts. The Opposition supports that tightening up of payroll tax.

There is also the provision of an exemption of certain leave provisions from wages. Currently, any leave accrued prior to 1 January 1990 is excluded from the definition of "wages" for the purposes of a retirement or termination of employment. The legislation removes that exemption and makes the definition of "wages" consistent for the purposes of payroll tax and workers compensation premiums. The Opposition is pleased to support that reform. The definition of "fringe benefits" is to be expanded. The definition of "wages" currently includes fringe benefits exclusive of GST. The legislation amends the definition to include GST, and the Opposition supports that amendment.

Additionally, the legislation contains some grouping provisions that will be transferred to the Taxation Administration Act so that common provisions can be used for both payroll tax and WorkCover premiums. The definition of "business" will also be extended to include trusts. The Chief Commissioner of State Revenue can now exclude persons from a group if those persons carry on a business independently from the rest of the group. As I understand it, this provision has been included in the legislation because of the way some people structure their businesses. Businesses that were regarded as one large enterprise and which were taxed right across the enterprise were reducing their payroll tax burdens by specifying various parts of their businesses as separate enterprises. Businesses globally fell below the payroll tax schedule, and this enabled them to avoid payroll tax. That might have been understandable at the beginning, but it would not have taken long before the Government was unable to collect any form of payroll tax. The Opposition supports this reform. It will modernise and simplify grouping provisions. Trusts will now be included in groups for the purposes of payroll tax.

The Opposition has a concern about the liability of principal contractors for payroll tax debts. The bill states that principal contractors will have to obtain a certificate of compliance from their subcontractors verifying that payroll tax has been paid. A contractor who does not obtain such a certificate or who knows such a certificate to be false will become liable for payroll tax. Many contractors will find that provision extremely onerous and difficult to comply with. Contractors do not have the resources that government agencies have to check the veracity of subcontractors. It would be unfair to hold one law-abiding citizen responsible for the misdeeds of another, even though the law-abiding citizen might not be aware of another's misdeeds. This legislation will require principal contractors to be extremely rigorous in their supervision of subcontractors—which might prove difficult. Principal contractors would be liable for the payment of any amount of payroll tax not paid by contractors for work done unless they have a written statement from their contractors that indicates payroll tax has been paid. In our view, it will be difficult for principal contractors to comply with that onerous provision.

Small business groups that are extremely concerned about this provision expressed distress to Opposition members when this bill was being debated in another place. The Opposition subsequently moved amendments in an attempt to remove that provision from the bill. The integrity of the bill will not be jeopardised if that provision is removed. All the other provisions, which are not controversial, are acceptable reforms. Payroll tax has increased under this avaricious Government. The revenue that the Carr Government currently receives from payroll tax is more than sufficient. It does not need to implement an onerous regime of compliance against principal contractors. The Opposition will move an amendment in Committee that seeks to delete item [11] from schedule 1, which relates to the recovery of tax from principal contractors. If the Opposition's amendment is successful, it will also be seeking to move a consequential amendment to remove proposed clause 15. The Opposition attempted to delete those provisions in another place. If the Opposition's

amendments are accepted by the Committee, we will happily support the bill. However, if the Opposition's amendments are not successful, we will oppose a bill that is fundamentally flawed and that will impact adversely on small businesses.

Reverend the Hon. FRED NILE [9.05 p.m.]: The Christian Democratic Party supports the Workers Compensation Legislation Amendment Bill, the Industrial Relations Amendment (Industrial Agents) Bill, and the Pay-roll Tax Legislation Amendment (Avoidance) Bill. The Workers Compensation Legislation Amendment Bill will continue the process commenced by the Government some years ago to reform the workers compensation system in this State. All members would be aware that the system is in deficit and is in need of radical surgery to reduce that deficit. It is obvious to me from the number of committee inquiries that I have chaired that some of the Government's reforms are working. There is still no dramatic change to the deficit, but it has not increased. The Government implemented a number of reforms to stabilise and reduce that deficit. A year or so ago that seemed to be an impossible task but we are now seeing some progress in that regard. There are some areas that can be improved.

The bill will provide a practical test for determining the State with which a worker's employment is connected. The bill, which was introduced to solve the problem of cross-border jurisdictional issues, will tie in with legislation that has been passed in other States, in particular in Queensland and that will be passed in due course in Victoria. The bill also seeks to improve employer compliance with the payment of workers compensation insurance premiums. A number of loopholes have added to the deficit. We must ensure that everyone is contributing fairly to the workers compensation scheme. The amendments adopt the recommendations of special advisers on compliance—Penny Le Couter, an independent consultant, and Dr Neil Warren, Associate Professor of Economics, University of New South Wales—in relation to the definition of wages, the adoption of grouping and measures to improve the compliance of contractors. I am sure that Opposition members still have reservations about whether those amendments will provide a degree of compliance. Every step that is taken, however small, is still important.

The bill will provide for a single system of notification to WorkCover of injuries, illnesses and other serious accidents—a positive move. The Government is not enthusiastic about self-insurance, but this legislation will enable the Sporting Injuries Committee to exempt a sporting organisation from participating in the Sporting Injuries Insurance Scheme if it is satisfied that the organisation has private insurance that provides benefits that are no less favourable than those that are available under the scheme. That is another positive aspect. Another amendment will extend protection from personal liability to approved medical specialists.

I refer next to the Industrial Relations Amendment (Industrial Agents) Bill. Complaints have been made about some fee charging agents who do not represent unions or employer organisations and other non-fee charging persons such as families or friends. There have been complaints about the conduct of some fee charging agents, and this legislation will provide some regulation of industrial agents, who were virtually operating in a vacuum. It will prohibit industrial agents from appearing before the Industrial Relations Commission [IRC] and before conciliation proceedings without the leave of the IRC. This provision will introduce a form of accreditation for such agents. The bill will require industrial agents to disclose their fee arrangements both to their client and to the IRC. We support those practical arrangements.

The Pay-roll Tax Legislation Amendment (Avoidance) Bill attempts to close some loopholes that have been identified. It will extend the definition of ordinary wages, modernise the payroll tax grouping provisions and extend the obligations of principal contractors to ensure compliance by their subcontractors. The Opposition criticised the latter requirement as placing an added administrative burden on employers. However, I do not see any other way of proceeding as some people seem to be exploiting the subcontractor arrangements so as to avoid their responsibilities. This bill seeks to introduce controls for unpaid or underpaid services, particularly to trusts, in order to close a tax avoidance loophole. There is much talk about loopholes in the Senate at present, and it is important to legislate in this place to close any similar loopholes that may be exploited. That is the aim of this bill. We understand that it places some administrative pressure on, and creates an additional workload for, principal contractors, but we do not see how that can be avoided. We support the bills.

The Hon. IAN MACDONALD (Parliamentary Secretary) [9.11 p.m.], in reply: I thank honourable members for their contributions to the debate on the Workers Compensation Legislation Amendment Bill, and I will address some of the issues that have been raised, particularly regarding the compliance amendments. I note that concerns were expressed about the bill's grouping provisions and their impact on multi-tariff policies. Sections 168 and 169 of the Workers Compensation Act 1987 provide for insurance premiums to be calculated in accordance with the insurance premiums order. These provisions are not affected by the bill. Employers who carry on two or more distinct business activities will continue to be eligible for the multi-tariff policies. Furthermore, with regard to grouping, proposed sections 175D and 175E allow WorkCover to make determinations on a case-by-case basis in relation to members of groups. These provisions have been included to address potential impacts on some employers, particularly those currently exempt from the payroll tax grouping provisions. WorkCover will be consulting with employers about this issue prior to the implementation of grouping for workers compensation purposes from 1 July 2004.

I have committed to offsetting the broadened definition of wages for workers compensation premiums with a corresponding reduction in the tariff rates. The determination of an appropriate level of reduction will be referred to the WorkCover scheme actuaries as part of the premium-setting process for the 2003-04 policy year. Issues have been raised in the debate about the practicality of proposed section 175B. It is essentially the same as section 127 of the Industrial Relations Act 1996, which makes a principal contractor liable for the remuneration of the employees of subcontractors when the work carried out is in connection with a business undertaking of the principal contractor, unless the principal contractor has a written statement given by the subcontractor that all remuneration payable to the relevant employees has been paid.

Proposed section 175B will operate in a similar fashion. I believe it will not have an undue impact on business; it will simply build on the existing requirements imposed on principal contractors under section 127 of the Industrial Relations Act. The existing requirements under section 127 can be easily modified to include the additional requirements under proposed section 175B. Far from weakening the ability of employers to control risk through the imposition of liability to make payment for premiums on behalf of subcontractors, the provision recognises that in most cases it is the principal contractor who has the greatest capacity to control risk. The proposed section is intended to ensure that, as a matter of good business practice, principal contractors will ensure that their subcontractors are covered properly for workers compensation insurance and that subcontractors make their appropriate contribution to the payment of workers compensation premiums. The Government amendments to these provisions make it absolutely clear that they apply only to work done as a core part of a business undertaking. The Leader of the Opposition has expressed concerns about the width and impact of proposed section 175B, and I have just addressed those concerns. I commend the bill to the House.

Question—That the Workers Compensation Legislation Amendment Bill be now read a second time—put.

Motion agreed to.

Workers Compensation Legislation Amendment Bill read a second time.

In Committee

Clauses 1 to 3 agreed to.

Schedule 1 agreed to.

Schedule 2

The Hon. IAN MACDONALD (Parliamentary Secretary) [9.16 p.m.], by leave: I move Government amendments Nos 1 and 2 in globo:

No. 1 Page 18, schedule 2[10], proposed section 175B (1) (c), lines 31 and 32. Omit all words on those lines. Insert instead:

(c) the work is carried out in connection with a business undertaking of the principal contractor and is work that is an aspect of the work of that business undertaking.

No. 2 Page 21, schedule 2[10], proposed section 175B (13), lines 1-5. Omit all words on those lines. Insert instead:

(13) This section does not apply in respect of a contract entered into by the principal contractor for carrying out of work at the principal place of residence of the principal contractor.

(14) The regulations may exempt from the operation of this section any contract, work, principal contractor or subcontractor of a class or description specified in the regulations.

As I indicated previously, the purpose of these amendments is to clarify the intended operation of clause 175B of the bill. The first amendment makes it clear that for a person to be a principal contractor the work done by employees of a subcontractor must be work that is carried out in connection with a business undertaking of the principal contractor. The additional words "and is work that is an aspect of the work of that business undertaking" have been added to make it clear that the operation of the clause is confined to the core part of the business undertaking. Amendment No. 2 removes the existing words in clause 175B (13) and inserts a new form of words, as follows:

This section does not apply in respect of a contract entered into by the principal contractor for carrying out of work at the principal place of residence of the principal contractor

This makes it clear that clause 175B does not apply to work carried out in a person's home. In response to representations from many people in regional areas, including Country Labor members, amendment No. 2 also inserts subclause (14) in clause 175B. Subclause (14) will allow regulations to be made to exempt classes of business undertakings from the operation of clause 175B. The Government will exercise its power to exempt farmers from this obligation as the responsibility lies more correctly with the principals they retain to carry out necessary farm works. The Government believes these amendments will address concerns that have been expressed about the operation of the clauses, and I commend them to honourable members.

The Hon. MICHAEL GALLACHER (Leader of the Opposition) [9.19 p.m.]: The Government has prepared these amendments very hastily. I note from the bottom of the amendment sheet that they were typed at 8.51 p.m., so they are only half an hour old.

The Hon. Jan Burnswoods: It might have something to do with there having been no computers.

The Hon. MICHAEL GALLACHER: This legislation has been on the books for some time now. The Hon. Jan Burnswoods should stay out of issues about which she has no understanding. She should stick with what she does best.

The Hon. Duncan Gay: She has not done so in the past, so why would she do so now?

The Hon. MICHAEL GALLACHER: If we want her contribution we will call on her. The Government has dealt with these amendments in globo. The Opposition has not had an opportunity to speak to anyone within the building community in relation to amendment No. 1, which deals with proposed section 175B (1) (c) as follows:

(c) the work is carried out in connection with a business undertaking of the principal contractor

and is work that is an aspect of the work of that business undertaking.

The Opposition does not oppose that amendment, but questions may be raised in the fullness of time. Having seen this legislation only half an hour ago it is very difficult to know of its impact. The Opposition does not oppose amendment No. 1, but has significant concerns about amendment No. 2, which relates to clause 14. It is an absolute ripper. It states that the regulations may exempt from the operation of this measure any contract, work, principal contractor or subcontractor of a class or description specified in the regulation. That is probably best described as work in progress.

The Government has not yet made up its mind but it wants us to trust that it knows what it is doing, just as it did with the independent contractors legislation. The Government wants to work on this legislation during the next few weeks and then amend it by regulation. There is no way in the world that the Opposition could support an amendment worded in that way. The Government has not worked out the legislation yet but wants us to give it a chance because the computers are not working, as the Hon. Jan Burnswoods said. The Opposition will oppose amendment No. 2. The Opposition is also concerned about compliance, for example, in relation to the grouping issue, about which there has not been enough consultation. I am told that that will have an enormous impact on some corporations and that it will be devastating in terms of employment in New South Wales. For that reason the Opposition will continue to oppose amendment No. 2.

The Hon. JOHN JOBLING [9.22 p.m.]: As the Opposition agrees with amendment No. 1 but has problems with amendment No. 2. Under Standing Order 106 I request that these questions on these two amendments be put seriatim.

Amendment No. 1 agreed to.

Question—That amendment No. 2 be agreed to—put.

The Committee divided.

Ayes, 21

Dr Burgmann	Mr Hatzistergos	Ms Tebbutt
Dr Chesterfield-Evans	Mr R. S. L. Jones	Mr Tsang
Mr Cohen	Mr Macdonald	Mr West
Mr Corbett	Reverend Dr Moyes	
Mr Costa	Reverend Nile	
Mr Della Bosca	Mr Oldfield	*Tellers,*
Mr Dyer	Ms Rhiannon	Ms Burnswoods
Mr Egan	Ms Saffin	Mr Primrose

Noes, 12

Mr Gallacher	Mr Lynn	
Miss Gardiner	Ms Pavey	
Mr Gay	Mr Pearce	*Tellers,*
Mr Harwin	Dr Pezzutti	Mr Jobling
Mr M. I. Jones	Mr Ryan	Mr Colless

Pairs

Ms Fazio	Mrs Forsythe
Mr Obeid	Mr Samios

Question resolved in the affirmative.

Amendment No. 2 agreed to.

Question—That schedule 2 as amended be agreed to—put.

The Committee divided.

Ayes, 21

Dr Burgmann	Mr Hatzistergos	Ms Tebbutt
Dr Chesterfield-Evans	Mr R. S. L. Jones	Mr Tsang
Mr Cohen	Mr Macdonald	Mr West
Mr Corbett	Reverend Dr Moyes	
Mr Costa	Reverend Nile	
Mr Della Bosca	Mr Oldfield	*Tellers,*
Mr Dyer	Ms Rhiannon	Ms Burnswoods
Mr Egan	Ms Saffin	Mr Primrose

Noes, 12

Mr Gallacher	Mr Lynn	*Tellers,*
Miss Gardiner	Mrs Pavey	
Mr Gay	Mr Pearce	
Mr Harwin	Dr Pezzutti	Mr Colless
Mr M. I. Jones	Mr Ryan	Mr Jobling

Pairs

Ms Fazio	Mrs Forsythe
Mr Obeid	Mr Samios

Question resolved in the affirmative.

Schedule 2 as amended agreed to.

Schedules 3 and 4 agreed to.

Title agreed to.

Workers Compensation Legislation Amendment Bill reported from Committee with amendments and passed through remaining stages.

Second Reading

The PRESIDENT: Order! The House will now resume the second reading debate on the Pay-roll Tax Legislation Amendment (Avoidance) Bill.

The Hon. IAN MACDONALD (Parliamentary Secretary) [9.36 p.m.], in reply: I thank honourable members for their contributions to the debate on the Pay-roll Tax Legislation Amendment (Avoidance) Bill. I seek leave to incorporate in *Hansard* my response to the issues raised in debate on this bill both here and in the other place.

Leave granted.

Under certain artificial structures, a trust may provide a link in a chain of ownership or control, but the trustee may claim not to be conducting a business.

The amendments will overcome this potential avoidance mechanism.

However, the chief Commissioner's power to grant relief from the grouping provisions will also be extended so that trust businesses can be excluded from a group if there is no substantial business connection between the trust and other businesses in the group.

Liability of principal contractors

I turn now to issues raised by the Opposition in relation to the proposal to extend an existing certification process under the Industrial Relations Act which currently applies only to unpaid wages.

The Bill extends this concept to include pay-roll tax as recommended by the special advisers.

Similar amendments contained in another Bill will also apply a similar certification process to unpaid workers compensation premiums.

The existing requirements in relation to unpaid wages, and the new requirements in relation to pay-roll tax and workers compensation premiums will be capable of being combined into a single statement of compliance, to minimise the additional administrative burden on employers.

The Industrial Relations Act currently requires a principal contractor to obtain a statement from each sub-contractor that all remuneration payable to the sub-contractor's employees has been paid.

The principal contractor becomes liable to pay any unpaid remuneration to the sub-contractor's employees if such a certificate is not obtained.

In a similar vein, this Bill will make principal contractors liable for payment of any amounts of pay-roll tax not paid by their sub-contractors for work done for the principal contractor, unless the principal contractor has a written statement from the sub-contractors indicating that the pay-roll tax liability has been paid.

The principal contractor's liability in relation to pay-roll tax will only arise if a sub-contractor has failed to pay tax within 60 days after the end of a financial year. All liable employers are required to lodge their annual pay-roll tax return within 21 days after the end of each financial year, so the principal contractor will only have a liability where a sub-contractor is already in default.

If a principal contractor does not hold a statement of compliance provided by the sub-contractor, but becomes aware that the sub-contractor is a pay-roll tax defaulter, the principal may withhold any payments due to the sub-contractor until a statement is provided.

These requirements will not destroy the independent business status of sub-contractors who themselves employ workers, because the primary liability to pay tax remains with the sub-contractor. Even if a principal contractor fails to obtain a statement and is required to pay the sub-contractor's liability, the principal contractor will be able to recover that amount from the sub-contractor, and will be able to retain and use any money owed to the sub-contractor for that purpose.

The legislation will have little impact on the majority of contractors who comply with their pay-roll tax obligations. However, it will help put an end to collusion between principal contractors and sub-contractors to gain a competitive advantage by evading their tax obligations.

The special advisers Report states that there is a common belief that significant premium and tax revenues are being lost as a result of such evasion, although it is impossible to quantify the extent of the problem.

The measures in the Bill will go a considerable way towards limiting the problem of evasion of pay-roll tax, at least to the extent that it relies on complicity between principal contractors and

sub-contractors.

Question—That the Pay-roll Tax Legislation Amendment (Avoidance) Bill be now read a second time—put.

Motion agreed to.

Pay-roll Tax Legislation Amendment (Avoidance) Bill read a second time.

In Committee

The CHAIRMAN: The Committee is dealing with the Pay-roll Tax Legislation Amendment (Avoidance) Bill.

Clauses 1 to 4 agreed to.

Schedule 1

The Hon. JOHN RYAN [9.38 p.m.], by leave: I move Opposition amendments Nos 1 and 2 in globo:

No. 1 Pages 8-10, schedule 1 [11], proposed Part 5B, line 1 on page 8 to line 22 on page 10. Omit all words on those lines.

No. 2 Page 11, schedule 1 [14], proposed clause 15, lines 19-25. Omit all words on those lines.

As I explained during the second reading debate, the purpose of these amendments is to remove iniquitous clauses in the bill which make an outrageous impost on contractors. Those clauses will make contractors liable for the pay-roll tax of some of their sub-contractors if they are unfortunate enough to discover that they have been misinformed about whether they have met these liabilities.

This is an outrageous impost on subcontractors, who are the backbone of small business. The Government is being unfair. To use the Treasurer's description, this is a silly provision that is not worthy of being passed by Parliament. The clauses of this bill should be returned to the drawing board and reconsidered. They are outrageous; they are onerous on small business; and they are iniquitous. The only fair thing to do is remove them. The Opposition urges the Committee to support it in removing these outrageous clauses. In doing so, we will have the support of small business in this State. I commend the amendments to the Committee.

The Hon. IAN MACDONALD (Parliamentary Secretary) [9.40 p.m.]: The Government opposes amendments Nos 1 and 2 moved by the Hon. John Ryan. The existing certification process under the Industrial Relations Act currently applies only to unpaid wages. The bill extends this concept to include payroll tax, as recommended by the special advisers. Similar amendments contained in another bill will apply similar certification processes to unpaid workers compensation premiums. The existing requirements in relation to unpaid wages and the new requirement in relation to payroll tax and workers compensation premiums are capable of being combined into a single statement of compliance to minimise the additional administrative burden on employers.

The Industrial Relations Act currently requires a principal contractor to obtain a statement from each subcontractor that all remuneration payable to the subcontractor's employees has been paid. The principal contractor becomes liable to pay any unpaid remuneration to the subcontractor's employees if such a certificate is not obtained. Similarly, this bill will make principal contractors liable for payment of any amounts of payroll tax not paid by the subcontractors for work done for the principal contractor unless the principal contractor has a written statement from the subcontractor indicating that the payroll tax liability has been paid. In other words, it puts the onus back.

The principal contractor's liability in relation to payroll tax will only arise when a subcontractor

has failed to pay tax within 60 days after the end of the financial year. All liable employers are required to lodge their annual payroll tax return within 21 days after the end of each financial year so the principal contractor will only have a liability when a subcontractor is already in default. If a principal contractor does not hold a statement of compliance provided by the subcontractor but becomes aware that the subcontractor is a payroll tax defaulter, the principal may withhold any payments due to the subcontractor until a statement is provided.

These requirements will not destroy the independent business status of subcontractors who themselves employ workers, because the principal liability to pay tax remains with the subcontractor. Even if a principal contractor fails to obtain a statement and is required to pay a subcontractor's liability, the principal contractor will be able to recover that amount from the subcontractor and will even be able to retain and use any money owed to the subcontractor for that purpose. The legislation will have little impact on the majority of contractors, who comply with payroll tax obligations. However, it will help put to an end to collusion between principal contractors and subcontractors to gain a competitive advantage by evading their tax obligations.

The special advisers' report states that there is a common belief that significant premiums and tax revenues have been lost as a result of such evasions, although it is impossible to quantify the extent of the problem. The measures in this bill will go a considerable way to limiting the problem of evasion of payroll tax, at least to the extent that it relies on complicity between principal contractors and subcontractors. As a consequence, the Government opposes the two amendments moved by the Hon. John Ryan.

The Hon. MALCOLM JONES [9.43 p.m.]: According to the Australian Taxation Office a subcontractor is somebody who receives income from multiple sources. If a person does not receive income from multiple sources, he is an employee. The Hon. Ian Macdonald rattled off his answer like a Gatling gun and I was trying to pick out what he said. I will ask him about a specific example and I would like him to tell me the situation. If a building contractor employs a large subcontractor bricklayer and the bricklayer subcontractor receives income from multiple sources, how will the building contractor be able to determine what payroll tax he is responsible for, when the payroll tax liability of the bricklayer would include other income? Does the honourable member understand my question?

The Hon. Ian Macdonald: When you have finished I will provide you with an answer.

The Hon. MALCOLM JONES: I am asking whether you understand it.

The Hon. Ian Macdonald: It is irrelevant whether I understand it. I will give you an answer.

The Hon. MALCOLM JONES: I would like it on the record that it is irrelevant whether the Hon. Ian Macdonald understands the question or not.

The Hon. IAN MACDONALD (Parliamentary Secretary) [9.45 p.m.]: The short answer to the question asked by the Hon. Malcolm Jones is that the principal contractor's liability is restricted to wages paid by the subcontractor, and that only.

Question—That the amendments be agreed to—put.

The Committee divided.

Ayes, 12

Mrs Forsythe	Mrs Pavey	
Mr Gallacher	Mr Pearce	
Miss Gardiner	Dr Pezzutti	*Tellers,*
Mr Gay	Mr Ryan	Mr Colless
Mr M. I. Jones	Mr Samios	Mr Jobling

Noes, 21

Dr Burgmann	Mr Hatzistergos	Ms Tebbutt
Dr Chesterfield-Evans	Mr R. S. L. Jones	Mr Tsang
Mr Cohen	Mr Macdonald	Mr West
Mr Corbett	Reverend Moyes	
Mr Costa	Reverend Nile	
Mr Della Bosca	Mr Oldfield	*Tellers,*
Mr Dyer	Ms Rhiannon	Ms Burnswoods
Mr Egan	Ms Saffin	Mr Primrose

Pairs

Mr Harwin	Ms Fazio
Mr Lynn	Mr Obeid

Question resolved in the negative.

Amendments negatived.

Schedule 1 agreed to.

Schedule 2 agreed to.

Title agreed to.

Pay-roll Tax Legislation Amendment (Avoidance) Bill reported from Committee without amendment and passed through remaining stages.

Second Reading

The PRESIDENT: Order! The House will continue to deal with the Industrial Relations Amendment (Industrial Agents) Bill.

The Hon. IAN MACDONALD (Parliamentary Secretary) [9.53 p.m.], in reply: I thank honourable members for their contributions to debate on the Industrial Relations Amendment (Industrial Agents) Bill. This bill deals with industrial agents representing parties in proceedings before the Industrial Commission of New South Wales. The industrial relations framework in New South Wales is aimed at offering a relatively low-cost means of dealing with industrial issues. The Act has always recognised that parties may want assistance in putting together their claims and being represented in the commission. Section 166 of the Act recognises the right of parties to choose to be represented by a variety of persons, including agents, whether fee charging or otherwise.

The vast majority of agents are ethical and scrupulous in their conduct and their presence assists both the parties and the commission in achieving appropriate outcomes. This bill is not intended to interfere with the role played by such agents. The proposals in the bill are clearly focused on the problems that have been revealed to the Government in its consideration of this issue. By focusing on reducing the excessive and unreasonable profits that agents can make from representing parties in the commission, the bill reduces the motivation for agents to exploit the system and their clients. The bill will protect parties from unethical agents and reduce the number of vexatious or unreasonable claims that businesses are forced to deal with. It will make the unfair dismissal system in particular operate more professionally and predictably. I commend the bill to the House.

Question—That the Industrial Relations Amendment (Industrial Agents) Bill be now read a second time—put.

Motion agreed to.

Industrial Relations Amendment (Industrial Agents) Bill read a second time and passed through remaining stages.

Bill Name:	Workers Compensation Legislation Amendment Bill Pay-Roll Tax Legislation Amendment (Avoidance) Bill Industrial Relations Amendment (Industrial Agents) Bill
Stage:	Second Reading, In Committee
Business Type:	Bill, Debate
Keywords:	2R, COMM
Speakers:	Nile, Reverend The Hon Fred; Macdonald, The Hon Ian; Gallacher, The Hon Michael; Rhiannon, Ms Lee; Ryan, The Hon John; Jobling, The Hon John; President; Chairman; Jones, The Hon Malcolm
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