

officers to assess these things merely on estimates forwarded to them. However, when they can look at the situation on the spot they see it from a different perspective. I hope that the Minister will take action to avoid this sort of practice in future. Immediately a new council comes to office the ratepayers of the area suffer: the new council has to fix a rate to cover the deficit and to meet proper commitments.

Mr JAGO (Gordon), Minister for Health [4.2], in reply: I assure the honourable member for Maroubra that the information he has brought forward this afternoon will be examined by my colleague the Minister for Local Government and Minister for Highways. However, honourable members will appreciate that an election atmosphere exists and some interests believe that it is good to have this sort of information brought out in Parliament so that it can be publicized to their advantage. Admittedly the local-government accounting system is quite involved and most difficult for a layman to follow. Nevertheless, every local-government authority has its own auditors, and the Department of Local Government has a chief inspector of accounts. The auditors bear the primary responsibility for the accounts under their control. However, I emphasize that there is a responsibility on the community. I know that the Minister for Local Government has adopted a policy of leaving with the properly elected local-government body as much responsibility as possible so that it is accountable to the electors. I have no personal knowledge of the details to which the honourable gentleman has referred. I am sure that the Minister for Local Government will give consideration to the points made and that any aspect of the financial accounts of the Randwick municipal council requiring consideration will be thoroughly examined.

Motion agreed to.

House adjourned at 4.5 p.m.

Legislative Council

Tuesday, 14 September, 1971

Coal Industry (Amendment) Bill—Commercial Agents and Private Inquiry Agents (Amendment) Bill—National Parks and Wildlife (Amendment) Bill—Pay-roll Tax Bill—Questions without Notice—Credit Union (Amendment) Bill (second reading)—Housing Indemnities (Amendment) Bill (second reading)—Adjournment (Business of the House).

The PRESIDENT took the chair at 4.28 p.m.

The Prayer was read.

COAL INDUSTRY (AMENDMENT) BILL

FIRST READING

Bill received from the Legislative Assembly and, on motions by the Hon. F. M. Hewitt, read a first time and ordered to be printed.

COMMERCIAL AGENTS AND PRIVATE INQUIRY AGENTS (AMENDMENT) BILL

FIRST READING

Bill received from the Legislative Assembly and, on motions by the Hon. F. M. Hewitt, read a first time and ordered to be printed.

NATIONAL PARKS AND WILDLIFE (AMENDMENT) BILL

FIRST READING

Bill received from the Legislative Assembly and, on motions by the Hon. J. B. M. Fuller, read a first time and ordered to be printed.

PAY-ROLL TAX BILL

FIRST READING

Bill received from the Legislative Assembly and, on motions by the Hon. J. B. M. Fuller, read a first time and ordered to be printed.

QUESTIONS WITHOUT NOTICE

POLLUTION

The Hon. H. D. O'CONNELL: I ask the Minister for Decentralisation and Development and Vice-President of the Executive

Council whether within the past ten days there has been despoliation and pollution of the environment by the discharge each day of 150,000,000 gallons of raw sewage from the ocean outfalls of Sydney. Were some creeks and rivers round the city, and inland from Sydney, likewise polluted, at serious health risk? Has this pollution extended also to renowned beaches from Malabar to Long Reef? Also, were some people without water? Do housewives complain bitterly of the quality of Sydney's water? Does the Minister recall, during the debate on the motion for the adoption of the Address in Reply, my speech on the structure and control of the Metropolitan Water Sewerage and Drainage Board, which is outmoded for the great city of Sydney? Will the Minister bring this speech to the attention of the Minister for Environment Control for possible legislative action to restructure the board's top level control to something like that of the more dynamic Electricity Commission of New South Wales? Is it a fact that the Clean Water Act has been given Royal assent and is it necessary to prepare regulations under the Act? Has the Government announced that stronger air pollution regulations are being prepared under the Clean Air Act? Will the Minister seek information from the Minister for Environment Control about when the new clean air and clean water regulations will be ready?

The Hon. J. B. M. FULLER: This is an omnibus question. First of all, may I say that though the pollution due to an unfortunate industrial situation that arose in recent weeks was certainly bad, I should like to emphasize that the pollution in this instance was not greatly more than existed on Sydney beaches prior to the completion recently of the treatment works at two of the ocean outfalls. I believe that is worth remembering. I recall the speech in this House some time ago in which the Hon. H. D. O'Connell discussed the structure of the Metropolitan Water Sewerage and Drainage Board. I know that the Ministers who are directly concerned with matters of this nature have noted the contents of the honourable member's speech.

With regard to regulations being promulgated under the Clean Air Act and the Clean Water Act, members must realize that these matters take some time. In particular, industrial operations by particular firms must be considered before regulations are introduced, for the regulations might on occasions put them out of business. Proper consideration must be given to all sides when dealing with the need to improve control of the environment. Regulations are being drafted at the present time, and I have no doubt that the Minister for Health, who is responsible in the first instance, and the Minister for Environment Control, who has a general responsibility, are doing their utmost to see that the regulations under the Clean Air Act and the Clean Waters Act will be implemented as soon as reasonably possible.

TAMWORTH BACON COMPANY

The Hon. JAMES CAHILL: I ask the Minister for Decentralisation and Development and Vice-President of the Executive Council whether it has been announced that the Tamworth Bacon Company will close down its operations on Friday next. Is it a fact that the firm was forced into a low-price, high-volume trade in Sydney owing to the poor support from Tamworth's major retailers? Were high delivery costs involved because pigs had to be killed at Gunnedah or Aberdeen to qualify for entry into the Sydney area? Did a spokesman for the firm state that the volume of ham and bacon products sold in Tamworth and district justified a factory three times the size of the one about to close? Has the production of pigs increased in the New England area in recent months? Will the Minister inform the House of any action his department has taken to assist in the retention and extension of this industry at Tamworth?

The Hon. J. B. M. FULLER: This question raises two items of particular interest to me. One is that on many occasions, particularly in the country, people who decry the absence of local industry and complain bitterly of local industries being compelled to close, are generally those who give little support to the local industries. In another

part of the north-west it was found recently that a smallgoods factory was selling only a small proportion of its output to local people. I do not know whether, because of the proximity of the factory, the local purchaser believes the product is not of a high quality, but I have found generally that the local product from the country smallgoods factory is of very high standard and quality.

It is a fact that the numbers of pigs have increased throughout the northern part of the State over the past one or two years. It is essential from our viewpoint to have as much local production as possible. I have no details of any application that might have been made to my department for financial assistance during the past few days, but I believe it is quite possible, from what the honourable member has said, that a request for financial assistance has been made to my officers. I know that the department will do everything possible to give reasonable financial assistance, and would take into account the possible future operations of the firm when it is considering giving assistance of this nature with the taxpayers' money.

PORNOGRAPHY

The Hon. J. H. GARDINER: I ask the Minister for Decentralisation and Development and Vice-President of the Executive Council whether he is aware that a business known as Orbit Club (Aust.) of 13/58-62 Grey Street, South Brisbane is circulating through the mail a twenty-four page pamphlet known as "Adult Yellow Pages", which advertises pornographic literature, photos, and sex devices. Is it a fact that this pamphlet invites the recipients to complete an application for lifetime membership of the Orbit Club, at a cost of \$20, which will thereby enable them to correspond and deal with firms supplying the pornographic literature, photos and sex devices, as well as entitling them to the supply of sample packs? Will the Minister take this matter up with his colleague in another place with a view to taking action to prevent the continuance of this type of pornographic mail advertising?

The Hon. J. B. M. FULLER: I certainly have no information on the matters referred to by the honourable member, but I deplore actions of this kind within New South Wales. We have been fortunate in the past to have maintained reasonable standards in the community. I hope that nothing is done to lower our standards to anything like some of the standards that I have seen in the past two or three months in other parts of the world. Those standards would be deplored by honourable members.

I shall bring the pamphlet to the attention of my colleagues in another place, to see what action can be taken to control this practice within New South Wales. I realize, of course, that as the operations of the Postmaster-General's Department are involved the distribution of this material could come within the ambit of the Commonwealth Government, and it might be difficult for this State to take action in that regard. However, if necessary, we shall confer with the Postmaster-General.

CANCER DETECTION

The Hon. H. J. McPHERSON: I wish to ask the Minister representing the Minister for Health a question without notice. Did the Minister witness a recent television programme on the "This Day Tonight" series, in which a doctor from Prince Henry Hospital stated that Australian doctors were leading the world in the detection of lung cancer, by the development of a sputum test? Is it a fact that the doctor stated that in his opinion these sputum tests for the detection of lung cancer could easily and economically be combined with the tuberculosis detection units? If this be so, would the Minister confer with the Minister for Health with a view to making this system of detection of lung cancer readily available to the public?

The Hon. F. M. HEWITT: I did not see the programme referred to by the honourable member: because of engagements connected with the affairs of government I rarely see the evening television shows. However, I am certain that the Minister for Health would be aware of what was said,

and I shall ensure that the honourable member's question is brought to his attention.

DISPOSAL OF SEWAGE

The Hon. P. M. M. SHIPTON: I ask the Minister for Labour and Industry whether in the past few weeks Sydney's beaches have been getting filthier with sewage. As a result of the water board strike last week, were many beaches in a disgusting state? Could something be done at once? When sewerage services are provided in country towns along the coast, could the effluent be returned to the land rather than discharged into the ocean? Further, could the engineers design these sewage farms so that they are big enough to ensure that they will not be overloaded in the tourist season?

The Hon. F. M. HEWITT: The Leader of the Government, in his reply to another question just now, answered this question to some extent when he stated that there are treatment plants at the two major outfalls in the Sydney area, and it is expected that within the next two years treatment plants will be provided at all the sewage outfalls into the ocean in the Sydney area. This will make a big difference to pollution of beaches that occurs under certain circumstances.

With regard to the honourable member's query concerning sewerage in country areas, I think this would come largely within the province of the health inspectors of the shire and municipal councils concerned. However, I shall certainly draw the matter to the attention of the Minister for Health and the Minister for Local Government and Minister for Highways who, I think, would be concerned with it.

MURRUMBIDGEE-YASS WATER POLLUTION

The Hon. C. HEALEY: I ask the Vice-President of the Executive Council whether he is aware that the Senate Social Environment Committee recently made investigations dealing with water pollution in the Murrumbidgee and Yass districts. Was

the committee told that on 17th July, 1971, the health surveyor of the Goodradigbee Shire Council had requested the Fisheries Branch to provide an analysis of the possible effects of solvex on aquatic life in the area? Will the Minister ascertain why no advice has been forwarded to the shire?

The Hon. J. B. M. FULLER: I shall pass this question on to the appropriate Minister and see whether an answer can be obtained.

VETERINARY SURGEONS: TITLE OF DOCTOR

The Hon. F. W. SPICER: I ask the Vice-President of the Executive Council whether he is aware that at least one other State of the Commonwealth confers upon qualified veterinary surgeons the title of doctor. Does this title apply also to dentists under certain circumstances? Will the Minister take this matter up with the appropriate authority to see whether when veterinarians become qualified they may be entitled to use the title of doctor?

The Hon. J. B. M. FULLER: I shall certainly inquire about this matter from the Minister for Education and Minister for Science. I understand the position is that when a person obtains the degree of bachelor of veterinary science he is not designated a doctor, but if he qualifies as a doctor of veterinary science the title of doctor is conferred upon him. This is a matter that is determined by the universities concerned, generally through the conference of vice-chancellors and the higher education authorities. However, I shall certainly call the matter to the attention of the Minister for Education and Minister for Science and ascertain whether my answer to the question is correct.

PENSION FOR WIDOWS OF FORMER RAILWAY EMPLOYEES

The Hon. W. T. MURRAY: I ask the Vice-President of the Executive Council whether it is a fact that the Premier and Treasurer, when delivering his policy speech for the last general election, promised that the Government would provide pensions for widows of former railway employees. Can

the Minister give any indication when this promise will be honoured? Will he urge the Government to arrange the payment of the proposed pension on the highest possible level at which there will be no loss of social service rights? As the withholding of a pension from these widows is causing them extreme financial hardship, will the Minister urge his colleagues in another place to give early effect to this election promise?

The Hon. J. B. M. FULLER: It is a fact that the Premier and Treasurer, when delivering his policy speech for the last general election, promised that the Government would provide a pension for widows of former railway employees. As always, the Government will keep its promise. It can be expected that an announcement in this regard will be made before long. The Government is doing everything possible to see that the people concerned will receive the utmost benefit from what is made available to them.

SEWERAGE WORKS: MURRUMBIDGEE VALLEY

The Hon. L. P. CONNELLAN: I ask the Leader of the Government a question supplementary to that asked by the Hon. C. Healey. Is the Minister aware that the Hon. Ralph Hunt, Minister for the Interior, has called a meeting of all the local government bodies in the whole of the Murrumbidgee Valley to be held at Canberra next Thursday morning, to inspect the sewerage treatment works at Canberra and to investigate the problems that have been raised by the Goodradigbee Shire Council, which has been in consultation with all the other shire councils? No doubt the matter will be fully discussed on Thursday with the Minister for the Interior.

The Hon. J. B. M. FULLER: I thank the honourable member for reminding me of that meeting. I had forgotten that a public statement had been made at the end of last week on this matter. I have no doubt that the initiative of the Minister for the Interior will ensure that most of these problems are solved.

SIZE OF ABALONE

The Hon. F. M. HEWITT: On 10th August the Hon. P. M. M. Shipton asked a question regarding abalone fishing, which I referred to my colleague, the Chief Secretary and Minister for Tourism and Sport, who has informed me that it is true that some Victorian abalone divers have obtained New South Wales commercial fishermen's licences and take abalone in New South Wales waters, but there is no evidence to suggest that the grounds are being fished out. The very fact that abalone divers from Victoria come to New South Wales to fish would indicate that the abalone stocks are in a healthy state and not depleted.

It is a fact that Victoria has a size limit on abalone and New South Wales has not. This is because New South Wales abalone divers maintain that our abalone are smaller than those from further south. Because of these representations the matter was referred by the Chief Secretary's Department to the Abalone Research Group of the South Eastern Fisheries Committee. The Chief Secretary is advised that the matter is still under investigation, but should a size limit be recommended for New South Wales, he will not hesitate to bring down the necessary regulations.

BLOOD TRANSFUSION ADMINISTRATION CHARGES

The Hon. F. M. HEWITT: On 18th August the Hon. W. J. Geraghty asked me a question regarding blood transfusion administration charges. The reply from my colleague the Minister for Health reads as follows:

It is true that the scale of fees for relief from hospitals published in the *Government Gazette* of 29th July, 1971, effective from 1st August, 1971, contains two items in Part 4—certain services where provided by salaried hospital staff applicable to private and intermediate inpatients and/or outpatients (according to means)—related to blood transfusions. These items are:

Item No.		Fee \$
9884	Blood Transfusion	11.00
9885	Blood Transfusion with venesection and complete replacement of blood	29.00

It is a fact that blood used in transfusions is supplied without charge to hospitals by the Australian Red Cross Society Blood Transfusion Service.

Charging by hospitals for the administration of blood transfusions by members of their salaried medical staff is not new, a standard fee for such service being first set by the Hospitals Commission in 1956. In order to avoid any misunderstanding by patients that they are being charged for blood, hospitals have been instructed to endorse all accounts on which a charge is raised for a transfusion with a statement to the effect that the blood is supplied free by donors. No charge is raised by hospitals for blood transfusions administered by private medical practitioners as they are eligible to charge, other than public classified patients, for their services.

Prior to 1st August, 1971, a patient could not recoup any portion of a charge raised by a hospital for a blood transfusion from a registered health insurance organization, but now an appropriately insured patient can recoup the full cost from his organization.

Having regard to all circumstances, not the least of which could be a charge of discrimination against the person who is unable, for one reason or another, to be a blood donor, I am unable to accede to the request by the honourable member that the charge by hospitals for the administration of blood transfusions should be withheld in the case of blood donors who have contributed a reasonable amount of blood to the Blood Bank.

In arriving at this decision, I am conscious of the invaluable contribution by blood donors in the saving of lives and wish to take this opportunity to record the Government's deepest appreciation to these people for their generosity.

RESIDUAL FUNGICIDES

The Hon. F. M. HEWITT: The Hon. H. J. McPherson asked me a question on 10th August regarding fungicide residues, and in reply the Minister for Health has advised me that it is true that officers of his department have been taking samples. It is a normal function of the department to monitor the levels of pesticide and fungicide residues in foodstuffs and samples of foods are analysed by the Division of Analytical Laboratories for this purpose. This particular survey was primarily concerned with monitoring the levels of the fungicide hexachlorobenzene in eggs, meat fat and milk.

Hexachlorobenzene is a fungicide used for treating seed wheat and is the active constituent present in the commercial fungicide preparation known as hexabunt. Undesirably high levels of this fungicide have been found in the past in eggs obtained from poultry farmers and this problem is being kept under continual review, not only by the Department of Health but also by other agencies, such as the Department of Agriculture. It is expected that a report will be available in the near future and the Minister for Health will be pleased to make a copy of it available to the honourable member.

NABARLEK URANIUM RESERVES

The Hon. J. B. M. FULLER: On 17th August the Hon. N. K. Wran asked a number of questions relating to an announcement by the directors of Queensland Mines Limited in which it was stated that the original estimates of reserves and grades of uranium deposits in the Nabarlek area would not be sustained. The honourable member referred also to the suspension by the Sydney Stock Exchange of trading in the shares of Queensland Mines Limited and Kathleen Investments (Australia) Limited, and to an allegation of extensive trading in the shares in the period between the original announcement and the publication of the report on Friday, 13th August. The honourable member asked also whether investigations were being conducted by the Corporate Affairs Commission and whether an assurance could be given that the results of the investigations would be made available to Parliament. As indicated in my reply of 17th August, 1971, I referred the matters to my colleague, the Attorney-General, who has advised me that shortly after receipt of the announcement dated 13th August, 1971, the Corporate Affairs Commission commenced inquiries into the share trading in Queensland Mines Limited and Kathleen Investments (Australia) Limited.

The Commissioner for Corporate Affairs has informed the Attorney-General that the commission's inspectors are taking action to ascertain the identities of buyers and, more particularly, sellers in recent months. The

Attorney-General has been advised that the inquiries are to ascertain whether there has been any informed selling or insider trading in the securities of either company. The Attorney-General has stated that both Queensland Mines Limited and its parent company, Kathleen Investments (Australia) Limited, were incorporated in the Australian Capital Territory. Queensland Mines is not registered in New South Wales, and Kathleen Investments is registered in this State as a foreign company. The shares of both companies are listed on all Australian stock exchanges, the home exchange for both companies being Sydney.

I understand that the commission's inquiries are directed towards determining whether there is evidence of any offence against the provisions of the Securities Industry Act of this State and, if so, the prosecution of the offenders. In pursuance of these inquiries inspectors from the Corporate Affairs Commission have interviewed the managing director and former chairman of directors of both companies and have obtained from him certain material upon which announcements by Queensland Mines Limited were based. I understand that the inspectors are awaiting the receipt of further documents from the managing director. In addition, the registrars of companies in the Australian Capital Territory and Victoria have been advised of the nature of the commission's inquiries and, if necessary, joint action will be taken by the three authorities to bring this inquiry to an expeditious conclusion. The Attorney-General has said he hopes to be advised of the results of the commission's inquiries at an early date when he will consider whether, in the public interest, the results of the investigations should be made known.

DISCIPLINE IN SCHOOLS

The Hon. J. B. M. FULLER: On 24th August the Hon. T. S. McKay asked me a question concerning discipline in schools. The Deputy Premier, Minister for Education and Minister for Science has advised me that a principal has the authority to exclude from his school a pupil who is guilty of gross insolence, persistent disobedience, profanity and immoral conduct.

He must report the action to the Minister without delay through the district inspector of schools and inform the parents in writing of the facts. The authority is used by principals in appropriate cases and has proven effective in helping to maintain discipline. Suspension is normally a last measure and is resorted to only after counselling and other remedial action have failed to readjust the pupil. A suspension can be confirmed by the Minister only.

NON-RETURNABLE BOTTLES

The Hon. J. B. M. FULLER: On 10th August the Hon. C. Healey asked me a question relating to the use of non-returnable glass containers. The Minister for Local Government has informed me that the question of placing a ban on the use of non-returnable containers has previously been proposed and investigated exhaustively on a number of occasions in the past and it has been found that there are serious practical and other difficulties associated with the implementation of any ban of that nature. In particular, the following factors have been taken into account in examining the proposal. Any attempt to ban the sale of goods in a particular container because of its nature and what the purchaser might do with it after using the contents could be taken as an attempt to restrain trade. The effect of the ban could be avoided by a very low deposit being placed on containers. There could be no guarantee that most containers would be returned to vendors even if a deposit were to be required in all cases. The available evidence suggests that even in those areas where deposits are already being charged, the results are not entirely satisfactory. Finally, it is extremely doubtful whether any government could justify interfering in the internal workings of a business organization to the extent where it may determine, in an arbitrary fashion, what might be an appropriate deposit for the organization to charge on the various containers used in dispensing its goods.

The Minister for Local Government states that the matter has been the subject of discussion at meetings of Local Government

Ministers from the six States of the Commonwealth and basically all the Ministers agree that, apart from being impracticable of application, any move towards either banning the production of non-returnable glass containers or insisting that a deposit be charged in all cases, could not be justified. In the circumstances, the fact must be accepted that until a satisfactory substitute is available such containers will continue to reflect the demand of the public for convenient and attractive packaging of consumer goods.

The glass manufacturing industry has accepted that it has a measure of responsibility in this matter and it is quite active in its efforts to further a scheme whereby more and more depots are being established for the collection of broken or other used glass. The scheme is being widely publicised and the Australian Glass Manufacturing Company is meeting all expenses associated therewith. It is also paying a bounty to fifteen major hospitals and numerous boy scout groups which are already participating or on whose behalf over 1,000 service stations, clubs, hotels, business houses and shops are saving or collecting glass. In itself this particular scheme will not solve the problem. It is nevertheless one effective way of recruiting the active assistance of public-minded organizations which show themselves prepared to support causes of this nature.

The Minister for Local Government concludes by saying that, as members will be aware, legislation has been enacted to empower councils to serve on-the-spot infringement notices on persons who commit minor littering offences, including the discarding of bottles, and such offences carry a maximum penalty of \$5. Major offences such as dumping rubbish and the deliberate breaking of glass in public places will continue to be dealt with by the courts and now carry increased penalties. I have had no official advice of the decision of Carlton Brewery to discontinue the use of non-returnable bottles but if this is the case it is noted with interest.

The Hon. J. B. M. Fuller]

MEAT PROCESSING AT BLAYNEY

The Hon. J. B. M. FULLER: On 17th August the Hon. L. D. Serisier asked me a question regarding meat processing in Blayney. The problem involving the laying-off of a number of employees engaged by MacPherson Brothers in the boning of mutton at the Blayney abattoir was brought to the notice of the Minister for Agriculture early in August. He advises me that there has been some shortage of Commonwealth meat inspectors at this abattoir over the past several months. This shortage was exacerbated by the recent diversion of boneless mutton from the American market to the Canadian market as a result of the inability of exporters to ship meat to the United States of America, due to a strike of longshoremen in the United States of America. Additional inspection requirements apply to boneless mutton shipped to Canada, necessitating some two or three more meat inspectors on the mutton chain. This sudden demand for additional Commonwealth meat inspectors, which of course, was not confined to the Blayney abattoir, imposed a great strain on the resources of the Commonwealth Department of Primary Industry.

In order to provide a degree of immediate relief in the short term, the Minister for Agriculture arranged for an offer of assistance to be made to the Department of Primary Industry by the temporary secondment of State meat inspectors employed in his department. To date, the Commonwealth has not taken advantage of this offer. However, the Minister for Agriculture understands that two additional Commonwealth meat inspectors have now been located at Blayney, and that MacPherson Brothers will shortly be resuming boning operations at that abattoir.

CREDIT UNION (AMENDMENT) BILL

SECOND READING

The Hon. F. M. HEWITT (Minister for Labour and Industry) [5.5]: I move:

That this bill be now read a second time.

The main purpose of the bill is to facilitate the business operations of credit unions. In recognition of the place which the credit-union movement had attained in the community, a separate Act was introduced in 1969 to govern their operations. Prior to that date credit unions were subject to the provisions of the Co-operation Act. In the short period of two years since the introduction of the new Act, credit unions have grown in size with an increase in total assets from \$61,000,000 to approximately \$100,000,000. The number of these organizations has increased from 340 to 420. During the two-year teething period of this relatively new Act certain desirable amendments have become apparent. These primarily relate to the day-to-day operations of credit unions and the prime purpose of the bill is to remove certain burdensome requirements, not regarded as being in the best interests of the movement.

The first amendment in the bill removes the need for all credit unions to use the same application for loan form in their dealings with members. Quite obviously, where different classes of persons are catered for by separate credit unions, varying details of borrowers' particulars need to be sought. Provision is made in the bill to permit an application for loan form to be prescribed should it be found that the forms being used by credit unions are inadequate for the purpose.

It is also proposed to allow certain delegated persons, such as committees of directors, committees of members, or certain other approved persons, to approve loans. At present, the Act requires all loans to be approved by the boards of directors. Such a provision can prove virtually unworkable if prompt service is to be given to members. This would be particularly so where directors did not work at a common place of employment, or in large credit unions approving loans at a rate of some \$70,000 a week. The persons to whom loan approvals may be delegated are to be prescribed by regulation.

The third amendment is also designed to streamline processing of loans. The bill does away with the need for a borrower to give a written acceptance, in all instances, of

the terms and conditions of the loan as approved by the credit union. The only occasions on which such written acceptances are to be required in future will be where the terms and conditions set by a credit union are different from those applied for in the borrower's application for loan.

The Credit Union Act provides that a credit union may lend up to \$1,000 without obtaining security from the borrower. Where rules contain repayment conditions approved by the registrar, unsecured loans may be made up to \$2,000. Secured loans may be made for higher amounts approved by the registrar and the rules of certain larger credit unions permit secured loans of up to \$5,000. Where a borrower's indebtedness to a credit union exceeds the unsecured limit provided for in its rules, it is necessary for the borrower to provide security to the full extent of the indebtedness.

In the light of experience it has been found that obtaining security over the full amount of the loan, and not merely that portion which exceeds the unsecured limit, is not always necessary. Accordingly, the bill contains an amendment providing that security need be obtained only for that part of the indebtedness over and above the unsecured limit of \$1,000. If the credit union so desires, it can, at its own discretion, require the full indebtedness to be secured.

Because credit unions act as a medium for members' savings, it is necessary for these organizations to maintain some of their funds in liquid form to meet withdrawals. The percentages of liquid funds required are laid down in the Act. At present, the Act provides that funds which are subject to a lien or charge cannot be included as liquid funds. It is common for credit unions to borrow to assist them in pursuing their objects and usually the lender insists on taking a lien or charge over all assets to secure the loan.

Where the lender is an association of credit unions of which the borrowing credit union is a member, there is little possibility that the association would wish to call up liquid funds subject to such a charge at

short notice, as this would prejudice the operations of the credit union which the association has been formed to serve. Accordingly, the Act is being amended to provide that liquid funds, which are subject to a lien or charge given to an association by a member credit union, do not have to be deducted when calculating liquidity.

The next amendment to which I refer relates to moneys raised on loan by a credit union. When the Act was introduced, it was considered that relatively high borrowings would need to be raised by a credit union only during its initial four years of operations. In its existing form the Act provides that a credit union cannot borrow a sum in excess of 25 per cent of the total of its share capital and deposits, except with the approval of the registrar. Even then, such approval may issue only during the first four years of operations. Experience has shown that credit unions could well have valid grounds for wishing to borrow an amount higher than the statutory limit even after four years. This bill, therefore, permits the registrar to approve of borrowing in excess of the limit, after the expiration of the first four years of a credit union's life, in certain defined circumstances set out in clause 2 (c) of the bill.

A consequential amendment flowing from the Minors (Property and Contracts) Act, 1970, is included in the bill. The effect of the amendment is to permit eighteen-year-olds to be included amongst those persons who may form a credit union. Previously such persons needed to be of the age of twenty-one years.

Because of the large amount of members' savings involved, the honesty of the directors entrusted with the custody of such funds should be of the highest calibre. Accordingly, it is proposed to exclude certain persons from acting as directors without first obtaining the leave of the court. The amendment is based on the provisions of the Companies Act. Those excluded, unless granted leave of the court, are undischarged bankrupts and persons convicted of certain defined offences. This is designed as a precautionary measure and has not been prompted by any record of unsatisfactory management of credit unions.

The Hon. F. M. Hewitt

To reiterate, the bill is designed primarily to facilitate the operations of credit unions. The worth of these organizations, particularly to the working man, is well known by honourable members. When the Credit Union Act was introduced in 1969 it was regarded as a most modern and effective piece of legislation. To maintain this standard the amendments I have mentioned have been proposed and are included in this bill. These amendments have the support of the Credit Union Advisory Committee which was set up under the Act and which principally draws its membership from the movement, and of the two associations of credit unions. These associations have assisted the Government's administration considerably and have contributed some of the suggested amendments. I have been impressed by the dedication and willingness of credit union people to apply themselves to the task of spreading this movement and of educating others as to its benefits. The Government is pleased to bring in this bill, which should further contribute to the growth of credit unions. I have no doubt that for the same reasons it will have the support of all members.

The Hon. N. K. WRAN (Deputy Leader of the Opposition) [5.11]: When the 1969 Credit Union Act passed through this House it was foreshadowed that from time to time amendments would be necessary as the legislation was seen to operate and we on this side understand that the amendments before the House have been proposed by the credit-union movement. For our part, though I propose to examine shortly some of the amendments and their present relevance, we shall not be opposing the measure.

It is true, as the Minister said, that the growth of credit unions in New South Wales has been phenomenal. As members of this House may know, the credit-union movement really commenced in this State immediately after the end of the second world war. It had its genesis in Germany, of all places, in the mid-nineteenth century, when a collective savings concept was introduced. This has resulted in the establishment of the modern credit union which mostly is employed as a method of enabling people

who are, generally speaking, of modest means, to save relatively small sums of money, in modern values. The credit union provides a facility for saving and in turn for borrowing by its members.

My colleagues and I regard the credit-union movement with special interest, and we do not consider legislation affecting credit unions to be political in character. Credit unions are self-help organizations and their activities have become a significant feature of our community life. The extent to which the movement has spread its wings might not be generally known. In 1969 and in 1970, during earnest discussions, it was suggested that the movement would form what its spokesman chose to refer to as a battlers' bank. At that time there were discussions among the credit-union movement, the Registered Clubs Association, the Australian Federation of Co-operatives, the Federation of Permanent Building Societies and others, with a view to the formation by these co-operative bodies of some type of banking institution.

May I say that though the credit-union movement—using that description in the sense of the spokesmen for the two largest organizations in it—has temporarily put aside the objective of a bank for this movement and other co-operatives, the Australian Labor Party has always unequivocally supported the suggestion that the credit-union movement should be given a charter for a banking institution. There is, perhaps, more call now for a new complete banking institution than ever before in our history. This need stems from the type of amalgamation that we have seen in the past few years and the fact that trading and financial activities are steadily being concentrated in the hands of relatively few corporations and individuals—as are so many vital aspects of our life. We have no doubt that this decay of the banking system—and I use the word decay in the sense of a decline in competition—will in the future make more relevant than ever the objective of the credit-union movement and of similar co-operative activities towards the establishment of a bank of their own.

Apart from banking activity, however, the credit-union movement has established a general insurance company, which has been able to offer attractive terms to the various small credit unions—most of them are small in actual financial terms, especially when their resources are compared with the sort of money held in savings banks or dealt with by the fringe banking institutions, such as hire-purchase companies, and the like. By way of illustration, the holding of the credit-union movement is about \$100,000,000, and at 30th June, 1970, it had on loan the sum of \$70,000,000. Even at this stage, despite the movement's phenomenal growth in the field of real finance, its total involvement is very small indeed. For instance, last year the number of members of credit unions totalled less than 5 per cent of the State's population and, more important, the total savings of members represented an amount approximately equal to only 3 per cent of savings deposits in savings banks throughout New South Wales. Obviously, credit unions still have a long way to go before they represent the threat that the banking institutions, and especially the fringe banking institutions, have chosen to see in this movement.

As I have mentioned, the Australian Labor Party has always supported the suggestion for the establishment of a bank by the credit-union movement and other co-operative organizations. We supported the establishment of a general insurance company which would be able to provide, at a very favourable rate, loan protection insurance to members of credit unions. The establishment of such a general insurance company would protect credit-union members, who are mostly of modest means. If a borrower member dies, his obligation to repay his loan dies with him. In other words, the credit union makes no claim on a deceased member's estate for the payment of the balance of any outstanding loan. This has been the result of loan protection insurance.

The Hon. C. J. CAHILL: Does not the honourable member feel that the provision of insurance is well catered for in this State by the Government Insurance Office which is virtually a principal and mutual insurance company?

The Hon. N. K. WRAN: The Hon. C. J. Cahill says that it should be a mutual insurance company, but in principle the insurance aspect should be in the hands of the Government Insurance Office—a view with which I would not disagree—the fact is that this particular body was set up and rates have been negotiated through it.

The Hon. R. C. PACKER: It is specialist insurance.

The Hon. N. K. WRAN: I am indebted to the Hon. R. C. Packer for reminding me that it is a very special form of insurance. It is an indication of what people with imagination can do if they get away from hidebound institutions where the applicant lines up in a mechanical way and takes what is handed out to him. This has happened in this State in relation to a number of these fringe banking institutions. Many people of modest means could well adopt some of the imaginative tactics of the credit-union movement and set up their own institutions, insurance and otherwise. As I have mentioned more than once, the Australian Labor Party, and indeed the Government, have supported credit unions at all stages. However, Labor has been perhaps more vocal in its support. We believe they should be exempt from stamp duty, and from the limitations in the Act with respect to maximum loans. The requirements as to security and the length of time of repayment should not be applicable to those loans which, after all, are loans made by members to others members of their own society. These are joint-effort undertakings.

I am not sure whether the High Court has decided that credit unions are mutual societies for taxation purposes, but I recall that early this year or late last year a taxation board of review held that a credit union was not a mutual society for exemption purposes under the Commonwealth taxation laws. We believe, also, that government departments should be keener to provide for deductions from payrolls in respect of payments by public servants to credit unions.

The Hon. F. M. HEWITT: There is no restriction if they give the proper authority.

The Hon. N. K. WRAN: Apparently there is some difficulty, if not in some government departments, certainly in the quasi-government instrumentalities. I know for certain that there is a problem federally. In its last report the Credit Union League mentioned this as one of its difficulties. I am delighted to hear the Minister say that in New South Wales there is no difficulty, so long as an authority is given by the member for the deduction. We believe that this sort of procedural or administrative difficulty should be overcome.

I do not propose to say much at this stage about the actual amendments contained in the bill. As I have said, they were proposed and approved by the representatives of the credit-union movement. The only slight note of warning or reserve that we express is in relation to the delegation of authority from the directors who approve loans. Though it is true that, in relative terms, credit unions are becoming big business, it is to be hoped that in their growth they do not forget their origin and the purpose for which they were formed. It would be undesirable if loan applications were dealt with by credit unions with the same cold objectivity that fringe banking institutions exercise in this field. It is important that the self-help and self-combination aspect is not forgotten, notwithstanding the phenomenal growth, which will continue in future.

The bill eliminates the requirement that the borrower should have some acknowledgment in writing of the terms and conditions of the loan approved by the credit union if the loan is approved in the terms in which he applied. The credit union must have some administrative difficulties about this requirement, but to my mind it seems quite sensible. By law the hire-purchase companies are required to give such a statement, and I believe it is sensible for people who are often unused to dealing in money and loans to have a clear statement on a piece of paper that they can keep with them. In this way they have a ready reference to their obligations, even though it be an obligation to a credit union of which they are members.

We believe that the amendment relating to liquid funds is sensible. It has the effect of not eliminating from the liquid funds of a credit union such funds as are a charge in favour of the association of credit unions. The liquidity of any organization dealing in lending operations is, of course, most important. On the other hand, the credit unions have come a long way since their origin in this State in the post-war period and their early formative years under the Co-operation Act. Once these leagues or associations of credit unions are able to raise funds and to lend money to individual credit unions, some of the importance of the liquidity of the credit unions has been eliminated. Certainly it is undesirable to have money lying relatively idle merely to measure up to a requirement, which I know is an obligation on certain co-operative societies, but is not germane to the situation under this legislation.

My colleagues and I certainly approve of the amendment that the registrar may approve, in the stated circumstances, borrowing in excess of 25 per cent of a credit union's share capital and deposits. The credit-union movement has been anxious for some time to achieve this amendment. Since the developmental period when membership was increasing, new classes of persons have been brought into the credit unions, and at times there is a demand for borrowings of a higher order. This provision gives the green light for that step to be taken within the limited purposes expressed in the amendment.

No one can complain about the exclusion of undesirable persons from handling other people's money, nor can one see anything consequentially affecting the Minors (Property and Contracts) Act. It is a pity that the Government cannot take the main step with regard to eighteen-year-olds in this State, by giving them a vote. The Government is willing to introduce them to all the offences and financial obligations, but it is unwilling to proclaim the provision in the Minors (Property and Contracts) Act of 1970 which is the true recognition of adulthood—the right to vote. As I

said at the beginning, we regard this as a worthwhile, non-political piece of legislation, which we support.

The Hon. EDNA S. ROPER [5.29]: I wish to make a few comments on the bill, which I wholeheartedly support. The history of credit unions is one of the most fascinating stories of recent times. They were established as a bank of the poor people, and in the light of their origin one looks upon them as a democratic institution. It is important to maintain this democratic principle, and to ensure that the small man who wishes to borrow can do so within the scope of credit unions.

I feel that though the amendments proposed by the bill are quite good, a couple of points require comment. The Hon. N. K. Wran made certain observations with regard to 18-year-olds. It is good that 18-year-olds will be permitted to become a formative part of credit unions: it will give them greater responsibility. Having regard to the cost of articles that young people wish to purchase, the ability of 18-year-olds to join a credit union will give them a greater feeling of stability and of participation in something that is in their own interests. It may sound contradictory for me to praise credit unions and then to express concern at their growth, but I must do so when I look back on the way credit unions started and realize that they now constitute a \$100,000,000 business. However, comparing credit unions with banks, their business is mere peanuts.

The work of credit unions is close to the man on the job. He puts his money into a credit union for the special purpose of being able to obtain the particular thing that he wants or to borrow to meet a commitment, which he is unable to do out of his normal salary. However, if credit unions become too large, the tendency could be to get away from their democratic purposes and objectives. Also, if credit unions are able to borrow outside their own organization in order to buy buildings, this must have an effect on the ordinary member—the borrower—by way of increased charges. This is something that concerns me about the growth of credit unions.

Colonel The Hon. Sir HECTOR CLAYTON: It will save them paying heavy rents.

The Hon. EDNA S. ROPER: That is true, but expansion of a credit union, the purchase of buildings, the employment of more staff and the consequent build-up of business, in the final analysis must affect the borrower through increased interest rates. I raise this matter only to show my concern that the concept of credit unions is not departed from. The real intention of a credit union is to help the small individual rather than to become something in which only people with a larger income may participate. It was amazing to notice that the Minister in another place pointed out that one credit union was lending at a volume in excess of \$70,000 a week.

The amendments that are being considered will help to make the work of credit unions better. However, I am concerned about the provision that allows power to approve a loan to be delegated to a prescribed person. Here again there could be a tendency to get away from the democratic, personal relationship that is the basic concept of a credit union. The borrower has been able to go to his credit union and feel that he is transacting his business on a personal basis. However, a delegated person now will be able to say yea or nay to his requirements. I appreciate that when a large undertaking is dealing in sums up to \$70,000 a week—and this will increase, of course—it would be difficult to get the board of such a credit union together at the necessary times for the purposes of approving all the loans. However, we should be careful to see that we do not, by delegating this power of approval to an individual, get away from the original concept of credit unions. I am pleased, as I am sure all honourable members are, at the great strides credit unions are making in providing assistance to many people throughout the State of New South Wales. No doubt they will continue to give service and assistance in the best possible manner. My only concern is that I hope the credit union business does not become so large that it will get away from the concept of helping the little man. I support the measure.

The Hon. H. D. O'CONNELL [5.37]: The Hon. Edna S. Roper has put her finger on a real danger in connection with the growth of credit unions. There are many people in the lending business today. In view of the economic clouds in our midst, something should be done to contain the growth of credit unions and ensure that they continue their job of looking after the small people, without the development of empires and the duplication and extension of staff. Permanent building societies are lending money at a volume that is almost unbelievable. Their director has just gone abroad to find out what is happening overseas, but I think he will be able to show other countries a thing or two. I am unable to understand how we can close our eyes to the fact that these people who are borrowing short and lending long are paying high interest rates on money that must be repaid on demand.

The Hon. N. K. WRAN: You are referring not to credit unions but to other institutions?

The Hon. H. D. O'CONNELL: I am drawing attention to the fact that credit unions live in these economic circumstances, the same as anyone else.

The Hon. F. M. HEWITT: But they do not borrow short and lend long.

The Hon. H. D. O'CONNELL: No. I realize that this bill deals with credit unions. However, I fear that the remarks of the Hon. Edna S. Roper and the Hon. N. K. Wran about credit unions entering the banking and insurance business indicate that everybody is wanting to get into the act. If this tendency continues it will produce in the community a condition that is entirely out of keeping with the economic circumstances of the day.

I did not hear the Minister's speech, but I understand this amendment refers also to 18-year-olds. I do not know whether these young people will be permitted to be on the board of management of a credit union, or exactly what the amendment will permit them to do. However, I assume that the matter is one to which the Government has

given serious consideration, and therefore we can do nothing else but support this measure.

The Hon. F. M. HEWITT, (Minister for Labour and Industry) [5.39], in reply: I thank honourable members for their support of the bill. The Hon. N. K. Wran dealt mainly with what he hoped the future may be rather than what is in the measure. The honourable member questioned one aspect and said that the borrower would not get a record of the transaction under the proposed amendment, but this refers only to the form of the application.

The principal Act prescribed the form that had to be used in all cases, but in some of them it has proved impractical. It will be readily apparent that in some credit unions set up within individual companies and government departments, conditions are different from those in credit unions catering for the general public. It was found inconvenient to use a standard form. The amendment will permit credit unions to develop their own form, provided it is used in the proper way and a copy of it sent to the borrower.

The Hon. Edna S. Roper was a little doubtful whether fast growth is always a good thing. I have no doubt that credit unions are aware of some of these problems. The Hon. H. D. O'Connell said much the same thing: he emphasized that they must not get too far away from the concept of looking after the needs of the common man. I do not think they will fall into that error. The credit unions are aware of this obligation and of the area in which they operate. Personally I feel they will not go beyond it, though I agree there has been much talk about their going into banking and similar activities. Surely they would be wiser to build up their assets substantially before venturing into the more difficult and risky fields of financing which are becoming more and more a field of great substance, as we have found with some of our insurance companies writing workers' compensation business.

Motion agreed to.

Bill read a second time.

COMMITTEE AND ADOPTION OF REPORT

Bill reported from Committee without amendment, and report adopted, on motions by the Hon. F. M. Hewitt.

HOUSING INDEMNITIES (AMENDMENT) BILL

SECOND READING

The Hon. F. M. HEWITT (Minister for Labour and Industry) [5.45]: I move:

That this bill be now read a second time.

The object of this short bill is to increase from \$8,500 to \$10,800 the maximum housing advance that may be made by a lending institution which is indemnified by the Treasurer. The principal Act was introduced in 1962 to encourage lenders to make high ratio housing loans. Such loans make it possible for persons with limited funds who are unable to bridge the deposit gap, to acquire homes without burdening themselves with second mortgage finance. Under the provisions of the Act, the Treasurer indemnifies the lending institution against loss to the extent that the lender advanced, on the borrower's security, more than it would have done in the normal course of its business if no indemnity had been available. The maximum percentage of indemnified loan to a property's valuation is restricted by the Act to 95 per cent. The facility has been availed of only to a limited extent by banks and permanent building societies.

Since the introduction of the Act in 1962, until 30th June, 1971, only 423 indemnities, with a total liability to the Government of \$462,823 have been executed. Only 27 indemnities were applied for during the 1970-71 financial year. It is believed, however, that the number of applications for indemnities from those institutions which avail themselves of the scheme will show an upsurge once the new maximum loan limit becomes law. As honourable members are aware, terminating building societies are entitled to similar indemnities under the provisions of the Co-operation Act. The maximum advance that may be indemnified under the Co-operation Act was recently increased to \$10,800. It is the purpose of the bill before the House to bring the maximum

indemnified loan under the Housing Indemnities Act into line with that available under the Co-operation Act.

As a matter of necessity, the maximum advance for a home must be increased as housing costs rise; otherwise, the loan cannot represent a high percentage of the property's valuation. Low ratio loans require a substantial deposit from the borrower. If he has not saved this himself, he might have to borrow the required deposit at a high rate of interest. In the bill provision is made also to allow for the maximum advance to be varied on future occasions by regulation. A similar provision is contained in the Co-operation Act. By way of summary, the bill increases from \$8,500 to \$10,800, the amount of loan that may be the subject of an indemnity under the Housing Indemnities Act. It makes provision also for the amount to be varied in future by regulation. I commend the bill to the House.

The Hon. F. W. BOWEN [5.48]: The Opposition supports this bill. It is a matter of regret that so few opportunities are given to the House to discuss the question of housing, which is one of the major social problems confronting the community. As the Minister said, this bill is restricted, but an upsurge in loan indemnity applications is excepted. One can well imagine this, but one then wonders where the money will in fact come from. It has cost the Government very little so far, with only 423 indemnities and a total liability of some \$400,000. The September issue of *Corroboree*, the official newspaper of the permanent building societies, states that home loans in July totalled \$18,600,000. Prospective homeowners will want to take advantage of this legislation, and the Government will require a considerable sum of money. Earlier today the House dealt with legislation covering credit unions. The combined assets of forty permanent building societies, which lend considerable sums to the community, are \$700,000,000.

If the deposit gap is to be bridged by this bill, as the Minister said it would be, I should like to know where the Government is likely to get the necessary money. It does not seem to have available resources to meet

the demands that will be made on it by an increasing number of applicants. It has been estimated that by the year 2000 we shall need another 3,000,000 dwellings to house the much higher population of the Sydney region. When one considers the present average costs, it is clear that considerable sums will be needed for housing. The Commonwealth Government must inevitably bear the major responsibility for these considerable sums as I contend that it has the power to regulate and to provide money to spend on new houses. That Government could provide money for slum clearance, also, and for other purposes in this field, but it has failed to do so.

Another problem that has emerged in the general area of housing—one that at some time or other the State Government must take up with the Commonwealth Government—is local-government authorities' insistence on developers providing services that were previously supplied by local government, and at the same time, as though the councils themselves had in fact supplied the capital to provide sewerage services and roads, levying rates on persons who purchased these subdivided areas. It seems to me that there is no problem for the Commonwealth Government in supplying the States with sufficient money, through the Loan Council, to provide these services at no great cost to the State and certainly at less cost to the person who ultimately purchases the homesite in an area where the developer, having decided to subdivide, obviously takes his profit, as do the subcontractors, on the development of the site.

Another thing that should be brought to the attention of the House is the lack of a uniform building code. I am sorry that the opportunity to discuss these questions does not come forward sufficiently regularly to allow proper consideration of this particular problem, and I am not sure that this bill provides such a medium. It has been estimated that the absence of a uniform building code costs each home owner about an additional \$800. These are not my figures but they have been compiled by experts. Regularly I look through the real estate advertisements in the newspapers. I have torn out some pages from the *Sun*, but not at

random, as I did on a previous occasion. A. V. Jennings Industries, well known and reputable project builders, advertise houses for sale at \$25,911, \$27,000, and other prices ranging up to \$29,950. These are not mansions but are merely what I would classify as a reasonable type of house.

Another advertisement, inserted by Gavan & Shallala Proprietary Limited, offers to build a house on the homeseeker's own land for \$9,500. That is the lowest price in the advertisements. I looked in the land advertisements for a block of land in Belrose, which I felt to be a working class area. In that suburb there are fifteen choice lots offered for sale at \$13,250 each, which, added to the cost of a house, requires a purchaser to find a substantial amount of bridging finance. I have been interested, not for personal reasons but out of curiosity, in land for sale in what is now referred to as the Sylvan Headland Estate. Four years ago, when I priced land in this area, the cost was \$4,200 but today it is being advertised at \$10,500. The foundations would cost a fortune and the land is three miles from Jannali station.

The Hon. F. M. HEWITT: Is it serviced?

The Hon. F. W. BOWEN: Yes, but it should be serviced. The fact that 20 per cent of the homesites in the metropolitan area are unsewered is an indictment not of this Government or of previous governments of this State but of the Commonwealth Government, which simply will not face up to its responsibilities. Increasing the available amount will do nothing more than impose an additional burden on the person who seeks a loan per medium of the indemnity. Unless more money is produced from somewhere, the number of houses to be built must inevitably decline. Housing costs are increasing, as is freely admitted. The average cost of a house in Sydney at present is \$20,910. The cheapest one that I have been able to find in an area in which a worker would reasonably expect to live is \$21,750.

The Hon. F. M. HEWITT: The Hon. A. A. Alam would not agree.

The Hon. F. W. BOWEN: I think people are doing a good job in providing small houses: I am not arguing about that. The need depends on the size of the family. Even the Housing Commission builds houses down to eight and a half squares, but I do not know any member of this House who would live in a home of a mere eight and a half squares. At one time the Hon. A. A. Alam canvassed a proposal for a six-square home. The people have to wake up. The Housing Commission is redeveloping homes along those lines, building roadhouses, town houses and even cluster houses in an endeavour to conserve land.

Out of curiosity I approached the bank for details of a loan to be made on a place priced at \$28,500. I approached the bank because my son had shown some interest in the place and I thought I should find out exactly what finance was available to him. The maximum amount that the bank would advance was \$10,500 and with a deposit of 10 per cent, \$2,850, the borrower would be left to bridge a financial gap of \$15,150. The proposed increases do not bridge the gap. Most conventional banking institutions will not entertain second mortgages. I then tried building societies, and again most of them would not talk about second mortgages, although some of them did. If a terminating building society, a permanent building society or bank did agree to a second mortgage, it would be given at the rate of 9 per cent, but if they refused the proposition, I would need to pay 15 per cent to raise finance elsewhere on the security of a second mortgage.

Honourable members can see the sort of situation that we are moving into in housing. It affects natural development and materially affects also the Housing Commission, which is the Government's housing agency. The Ministers for Housing are at present negotiating for a new Commonwealth-State housing agreement, or a modified agreement. They are meeting again in Canberra. If I have this thing straight, and I hope I have, it presents a peculiar set of circumstances. The housing Ministers met last November and were to have met again in March, but due to some trouble about the Prime Minister, they were unable to meet in March.

The Ministers met later, but the meeting broke up in disorder when they walked out. They took part in a justifiable strike, without a secret ballot. They had received a bad offer from the Commonwealth, and I give them my wholehearted support for their attitude. Previously the States were able to borrow from the Commonwealth at 1 per cent below the ruling bond rate, but the Commonwealth altered the new agreement by proposing that the housing commissions would borrow at the bond rate, which meant an increase of 1 per cent. The Commonwealth then proposed to make a grant of \$2,700,000 to the States, \$900,000 of which would come to New South Wales, as a supposed offset to the difference between the bond rate and the previous rate of 1 per cent lower than the bond rate. This is a mathematical nightmare, for it depends on the bond rate remaining stable over the five year period of the agreement.

In the interests of the people of this State and in the interests of this Parliament, I hope that the Minister for Housing will adopt a rigid attitude on this issue, and that every Minister for Housing will refuse point blank to deal with the Commonwealth on this basis. It would create only more problems for the Housing Commission.

The Minister proposes to introduce a motion to allow the Housing Commission to purchase further land—at astronomical prices, I should think. I have attempted to work out the number of lots available. I have in mind that the Housing Commission may spend up to \$200,000 without permission. As a special motion is being proposed, it is obvious that the Housing Commission requires more than \$200,000 to purchase these properties. I appreciate what the Government is attempting to do, but it will in no way help to solve the housing problem, by either the production of more homes or the reduction of interest rates.

The Hon. W. J. GERAGHTY [6.3]: The bill will naturally have the support of honourable members on this side of the House. It is a measure that will go a short way at least towards alleviating the chronic and serious housing shortage. It has been mentioned in another place, and also in this Chamber by the Hon. F. W. Bowen, that the

acute housing shortage is the most serious social problem confronting the community of this State. It is possible that by extending an indemnity of \$10,800 to those lending institutions that are not at present covered we can expect some liberalization in home loans to the home hungry. The main benefit will be some bridging of the serious gap between what the building society or the lending authority can lend and the inflating costs of home purchase. This bridging will affect second mortgages. It will go some way towards increasing the first mortgage and decreasing the second. The guarantee will now be \$10,800 in place of \$8,500, and the extra \$2,300 will give that much relief in the second mortgage area.

The Hon. F. W. Bowen has mentioned the exorbitant, Shylock-like second-mortgage rates of interest. One can appreciate what this extra guarantee will mean to the family man or the young person striving to acquire a home of his own. The cheapest second-mortgage rate is 10 per cent flat, or 12 per cent or 15 per cent reducible. These are the terms offered by some well-established banks. The 10 per cent flat rate of interest over five years is offered on a mortgage of \$3,000 or \$4,000. I am speaking of the middle-income group, which can afford to spend only this much on a home. The Opposition can see some virtue in the bill, but it is a tardy measure which should have been introduced about three years ago when the maximum amount of loan from a terminating building society was increased from \$8,500 to \$9,600. It has now been increased to \$10,800. Had this measure been introduced when the terminating society maximum was set it would have attracted more of the lending people outside the terminating societies to avail themselves of the provisions in the existing legislation.

I endorse strongly the comment by the Hon. F. W. Bowen when he referred to the seriousness of the housing problem and the acute shortage of houses. I regret that more opportunity has not been given to members of this House to express themselves on this problem, and I now take the liberty of making some comments in this regard. What I am about to say is relevant to the bill and contributory to it. I have already

said that the measure will do something, but not a great deal, towards improving the situation. There is no area on which the Government stands more indicted than its housing policy. The same goes for the Commonwealth Government. I am glad that my colleague the Hon. F. W. Bowen mentioned the proposed renewal of the Commonwealth-State Housing Agreement. I am shocked to note the 1 per cent increase in the interest charged on money to be made available for housing to this State.

Far from doing anything towards correcting or alleviating the position, the federal and State governments have made a major contribution towards the housing shortage. For instance, let me deal with the 1 per cent increase in interest rate envisaged in the new Commonwealth-State housing scheme. I go back about six months to the tragic decision of the former federal Treasurer, the Hon. Leslie Bury, when he increased interest charges generally by $\frac{1}{2}$ per cent. It may be of interest to members to know that this caused an immediate increase of from \$4 to \$5 a month for every housing loan borrower from a co-operative building society. An increase of another 1 per cent will double that sum, so that an additional \$8 to \$10 will come out of the pocket of every salary earner who is paying off his home. This is a serious matter. It will add a further restriction to the capacity of home buyers and it will stimulate the overall inflationary trend in the economy at a time when the Government should be doing everything possible to harness inflation. This is one way in which the federal Government is contributing to inflation.

The argument has been advanced that the increase in interest charges was an anti-inflationary measure. I do not propose to deal with that argument at great length on this occasion: I shall have more to say about it in the budget debate. Let it suffice to repeat that many recognized financial editors in both the daily press and financial journals of this country have severely criticized the practicability of the $\frac{1}{2}$ per cent increase in interest charges as a real anti-inflationary measure. To me this might be described as an excursion into economic "maybeism", at a time when such an excursion should not

be undertaken. Firm and positive steps should be taken to attempt to arrest inflation—not to increase it.

Mention of the Hon. Leslie Bury brings to mind the old axiom that it is one thing to agitate but another to legislate. With the Hon. W. T. Murray and other members of this House I was a guest at the quarterly meetings and luncheons of the co-operative building societies which were held at the old Trocadero. On one such occasion the guest speaker was the Hon. Leslie Bury, who held forth on the fact that the greatest shortcoming in the financial industry of this country was the inability to provide money at a reasonably low rate of interest, as is done in Europe and in the United States of America. After that meeting I approached Mr Bury on this matter, and to my surprise, he gave me factual instances where in America housing loans were made available at interest rates as low as 3 per cent. That is the agitation side of the picture. However, when it comes to the legislation side of it, Mr Bury had no hesitation about saying that interest rates must be increased. He did nothing to implement what he had advocated at that luncheon.

The State Government has taken no positive steps to carry out its policy against the housing shortage. The Governor's Speech and the Premier's policy speech made on the hustings contained references to crash programmes to overcome the lack of housing, but there have been no crash programmes to meet the problem of aged people who have been displaced from their homes in the inner city area. They have been and are still being tossed out, as it were, by the big developers. Some of them have lived a lifetime in these houses, but nothing has been done for them by insisting upon the developers making provision for their accommodation when they are displaced. The city council could have insisted on that. It could have done so as a term of the consent given for the development.

When the Government took office the wait for an aged person's unit with the Housing Commission was twenty-one months. Today it is from five and a half to six years. I speak from knowledge obtained

from senior officers of the Housing Commission. When these unfortunate old people after they have been evicted from their homes ask me, "What is my chance of getting an aged person's unit?" I ask them whether they have put in an application for a unit. If the answer is, "We have had an application in for two years, Mr Geraghty", I then have to say, "You have another four years to wait". This is as good as a death sentence to a lot of these old people, and the Government is doing nothing about it.

The Government has failed in its housing policy. It has taken no positive action towards arresting land prices, the greatest contributory factor in the inflated cost of homes. The experience of the co-operative building societies used to be that the cost of land represented from between 33½ per cent and 50 per cent of the cost of the house put on it. Today it is up to about 80 per cent. Frequently, applications are made to a building society for a loan where the land value is \$8,500 and the cost of a small humble home is \$10,500, a ratio of about 80 per cent. The Government has done nothing to prevent increases in land cost.

Though I speak as a humble member of this House in saying that the Government should have done these things, I am only echoing the opinion expressed by the chief of the State Planning Authority. In an address to the annual conference of the co-operative building society movement at Coffs Harbour he said that the only way in which land prices could be arrested was by a substantial, large-scale acquisition by the Government of land on the outskirts of the metropolitan area. This could be subdivided by the Government and sold at a reasonable price, not at the extortionate sums that developers are getting from their subdivisions.

That sentiment was endorsed by Mr Bourke, the chairman of the Housing Commission. That is not merely my view as a humble member of this House; it is the view of those two authorities. That is the only way in which land prices can be arrested. Another way—although to a lesser degree—in which the Government has aggravated inflation in land prices is by the system of Crown land auctions. On a television pro-

The Hon. W. J. Geraghty

gramme the other evening the auctioneer expressed regret that only so many of the blocks had been sold at \$3,000 or \$3,500 above the reserve prices.

The Hon. F. M. HEWITT: How is the value inflated if the blocks are sold by auction?

The Hon. W. J. GERAGHTY: The Government is encouraging inflation by persisting in an auction system that inflates land prices. Crown land is being sold at much more than its fair and equitable price. The Government should set an example to others by selling Crown land at a reasonable price. Crown land auctions are encouraging inflated land prices.

The Hon. F. M. HEWITT: In high-cost areas, to do as the honourable member suggests would be only making a present of the land to somebody.

The Hon. W. J. GERAGHTY: After all, the reserve price is, I presume, arrived at by reference to the Valuer-General. That should be the norm, the price at which those blocks should be sold. The Government should not try to get the highest price the traffic will bear by selling to the highest bidder. The State Government, by adopting the nefarious system of auctioning Crown land, and also by its December, 1968, amendments to the Landlord and Tenant Act, which have resulted in enormous increases in rent and much higher prices for existing dwellings, has undoubtedly brought inflation to the housing sector. As recently as this morning—

The Hon. F. M. HEWITT: I suppose the honourable member's remarks have some bearing on this legislation.

The Hon. W. J. GERAGHTY: I submit that they have. This is the forum that gives us the opportunity to express grievances and to expose what we believe to be contributory causes of the housing shortage. Land has become so scarce and houses so dear that land-hungry people must pay exorbitant prices for land. Rents have gone up out of all proportion. Average rents have risen, according to the type of house and the locality, from between \$18

and \$22 a week to between \$28 and \$30 a week. Exorbitant rents leave absolutely nothing in the pockets of the workers to put aside for a deposit on a home. These facts are evident. I shall not deal with this aspect at length, but there is no doubt that with a vast increase in the number of evictions, whether through court process or otherwise, a great flood of people are being thrown on to the housing market. There can be no doubt that the Government's infamous section 62 (5) (w) of the Landlord and Tenant Act, has inflated the value of existing homes by increasing the demand for housing.

The Minister for Housing and Minister for Co-operative Societies gave an undertaking in another place on 5th May that he would ask the Minister of Justice to consider closer control under the Landlord and Tenant Act to reduce the number of evictions arising out of rehousing difficulties experienced by the Housing Commission. In answer to the Deputy Leader of the Opposition in another place, the Minister of Justice reported that 791 orders were made in favour of landlords, and 522 of these were on grounds listed in section 62 (5) (w) of the Act. Those are not the total figures of evictions. For every person who is evicted by court process there are two others who leave their rented premises by agreement, knowing that they have no earthly chance of retaining possession. I shall argue the validity of this proportion of evicted tenants on any platform in Australia. Any household earning over \$3,000 a year has no security of tenure. A month ago in the Waverley court a family whose total income was \$3,004 was evicted under this confounded section 62 (5) (w) of the Act. People know it will cost them a couple of hundred dollars to fight a case that they cannot win, so they seek the best deal they can get. They may be lucky enough to get removal expenses and a six months' exten-

sion of possession of the premises if they agree to leave at the expiration of that time.

Section 36 of the Act provides that the rent controller must give consent before any payment is made on such matters. The rent controller's office will confirm that this Government's amendment of the Act has led to a wholesale number of evictions, which in turn has led to large rent increases. It is the operation of the law of supply and demand. Evicted people are in an utterly hopeless position. They have not saved enough for a deposit on a home. It is the birthright of every Australian family to have their own home. This is a good measure, but it does not go far enough when one considers the whole picture of the Government's housing policy.

The Hon. L. D. SERISIER [6.28]: This bill reminds me of a story I heard this morning when coming down by car to Sydney. Two local characters at Orange were talking about a horse. One of them said: "There is no doubt about that horse of mine, he is pretty good; he can run and jump very well. The other day he bolted and raced for five miles until he reached a six-foot fence, then he cleared it in one leap." The other man looked at his companion and said, "You know, that does not seem much of a leap when you look at the run he took." That comment applies to the legislation before the House. Having regard to the time it has taken the Government to bring it down, the measure does not take much of a leap. I ask the Minister in his reply to let us know when the present maximum indemnified loan of \$8,500 was fixed, what it represents in terms of present money values, as against the \$10,800 proposed, and the ratio of the indemnified loan of \$8,500 to purchase price at the time it was fixed as compared with the ratio of the proposed indemnified loan of \$10,800 to present-day prices.

Debate adjourned, on motion by the Hon. F. M. Hewitt.

ADJOURNMENT

BUSINESS OF THE HOUSE

The Hon. J. B. M. FULLER (Minister for Decentralisation and Development and Vice-President of the Executive Council) [6.30]: I move:

That this House do now adjourn.

I mention for the information of honourable members that the business of the House will extend after dinner tomorrow.

Motion agreed to.

House adjourned at 6.31 p.m.

Legislative Assembly

Tuesday, 14 September, 1971

Printed Questions and Answers—Rezoning of Land at Lake Illawarra (Privilege)—Questions without Notice—Land Prices (Urgency)—Printing Committee (Fifth Report)—Order of Business—Industrial Lawlessness—Standard Time Bill—Dentists (Amendment) Bill (second reading)—Adjournment (Schools at Dural and Round Corner: Surfing Hazard at Coalcliff Beach).

Mr SPEAKER (THE HON. SIR KEVIN ELLIS) took the chair at 2.30 p.m.

Mr SPEAKER offered the Prayer.

PRINTED QUESTIONS AND ANSWERS

PORT KEMBLA INNER HARBOUR

Mr PETERSEN asked the MINISTER FOR PUBLIC WORKS—(1) What is the present position regarding—(a) deepening of the west basin in Port Kembla Inner Harbour for the purpose of constructing a finished products loading berth for Australian Iron & Steel Pty Limited; (b) dredging of the east basin for the purpose of constructing a terminal for the Australian National Line? (2) What agreements have been completed between the Government and Australian Iron & Steel Pty Limited and between the Government and the Australian National Line in respect of these works? (3) If agreements have not been completed, when will they be completed? (4)

When will copies of these agreements be available for perusal by honourable members?

Answer—(1) (a) The deepening of the west basin has been completed at a cost of \$2,200,000 and involved the removal of 3,000,000 cubic yards of dredgings to achieve the desired depth. (b) Dredging of the east basin has also been completed involving the removal of 1,200,000 yards of material. The cost of the roll-on/roll-off terminal project was in the vicinity of \$2,000,000. (2) In my second-reading speech on the Port Kembla (Further Development) Bill I indicated the nature of the agreements to be entered into between the Government and Australian Iron & Steel Pty Limited, and the Government and the Australian Coastal Shipping Commission. Details of the broad terms of the agreements were tabled for the information of honourable members. (3) Technical reasons, such as land exchanges and the creation of easements are delaying finalization of the agreements but I expect that they will be concluded in the very near future. (4) See (2) above.

GRANTS TO NON-GOVERNMENT SCHOOLS

Mr F. J. WALKER asked the DEPUTY PREMIER, MINISTER FOR EDUCATION AND MINISTER FOR SCIENCE—Did the Government make grants to non-government schools during 1970 in the form of interest payments on loans for capital projects? If so—(a) for how long has the Government been making such grants; (b) to what schools were such grants made; (c) what was the amount of each grant?

Answer—As a matter of policy this scheme for payment of an interest subsidy in respect of loans raised for approved building projects at non-State schools was introduced retrospective to 1st May, 1965. Funds were first allocated for this purpose in the 1965–66 financial year and claims paid in that year amounted to \$56,788. Interest subsidy on loans raised was paid in regard to a total of 308 cases currently approved and there are approximately 50 new applications under consideration at the