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[CONFIDENTIAL]

(Rough Draft for Consideration Only.)

No. , 1937.

A BILL

To limit the operation of the Government Insurance Office of New South Wales in certain respects; to make certain provisions with relation to the Treasury Guarantee Fund; to amend the Government Insurance Act, 1927-1930, and certain other Acts; and for purposes connected therewith.

BE it enacted by the King's Most Excellent Majesty, by and with the advice and consent of the Legislative Council and Legislative Assembly of New South Wales in Parliament assembled, and by the authority of the same, as follows:—

1. (1) This Act may be cited as the "Government Insurance (Amendment) Act, 1937." Short title.

(2) The Government Insurance Act, 1927-1930, as amended by the Commonwealth and State Banks Agreements Ratification Act, 1931, is in this Act referred to as the Principal Act.

(3) The Principal Act as amended by this Act may be cited as the Government Insurance Act, 1927-1937.

2. (1) The Principal Act is amended—

Amendment of
Act No. 18,
1927.

(a) by inserting next after section one the following new section:—

New s. 1A.

1A. In this Act, unless the context or subject matter otherwise indicates or requires—

Definitions.

“Instrumentality of government” includes the Crown, any Minister of the Crown as such, any Government department or a subdepartment or branch thereof, and any statutory body representing the Crown.

“Statutory body representing the Crown” means any body exercising executive, administrative or other functions on behalf of the Government of New South Wales, and includes—

Rural Bank of New South Wales,
The Public Trustee,
The Maritime Services Board of New South Wales,
Board of Fire Commissioners of New South Wales,
The Metropolitan Meat Industry Commissioner,
The Metropolitan Water, Sewerage and Drainage Board,
Hunter District Water Supply and Sewerage Board,
The Milk Board,
The Hospitals Commission of New South Wales,
The Nurses' Registration Board of New South Wales,

Board

- Board of Optometrical Registration,
- The Dental Board,
- The New South Wales Medical Board,
- The Board for Protection of Aborigines,
- The Trustees of the Australian Museum,
- The Trustees of the Public Library of New South Wales,
- The Trustees of the National Art Gallery of New South Wales,
- Local Government Superannuation Board,
- The Trustees of the Anzac Memorial Building,
- The Trustees of Nielsen Park,
- The Trustees of Vaucluse Park,
- The Trustees of the National Park,
- The Trustees of Captain Cook's Landing Place,
- Taronga Zoological Park Trust,
- Ashton Park Trust,
- Ku-ring-gai Chase Trust.

- (b) (i) by omitting from paragraph (a) of section two the words " general business of insurance or indemnity against any liabilities of employers and others " and by inserting in lieu thereof the words " business of insurance or indemnity against any liabilities of any instrumentality of government ";
- (ii) by omitting paragraph (b) of the same section and by inserting in lieu thereof the following paragraph:—
 - (b) to undertake and carry on all classes of insurance business and guarantee business (other than life insurance) in respect of any matter, liability or contingency in which an instrumentality of government has an insurable interest;
- (iii) by omitting paragraphs (c), (d), and (e) of the same section;

Sec. 2.
 (Power to carry on workers' compensation and other insurance business.)

(iv)

(iv) by omitting paragraph (f) of the same section and by inserting in lieu thereof the following new paragraph:—

(f) in respect of any insurance, indemnity or guarantee which by this section he is authorised to undertake, to insure or reinsure in whole or in part by treaty or otherwise and to coinsure and accept reinsurance;

(v) by inserting at the end of the same section the following new subsections:—

(2) Nothing in the foregoing provisions of this section shall be construed as authorising the Colonial Treasurer to undertake and carry on the business of insurance or indemnity or guarantee—

(a) in respect of property which is not the property of an instrumentality of government merely because some instrumentality of government has made an advance or loan against or in respect of that property;

(b) in respect of any interest in property which is not the interest of an instrumentality of government unless an instrumentality of government is the owner of or has possession of or is in any way responsible for the property.

(3) Notwithstanding anything in section eighteen or section nineteen of the Workers' Compensation Act, 1926-1929, the Colonial Treasurer shall not be required, pursuant to that Act, to issue any policy of insurance or enter into any contract of reinsurance, which this section does not authorise and empower him to issue or enter into.

(4) Save as provided in this section the Colonial Treasurer is not authorised or empowered to carry on any business of insurance, indemnity or guarantee.

(c)

- (c) (i) by omitting from subsection one of section three all the words after the words "of the Treasury Department";
- (ii) by omitting subsection two of the same section;
- (iii) by omitting from subsection three of the same section the words "The general manager and such other officers" and by inserting in lieu thereof the words "Such officers";
- (iv) by inserting at the end of the same subsection the words "All or any of the powers conferred by this Act upon the Colonial Treasurer may, in writing under his hand, be delegated to any such officer. Any such delegation may be in like manner revoked or varied";

Sec. 3.
(Government Insurance office.)

(d) by omitting section 3A;

Sec. 3A.
(Interpretation.)

(e) by omitting from subsection one of section 4A the words "Such account shall not be under the administration of the general manager";

Sec. 4A.
(Treasury Fire Risks Account.)

(f) by omitting section five and by inserting in lieu thereof the following section:—

Sec. 5.
(Disposal of surplus funds.)

5. Surplus funds, after provision for actual and contingent liabilities may, with the approval of the Colonial Treasurer, be applied from time to time to meet any insurance premiums which became due on or after the first day of July, one thousand nine hundred and thirty-three, or become due after the commencement of the Government Insurance (Amendment) Act, 1937, and which would, but for this section, be chargeable to the Consolidated Revenue Fund, and the amounts so applied are hereby authorised and appropriated.

Disposal of surplus funds.

(g)

(g) by omitting from section six the words "excepting any funds transferred from or to any General Reserve Account or any Bonus Reserve Account";

Sec. 6.
(Internal transfer of funds.)

(h) by omitting section ten;

Sec. 10.
(Power to decline insurance.)

(i) by omitting section 10A.

Sec. 10A.
(Contribution in lieu of stamp duty.)

(2) The amendments made by subsection one of this section shall not affect the validity of any contract of insurance, indemnity, guarantee or reinsurance entered into before the commencement of this Act, and all liabilities and obligations which have accrued before such commencement or may accrue thereafter in respect of any such contract shall be met and discharged by the Colonial Treasurer out of funds which are available for the purpose of meeting claims under contracts of insurance, indemnity, guarantee or reinsurance under the Government Insurance Act, 1927-1937.

Saving.

3. The Principal Act is further amended by inserting next after section 4A the following new section:—

Further amendment of Act No. 18, 1927.

4B. (1) In this section—

Treasury Guarantee Fund.

"Accounting officer" includes an accounting officer within the meaning of the Audit Act, 1902, and also includes a person who is, by any law, regulation or appointment, charged with the duty of collecting or receiving, or who actually collects or receives, or who is charged with the duty of disbursing or actually disburses any public moneys.

"Public moneys" includes public moneys within the meaning of the Audit Act, 1902, and also includes, where the Colonial Treasurer declares such moneys to be public moneys for the purposes of this section, the moneys of any instrumentality of government.

(2)

Government Insurance (Amendment).

(2) Funds for the time being in credit in the Treasury Guarantee Fund (in this section referred to as "the fund") in Special Deposits Account may be utilised from time to time by the Colonial Treasurer for the purpose—

- (a) of making good in whole or part loss of public moneys by reason of fraudulent misappropriation thereof by accounting officers;
- (b) of defraying costs and expenses incident to any such loss or any suspected loss;
- (c) of defraying the cost of administration in relation to the operations of the fund; and
- (d) of refunding to accounting officers such contributions as the Colonial Treasurer may determine;

and shall not be utilised for any other purpose.

(3) The Colonial Treasurer may require any accounting officer to pay, from time to time, such annual contribution (not exceeding the sum of three pounds per annum in the case of any such officer) to the fund as he, the Colonial Treasurer, may determine, and may make provision for the deduction of the amount of such contribution from the salary of the accounting officer by instalments extending over each year during which the accounting officer is required to pay the contribution, and for the payment into the fund of the amount so deducted.

(4) The Colonial Treasurer during such time as he may determine that the amount in credit in the fund is sufficient for the purposes for which such fund is constituted may in respect of any accounting officer waive the payment of contribution to the fund.

(5) Subject to this section any accounting officer who pays contribution to the fund, and any accounting officer the payment of contribution by whom has been waived, shall, for the period in respect of which the payment is made or waived, as the

the case may be, be deemed to have provided security pursuant to or for the purpose stated in section twenty-four of the Audit Act, 1902, or pursuant to and for the purpose of any like provision in any other Act.

(6) Where contribution is paid to the fund the amount of security deemed to have been provided by the accounting officer making the payments shall be arrived at by application to the amount of annual contribution of such rate per centum as may from time to time be fixed by the Colonial Treasurer, and where payment of contribution by any accounting officer is waived the amount of security deemed to have been provided by the accounting officer shall be determined by the Colonial Treasurer.

(7) The amount payable from the fund shall not in respect of any accounting officer responsible for loss exceed the amount of security so deemed to have been provided by such accounting officer during the annual period current at the time of discovery of the loss or during the last annual period in respect of which security was so deemed to have been provided by the accounting officer, as the case may be; and no payment shall be made from the fund in respect of any misappropriation committed during any period in respect of which the officer responsible was not so deemed to have provided security.

(8) If the amount of security deemed under this section to have been provided by an accounting officer is less than the amount of security required to be provided under the provisions of section twenty-four of the Audit Act, 1902, or under the like provisions of any other Act, the Colonial Treasurer, pursuant to such provisions, may require the accounting officer to provide additional security otherwise than under the provisions of this section.

(9) If there be any other subsisting security in respect of an accounting officer responsible for loss the fund shall not pay more than its ratable proportion of the loss.

(10).

(10) The Colonial Treasurer shall in respect of each year determine the maximum amount payable from the fund in respect of any one loss, and such maximum amount shall not at any time after the thirtieth day of June, one thousand nine hundred and thirty-seven, be determined in excess of four thousand five hundred pounds notwithstanding that the loss may arise out of the machinations of or through collusion between two or more accounting officers.

(11) No payment from the fund to make good any loss as provided in this section shall be made until the Auditor-General has certified as to the amount of the loss, or, in appropriate cases, the ratable proportion of the loss to be paid out of the fund.

(12) Any salary, commission or other earnings or moneys of an accounting officer responsible for loss capable of utilisation towards making good the amount of loss shall be taken into account in arriving at the amount of the loss.

(13) Interest at a rate to be determined from time to time by the Colonial Treasurer shall be allowed on moneys at credit in the fund.

(14) Moneys at credit in the fund may be invested by the Colonial Treasurer in the securities of the Commonwealth or in securities guaranteed by the State, and any such securities may at any time be realised, hypothecated, or otherwise disposed of for the purpose of this section.

(15) Interest allowed on moneys at credit in the fund, together with interest earned on any investments therefrom shall be paid to the credit of the fund.

(16) Nothing in this section shall be deemed to constitute a contract of insurance or guarantee as between the Colonial Treasurer and any accounting officer.

4. (1) The Workers' Compensation Act, 1926-1929, is amended by omitting from subsection eight of section forty-one the words " the Government Insurance Office of New South Wales " and by inserting in lieu thereof the words " a licensed insurer." Amendment of Act No. 15, 1926, s. 41 (8). (Consequential.)

(2) The Transport Act, 1930, as amended by subsequent Acts is amended by inserting at the end of subsection two of section one hundred and fifty-four the words " but only to the extent authorised by section two of the Government Insurance Act, 1927-1937." Amendment of Act No. 18, 1930, s. 154 (2).

(3) The Commonwealth and State Banks Agreements Ratification Act, 1931, is amended by omitting section twelve. Amendment of Act No. 62, 1931, s. 12. (Consequential.)
