

Legislative Council

Thursday, 16 September, 1971

Legislative Council: Election of Member (Ballot)—Housing Indemnities (Amendment) Bill (third reading)—Port Kembla (Further Development) Bill (third reading)—Plant Diseases (Amendment) Bill (third reading)—Newcastle Gas Company Limited Bill (third reading)—Second-hand Dealers and Collectors (Amendment) Bill (third reading)—Closer Settlement and Public Reserves Fund (Amendment) Bill (third reading)—Public Trusts and Other Acts (Amendment) Bill (third reading)—Trustees of Show-grounds Enabling (Amendment) Bill (third reading)—Crown Lands and Other Acts (Amendment) Bill—Dentists (Amendment) Bill—Questions without Notice—Windsor Municipal Council (Hobartville Public Reserve) Bill—Supply Bill—Rural Industries: Proposed Financial Agency—Special Adjournment—Adjournment (Business of the House).

The PRESIDENT took the chair at 10.55 a.m.

The Prayer was read.

LEGISLATIVE COUNCIL: ELECTION OF MEMBER

BALLOT

By direction of the President the ballot-box was exhibited by the Clerk of the Parliaments and then locked.

The PRESIDENT: I now declare the ballot open and invite honourable members to come forward to obtain their ballot-papers.

Balloting having proceeded between 11 a.m. and 1 p.m.,

The PRESIDENT: Order! The hour for the termination of the taking of the votes at this sitting having arrived, I direct that the doors be locked. Will any honourable member who has not yet received a ballot-paper and who desires to vote rise in his place?

No member having risen,

The PRESIDENT: There being no such honourable member desiring to vote, I direct that the doors be unlocked. All honourable members who had received their ballot-papers before the hour appointed in the writ for the termination of the taking of the votes having completed before that hour the recording of their votes, I declare the ballot closed.

[The President left the chair at 1.1 p.m. The House resumed at 4.30 p.m.]

HOUSING INDEMNITIES (AMENDMENT) BILL

THIRD READING

Bill read a third time, and returned to the Legislative Assembly without amendment, on motions by the Hon. F. M. Hewitt.

PORT KEMBLA (FURTHER DEVELOPMENT) BILL

THIRD READING

Bill read a third time, and returned to the Legislative Assembly without amendment, on motions by the Hon. J. B. M. Fuller.

PLANT DISEASES (AMENDMENT) BILL

THIRD READING

Bill read a third time, and returned to the Legislative Assembly without amendment, on motions by the Hon. J. B. M. Fuller.

NEWCASTLE GAS COMPANY LIMITED BILL

THIRD READING

Bill read a third time, and returned to the Legislative Assembly without amendment, on motions by the Hon. J. B. M. Fuller.

SECOND-HAND DEALERS AND COLLECTORS (AMENDMENT) BILL

THIRD READING

Bill read a third time, and returned to the Legislative Assembly without amendment, on motions by the Hon. F. M. Hewitt.

CLOSER SETTLEMENT AND PUBLIC RESERVES FUND (AMENDMENT) BILL

THIRD READING

Bill read a third time, and returned to the Legislative Assembly without amendment, on motions by the Hon. J. B. M. Fuller.

**PUBLIC TRUSTS AND OTHER ACTS
(AMENDMENT) BILL**

THIRD READING

Bill read a third time, and returned to the Legislative Assembly without amendment, on motions by the Hon. J. B. M. Fuller.

**TRUSTEES OF SHOW-GROUNDS
ENABLING (AMENDMENT) BILL**

THIRD READING

Bill read a third time, and returned to the Legislative Assembly without amendment, on motions by the Hon. J. B. M. Fuller.

**CROWN LANDS AND OTHER ACTS
(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.

DENTISTS (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.

QUESTIONS WITHOUT NOTICE

**PARKES POST OFFICE: TRANSFER
OF STAFF**

The Hon. F. W. SPICER: I ask the Minister for Decentralisation and Development and Vice-President of the Executive Council whether he is aware of a strong rumour in the country that almost all of the technical and line staff of the Postmaster-General's Department at Parkes are to be transferred to Orange. Is the Minister aware, also, that if this scheme is carried into effect it might mean the loss of approximately 60 families from the town of Parkes? Will the Minister make strong representations to the Postmaster-General and enter an emphatic protest against any such

move bearing in mind that some of these officers own their own homes in Parkes? Is the Minister aware further that Mr John England, M.P., is also making a protest on the matter? Will the Minister be good enough to support Mr England in opposing any scheme that will mean the loss of so many people from the town of Parkes?

The Hon. J. B. M. FULLER: Rumours are rife in many parts of New South Wales that it is proposed to transfer some of the staff of the Postmaster-General's Department from one town to another. I have requested the permanent head of my department to contact the regional director of the Postmaster-General's Department in New South Wales to ascertain what transfers are planned and whether that department will be willing to accept the common regions for administrative purposes that have been adopted by this Government as well as by the Commonwealth Statistician. I have not yet received any reply to my request.

I have heard that Mr John England, the federal member for Calare, intends to protest about the proposed transfer of some members of the staff of the Postmaster-General's Department from Parkes to Orange. I feel that this is a federal matter, not one coming within the responsibility of the Minister for Decentralisation and Development. Therefore, I feel that it is not my responsibility to intercede on behalf of one town as against the interests of another, especially when it involves an administrative decision of a Commonwealth department. My aim is to achieve as much development and growth in industry and population as possible in country districts as a whole rather than to play off one town against the other. I have no doubt that Mr John England will adequately put the protest on behalf of the people of Parkes.

SEWERAGE SERVICE AT WINDSOR

The Hon. L. D. SERISIER: I ask the Leader of the Government, who represents in this House the Minister for Local Government and Minister for Highways, whether he is aware that Windsor Municipal Council has completed the sewerage installation at the Gosper estate and at

South Windsor. Is the Minister able to advise the House when it is likely that Housing Commission cottages in that part of Windsor will be connected to this sewerage system? Is the Minister aware, also, that the Windsor Municipal Council has allotted all the sewerage connection work to a group of licensed plumbers in the area? As these plumbers have been unable to complete the job expeditiously, will the Minister inform the House of any reason why the Windsor Municipal Council should not add the names of more licensed plumbers to the list of those who are permitted to do the work?

The Hon. J. B. M. FULLER: I have no idea of any of the matters referred to by the honourable member, but I shall communicate with my colleague the Minister for Local Government and Minister for Highways and ascertain the situation.

FAIRFIELD BEER FEST

The Hon. EILEEN FURLEY: I ask the Minister for Decentralisation and Development and Vice-President of the Executive Council whether he is aware that a German-style beer fest was held on one day last year at Fairfield when great quantities of beer were consumed by a predominantly young gathering. Is the Minister aware that a similar beer fest is to be held at Fairfield on Friday, 1st October, from 4 p.m. to midnight and on Saturday, 2nd October, from 10 a.m. to midnight, which means that the time for drinking will be extended to two days? Is the Minister aware that police and road safety organizations are concerned about the excessive drinking that takes place on these occasions, resulting in many persons driving motor vehicles when they are affected to some extent by intoxicating liquor? If these are facts, will the Minister bring this matter and the road safety hazard involved to the attention of his colleague the Minister for Transport?

The Hon. J. B. M. FULLER: I heard of the function held last year to which the Hon. Eileen Furley has referred. However, I was certainly not present so that I do not know whether I missed anything or not. I

have not heard of any arrangements in regard to a repetition of the beer fest at Fairfield this year. However, I agree that alcohol is a major factor contributing to road accidents. I shall refer this matter to my colleague the Minister for Transport so that he is fully aware of the likelihood of difficulties being experienced by road users and of the fact that drivers may be under the influence of intoxicating liquor in the vicinity of this beer fest on the two days on which it will be held.

WOOL: FINANCE

The Hon. T. R. ERSKINE: I ask the Minister for Decentralisation and Development and Vice-President of the Executive Council whether it is a fact that as the Government injects money into the rural sector the wool firms, banks and finance houses are extracting their money and investing it elsewhere? Is it a fact also that wool firms put pressure on their clients to turn over their stock more often so as to increase the firms' profit margins? If these are facts, will the Government recommend to the federal banking authorities that private banks be allowed to apply within the rural sector part of their statutory funds that are frozen by the Commonwealth?

The Hon. J. B. M. FULLER: I think it could be said that some of the money that has been diverted into the rural sector in the form of assistance by both the Commonwealth and State governments, is going out of that sector almost immediately as investors tend to look for a better spread of their investment. As the Hon. A. A. Alam said yesterday, it is natural for investors to look for as good a return as possible. I have no knowledge that wool firms are putting pressure on clients to make a more rapid turnover of their stock than is normally desirable in the ordinary course of business. I agree with the honourable member that there is a great need for additional finance in the rural sector. Later today this House will be discussing a motion to be put forward by the Hon. L. A. Solomons on this very subject.

The release of part of statutory reserve funds held by the banking system under the rules laid down by the Reserve Bank of Australia is not something that has the support of the Commonwealth Government. I would support the idea of a rural financial agency. If this comes about, I expect that the Commonwealth Government will be looking for a source of funds for it. It may be that at that stage the Government will confer with the reserve bank in regard to the release of some portion of the statutory reserve funds as the basis for the establishment of some form of rural financial agency. I feel that in existing circumstances this is the only possible method.

WOOLBROKERS: PROMOTION OF WOOL INDUSTRY

The Hon. A. A. ALAM: I ask the Vice-President of the Executive Council a question supplementary to one just asked by the Hon. T. R. Erskine. Is it a fact that for over 130 years woolbrokers played a big part in the promoting of the prosperity that the wheat and wool industries, particularly the wool industry, enjoyed until a couple of years ago? Is it a fact that the actions of woolbrokers have been meritorious, practical, and sympathetic, and have been appreciated by every section of the rural community? Is it a fact that rather than decry the part that woolbrokers have played in the prosperity of this country, the better solution to offer would be to put more money into rural industry?

The Hon. J. B. M. FULLER: I have not criticized the woolbrokers in any way, or the part that they have played in the development of the pastoral and agricultural industries over almost two centuries. I made that plain in answer to the previous question. I am not criticizing them in any way. I agree that finance is required in the wool sector. I have suggested to the Hon. T. R. Erskine that a possible way of diverting funds from the statutory reserve funds would be to apply them to a rural finance agency, which could operate somewhat along the lines of the old Commonwealth mortgage bank or the Rural Bank of New South Wales.

INCINERATOR FOR WESTERN SUBURBS HOSPITAL

The Hon. C. HEALEY: I ask the Minister for Labour and Industry representing the Minister for Health, whether he will inform his colleague the Minister for Health that the Western Suburbs hospital at Croydon is still without an incinerator. Will he request the Minister to intimate when the hospital may expect to have this necessary piece of equipment installed?

The Hon. F. M. HEWITT: I shall be happy to do that.

TRAFFIC SIGNALS: EDUCATION OF PEDESTRIANS

The Hon. L. A. NORTH: I ask the Leader of the Government whether any programme is being formulated to educate pedestrians to obey traffic signals, particularly in the city of Sydney?

The Hon. F. M. HEWITT: Campaigns are periodically conducted by the Department of Motor Transport to educate pedestrians in regard to this matter. I understand a campaign will begin soon on the use of seat belts. Educational campaigns are constantly undertaken. I shall call the attention of the Minister for Transport to the question asked by the honourable member.

WINDSOR MUNICIPAL COUNCIL (HOBARTVILLE PUBLIC RESERVE) BILL

INTRODUCTION

Motion (by the Hon. H. D. Ahern) agreed to:

That leave be granted to bring in a bill to authorize the Council of the Municipality of Windsor to convey and transfer certain lands within the said Municipality in exchange for certain other lands; to amend the Local Government Act, 1919; and for purposes connected therewith.

Bill presented and read a first time.

SELECT COMMITTEE

Motion (by the Hon. H. D. Ahern) agreed to:

(1) That the Windsor Municipal Council (Hobartville Public Reserve) Bill be referred to a Select Committee for consideration and

report, with leave to sit during any adjournment of the House and power to take evidence and to send for persons and papers; to make visits of inspection to such areas as the Committee may deem expedient and, if necessary, take evidence thereat.

(2) That such Committee consist of the following members, viz.—Mr J. E. Cahill, Mr Falkiner, Mr Healey, Mr Murray, Mr Riley, Mr Solomons, Mr Sullivan, Mr Thom, Sir Edward Warren and the Mover.

SUPPLY 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.

RURAL INDUSTRIES: PROPOSED FINANCIAL AGENCY

The Hon. L. A. SOLOMONS [5.2]: I move:

That in view of the fact that there is a wide spectrum of farmers whose present financial position falls outside the ambit of the present Rural Reconstruction Scheme, and in view of the fact that long-term low-interest finance is necessary to this and all other sections of the rural community, this House requests the Government to ask the Commonwealth to consider as a matter of urgency the setting up of a special financial agency within the present banking structure for these and other purposes, including the provision of carrying-on finance where the same is not otherwise available and the funding of debts of marginal producers and the protection if possible of their equity in their properties.

The purpose of the motion stems from the same stimulus as a motion put forward by me towards the end of the last Parliament and then withdrawn because of the proposed rural loans insurance corporation which had in its structure at least some of the answers to the problems giving rise to the motion. On Friday week last, speaking at Tamworth, the federal Minister for Primary Industry, the Hon. Ian Sinclair, indicated that both his department and the Commonwealth Treasury were having considerable difficulty in the formulation of the proposed rural loans insurance scheme, and he was unable to give any indication when these difficulties would be overcome. Hence the urgency that this House, and through it the

Commonwealth Government, should be aware of the urgency of the problem of providing long-term low interest finance for particular pressure points in the rural industries. It is obvious that the Commonwealth Government, or at least some members of federal Parliament, are aware of the existence of these problems. I shall read for the edification of members a letter from the Deputy Prime Minister, the Hon. J. D. Anthony, addressed to the general secretary of the Australian Country Party, with which members know I have some connection. He writes:

I received your letter dated 3rd September conveying the terms of a resolution which was considered at a recent meeting of the General Executive:

“That long term, 30 year, low interest 5% loans be made available to rural industry and that loans made at normal rates through banks and other financial institutions be Government guaranteed on much the same lines as at present exist for housing loans.”

Please be assured that I wholeheartedly support this resolution and will continue to use the influence of the Country Party in achieving this objective.

I have no doubt that honourable members have seen reports of the speech made by the Hon. Ian Sinclair when introducing the State Grants (Rural Reconstruction) Bill of 1971, which provides finance for the federal contribution to the rural reconstruction scheme that has been brought into operation. On 29th April, 1971, the Minister told the federal House:

At the present time the price of wool is averaging about 30c per lb greasy. This is the lowest level wool prices have reached for 23 years. Receipts by the wool industry fell by nearly \$100m between 1968–69 and 1969–70, giving rise to the necessity for the emergency financial assistance scheme for wool growers introduced late in 1970.

That, of course, was perhaps ill-fated—I do not know what better term could be used—though in some ways it was an immensely valuable \$30,000,000 scheme. The Minister continued:

This was intended as a short term measure which it was recognized would help only a proportion of the cases of financial hardship caused by the fall in prices.

The Hon. C. A. F. CAHILL: Why do you say it was ill-fated?

The Hon. L. A. SOLOMONS: Because there were many difficulties in the actual distribution of it. I believe in the long run that about \$8,000,000 could not be distributed within the ambit of the scheme owing to an over-cautious approach by the civil servants in Canberra who planned it. The federal Government then had to decide whether it would reconstitute the scheme and provide more generous criteria for eligibility so that the \$8,000,000 surplus could be used. I understand that it was finally decided that the surplus would be made available to bolster the funds under the new rural reconstruction scheme. There can be no doubt that a number of persons received practical cash assistance, but there were a great number of anomalies.

As I see it, one of the major problems was that it excluded a number of persons who, realizing they were in difficulty and having taken practical steps to ameliorate it, found that their prudent action disqualified them from participation in the scheme. A person in that situation, having built up his flock of sheep and increased his wool sales, found when seeking assistance under the scheme that he was not eligible for assistance of \$1,500. That is why in some ways it was an ill-starred scheme. It was conceived in compassion and exercised perhaps without the degree of imagination necessary. It gave a number of people some assistance, but I am certain it did not do the whole job it was planned to do. The Hon. Ian Sinclair went on in his second-reading speech:

A Bureau of Agricultural Economic survey in 1966-67—a reasonably good year for the wool industry—indicated that some 20 per cent of wool growers in Australia had net farm incomes of less than \$2,000 per annum to cover servicing of their debts and living expenses.

Today that percentage has doubled. He continued:

There seems no escape from the unpalatable fact that there will have to be a substantial restructuring of our rural industries. There is reason for hope that wool prices will recover from the present drastically low levels. It would be unwise to assume that the extent of the recovery however will be sufficient to permit the servicing of all debts contracted when property values and investment in property improvement reflected the profitability which

did exist in the industry before the effects of the cost price squeeze began to produce the difficulties which are only too apparent today.

Members on both sides of the House know that situation only too well. It has a number of long-term causes about which I shall speak later; and two basic short-term causes that are with us here and now. I say short-term because they are of recent origin.

I do not regard drought as a short-term cause. Drought on the Australian national scale ought to be taken far more into account than has been our habit. Of the two reasons to which I refer the first is the drastic drop in wool prices. Though it had been foreseen that the halcyon days of the 1950's could not continue and though it had been forecasted that even the 1963 levels of wool prices could not reasonably be expected to continue, no responsible person in the industry could possibly have assumed that today, by a sudden downturn, wool prices would fall to probably the lowest figure since the depression days and certainly the lowest since the war. As well as falling wool prices, over the past four years we have had perhaps the most exciting social revolution in history, the green revolution of the United Nations Food and Agricultural Organisation. It has stemmed, I understand, from the introduction of Indian dwarf varieties of wheat. These varieties have increased the ability of farmers in arid areas to produce wheat and have cut down Australia's ability to trade with a number of her traditional trading partners which now find themselves able to produce in part their own wheat requirements. The best prognostications of years ago would have indicated that Australia would continue to supply them in the foreseeable future.

The Hon. J. J. MALONEY: That variety of wheat is not allowed to be grown in Australia.

The Hon. L. A. SOLOMONS: It can be grown here. A number of types of wheat grown here are related to the Indian dwarf varieties. Some varieties that are susceptible to rust—but not in the drier climate of India—are not allowed to be grown here. The main reason that these varieties are so

advantageous is that they are quick yielding and require far less water than normal wheat crops. In addition they have a heavy yield. The effect of the green revolution is twofold. First, we have far greater world surplus of wheat. Second, consumer countries, such as China and India, are themselves able to move towards partial self-sufficiency and can be infinitely more choosy in the method by which they acquire wheat, or indeed they can be completely self-sufficient.

The Hon. C. A. F. CAHILL: In other words, there is a restriction of oversea demand?

The Hon. L. A. SOLOMONS: That is right. This has led to the recommended quota system which has partly restricted the profitability of properties in what one calls for want of a better term, the centre zone of the State. By that I mean the classic wheat-sheep zone where in the past the mixed farmer was able to grow an unlimited quantity of wheat on the part of his property suitable for wheat growing, and to run both sheep and cattle on the other part. He was able to diversify and had an assured income from both sources of production. Since then the farmer has had to face a two-pronged attack on his earning capabilities. I have no need to speak to any honourable member about increasing costs, which have represented a geometrical progression to disaster for rural industry which cannot pass on any increase in costs. This is the background to the problems facing the rural community in Australia.

A further problem arises. I have shown by the letter from the Deputy Prime Minister and the short extract from the speech of the Minister for Primary Industry that it stems not from any lack of knowledge in Government but from what might be called, for want of a better term, a lack of political importance. Two reasons can be advanced for this. The first is that we have a most peculiar demography in Australia. It is probably the most peculiar country in the world having regard to the distribution of its population. Ours is a great continent, with fewer people than inhabit the city of Tokyo yet having a standard of living of

which we are all proud. That standard of living is enjoyed despite the fact that two thirds of the population live in five major cities on less than one millionth of the area of the continent. It is a matter of plain common sense that the political influences affecting the expenditure of money must be aligned to those great cities and that the farmer has an extremely small share of influence in politics.

The Hon. J. A. WEIR: He has a pretty good say in the vote.

The Hon. L. A. SOLOMONS: He has a good say in the vote but I suppose that it is because he has had a loud voice. The only defence for someone small and vulnerable is a loud voice. It is rather indicative of the problems from which the rural community suffers that these matters are dealt with in the popular press in a manner so aligned to ideas and ideologies contrary to rural export income-earning capabilities and the importance of the rural industries that sometimes I want to weep. One need only read the daily press to see the many references to more money being poured down the drain, more money going into the pocket of uneconomic rural industries, taxpayers paying for the woolgrowers, taxpayers keeping the woolgrower and so on. How often do we see any reference to the fact that the maintenance of our standard of living in those great cities and the maintenance of full employment comes from direct subsidies to secondary industry? I hasten to add that I am just as much in favour of policies of full employment as are my colleagues on the other side of the House. It would be the greatest national tragedy if Australia ever lost the ability to keep its workers fully employed. I shall go on record at any time to say that. How often is there any reference in the daily press to the amount spent by way of direct subsidy—and I regard tariff as a direct subsidy, adopting the definition in the Vernon report? The assistance given to secondary industry in this State is about six times greater than the assistance provided for primary industry.

The Hon. C. A. F. CAHILL: That is not paid out by the Government to secondary industry.

The Hon. L. A. SOLOMONS: It does not matter whether the Government pays it out: the money is actually available to secondary industry. The Government is fortunate that it does not have to pay out money, for it then has the ability to impose a tax by way of tariff.

The Hon. C. A. F. CAHILL: Manufacturers are subsidized, but no government money goes into their pockets.

The Hon. L. A. SOLOMONS: The manufacturer is given assistance by way of tariff. I suppose that is somewhat palatable to them.

The Hon. T. P. GLEESON: The same protection would suit men in the rural industry.

The Hon. L. A. SOLOMONS: It would, and it is the taxpayer who pays when the manufacturer is able to increase his price because of tariff protection.

The Hon. H. J. A. SULLIVAN: In other words, tariffs are covering up the inefficiency of manufacturers.

The Hon. L. A. SOLOMONS: That is right.

The Hon. J. J. MALONEY: Tariffs do not affect the position of primary industries.

The Hon. L. A. SOLOMONS: What tariffs do is increase the cost quotient against the people who cannot pass it on. With tariff protection the manufacturer can put his price up—or reduce it—in order to maintain his profit margin.

The Hon. J. A. WEIR: Not in the timber industry: ask the Minister.

The Hon. L. A. SOLOMONS: I do not know about that. Secondary industry today has tariff protection, direct and indirect subsidies, and export encouragement payments to the order of about \$3,000 million dollars a year.

The Hon. L. D. SERISIER: Are you against that?

The Hon. L. A. SOLOMONS: No.

The Hon. L. D. SERISIER: Then why complain about it?

The Hon. L. A. SOLOMONS: I am not complaining, but when one hears a constant howl from the city press about a few more cents going to the rural industries, it is worth commenting that these facts are never mentioned to put the situation in balance.

The Hon. L. D. SERISIER: You should lean on some of the members on your side of the House; they have the influence with the Sydney newspapers.

The Hon. L. A. SOLOMONS: I do not know that they have. I belong to a country organization, and what influence it has with city newspapers, I would not know. There are a number of political features of this problem. Members of the Opposition will probably be concerned at what I am about to say, but in making these remarks—though honourable members opposite may not believe my motive—I do so not to make political capital, but to indicate the problems confronting the rural industry.

In February last the Australian Labor Party's rural resources committee, under the chairmanship of no less a person than Senator Keeffe published a seven-page document entitled "Labor's Federal Rural Policies". That document appeared over the signatures of Dr Rex Patterson and Mr Al Grassby, who were described by the chairman as the committee's two rural experts and the authors of the document. Whatever else I would say about Mr Grassby and Dr Patterson, I certainly agree that they are concerned about the problems of the rural industries and are doing their utmost in their own way to solve them. It was unfortunate, perhaps, that neither of them attended the Launceston federal conference of the Australian Labor Party, for when the conference met the document produced by them came in for the greatest mauling that one could possibly imagine.

The Hon. L. D. SERISIER: Have you seen the report of the federal conference?

The Hon. L. A. SOLOMONS: Yes. Mr Hayden, in a statement that was reported nationally on 21st June, said that Labor did not have a primary industry programme that gave a comprehensive and integrated approach. "What we have," he said, "is a

loose patchwork of totally unrelated propositions." When Dr Patterson returned from China, where he was at that time if I remember correctly, he was asked in an interview for *This Day Tonight* about that statement, and what he said was: "I find the statement incredible. It is also untrue. It shows, in fact, the colossal ignorance of a person who should know better." At the Launceston conference Mr Hurford and Mr Hayden moved amendments to the committee's report, and they were accepted. Asked to comment on the amendments, Dr Patterson said—

The Hon. L. D. SERISIER: What were the amendments?

The Hon. L. A. SOLOMONS: I cannot tell the honourable member at this juncture. Dr Patterson said, "I find it hard to believe, except that perhaps very few members of the conference know anything about rural matters." The substance of Mr Hayden's criticisms was that rural industries must be self-supporting. He was reported in the press as saying, "We cannot just keep on pouring subsidies out willy-nilly like a madman in charge of a counterfeit press, whether they go to primary industry or secondary industry."

The Hon. L. D. SERISIER: Do you disagree with that proposition?

The Hon. L. A. SOLOMONS: Not as a proposition, except when it is carried forward as Dr Patterson did in the same interview on *This Day Tonight*. When asked to comment on the statement he said:

I find this a very dangerous statement. Mr Hayden has made it many times in Caucus . . . incorporating those words in an amendment which was passed means it is a very dangerous thing, because if this is followed by the Caucus, as it should be, it means we will have to vote against the Wheat Stabilization Bill, the Dairy Industry Bill and the Australian Wool Commission—all these are subsidized industries that cannot stand on their feet under this criteria.

I certainly do not agree that anything should be done with reference to those fields of activity. Asked why these proposals found favour with the conference, Dr Patterson said:

The thing is this: how many people at the conference were rural people who understood the technicalities of the rural industry? And

you know, of course it is a favourite thing in all parties—the Liberal party and even in my own party—to treat it as a bit of a joke; that the favourite thing is to have a go if you are in a city electorate, is to have a go at the rural fellows.

I repeat that I do not mention these matters in an attempt to score politically. I mention them only to show the difficult area in which any person operates, whether he be from my party or elsewhere, when he seeks to do something for the country people. I do not want it to be thought that what I am saying is intended to be an attack on the trading banks or the other rural finance institutions that have done so much for the development of the nation.

The Hon. C. A. F. CAHILL: The free enterprise banks, you mean?

The Hon. L. A. SOLOMONS: I mean the trading banks, the State banks and the Commonwealth Bank. From time to time there is talk about a moratorium on repayment of advances to the rural industry. I cannot imagine anything that would be more dangerous at this juncture than a blanket moratorium. It would only shut off credit of every type immediately. If it is said that there is no credit at the moment, that may be partly right. However, it is not completely right, for whatever else is said about the free enterprise banks, there has been little or no sign among them of the suggested plethora of court actions and foreclosures.

The Hon. L. D. SERISIER: If the bank did foreclose, they could not sell the properties.

The Hon. L. A. SOLOMONS: That may be so.

The Hon. L. D. SERISIER: It is cheaper to keep the farmer on the property than to pay a manager to run it.

The Hon. L. A. SOLOMONS: That may be a reason, and in other cases it may be possible to sell the properties concerned, but I am satisfied that there is a policy among the banks not to do that. Perhaps it might be a self-interested policy, but it is still their policy.

The Hon. W. C. PETERS: There was a moratorium in Mr Lang's day.

The Hon. L. A. SOLOMONS: There is a fortunate difference. In Mr Lang's day the whole of our community was sick. In these days there is an unwarrantably fat community in the cities and commercial section and an unwarrantably thin one in the country.

The Hon. W. C. PETERS: Have not many manufacturing firms gone to the wall? Does the honourable member imagine that they all thrive.

The Hon. L. A. SOLOMONS: Certainly not the same number. I was rather interested to hear a question asked earlier today by the Hon. T. R. Erskine about wool firms. I come from an area which perhaps is a little better off than most of the dry, purely pastoral areas. In recent times my experience has been that usually the wool firms' basic approach to finance is to find not long-term finance but only short-term finance for the purchase of stock on stock mortgages or crop liens, basically to be repaid from time to time out of the harvest or from the shearing immediately following the loan, or perhaps within two or three seasons. In most instances they have acted with the greatest compassion. It may well be that once again their reason is selfish, but the final result is that the combination of all these factors has meant that in virtually every sector precious little enforcing action has been taken against farmers, no matter how badly the farmers have been affected.

Indeed, as recently as Friday last I had a case concerning a particular farmer who is indebted to a wool firm in the sum of \$24,000 for stock, the current value of his stock on hand being about \$8,000. He had two existing mortgages on his property, and there was no way in which the indebtedness could be reduced. The proposition that the wool firm put to him enabled him to borrow further money to fatten some of the stock so as to increase the price that he would get for them. This would give him at least an increase in income and would in part reduce his indebtedness to the firm. Most of these institutions have acted in quite a responsible way.

I have prepared a number of tables and, though I do not propose to weary honourable members with them, I should like to quote, from each, one set of figures that may give some indication of current trends. The first deals with the estimated rural debt to specified lenders, that is, what debts there are, and what institutions are carrying them. According to the figures for 1970, the latest available to me, the major trading banks have a rural indebtedness of \$998,000,000; ex-service settlement, \$80,000,000; other government instrumentalities—apart from the Development Bank—\$364,000,000; pastoral finance companies, \$349,000,000; the Development Bank, \$176,000,000 and assurance societies \$128,000,000. These total \$2,095 million. It may be of interest to honourable members to learn that that figure has virtually doubled since 1960.

The Hon. C. A. F. CAHILL: That covers all types of property?

The Hon. L. A. SOLOMONS: I have some figures that may be of interest to honourable members who want a breakdown showing how they apply to various types of property. I have figures for the proportion of rural advances to their total advances, on which the 1971 figures are now available. Total rural advances in 1971 are \$987,700,000 and the proportion to total advances is 21.9 per cent. Since 1961 that figure has remained almost constant, the greatest variation being in July, 1968, when it rose to 25 per cent. Apart from that since 1961 there has not been a variation of more than 1 per cent. I shall make these tables available to honourable members.

The Hon. L. D. SERISIER: Do the tables indicate that the trading banks have moved substantially into short-term finance?

The Hon. L. A. SOLOMONS: No, they do not, as a matter of fact. They indicate that the percentage of rural advances to total advances has remained almost exactly the same over the past ten years.

The Hon. L. D. SERISIER: Has the honourable member figures over the past twenty years?

The Hon. L. A. SOLOMONS: From 1948 to 1950 there was a substantial decline, but there is a surprising regularity. In 1948, the proportion was 26.9 per cent; in 1950, 24.2 per cent; in June, 1951, 21.4 per cent; and in December, 1951, 18.5 per cent. That was the year of the great wool boom. In 1952 the proportion was 21.1 per cent. In 1956 the proportion was 23.7 and in 1959, 23.7; in 1960, 21.4 per cent and in 1971, 21.9 per cent. Members will see that there has not been a tremendous variation.

It is rather interesting to see how the advances are structured. I have in the third table a breakdown of the way in which the loans are made up. In January, 1971, the total indebtedness was \$764,900,000 on overdraft; \$130,000,000 on term loans and \$83,000,000 on farm development loans.

The Hon. L. D. SERISIER: What proportion is it for term loans?

The Hon. L. A. SOLOMONS: It is \$23,300,000 on \$978,700,000. This may be one of the weaknesses. Members know the problem with overdraft finance is that the bank client is likely to get a letter from his bank manager to present himself on the next Tuesday, when he is met with a demand to reduce his overdraft. I have tables on the classification of rural advances, overdraft limits and the use of those limits, and new and increased lending commitments to rural industry and a number of other figures. One that may interest the Hon. C. A. F. Cahill is that at December, 1965, the percentage of lending on overdraft was worked out in this way: mainly sheep, \$151,700,000; mainly wheat, \$14,000,000; mainly dairying and pig raising, \$22,700,000; and others, \$35,500,000. In January, 1971, the sheep percentage is nearly double, at \$234,600,000. In respect of wheat the figure is \$39,900,000; for dairying and pig-raising, \$27,000,000, and for other primary purposes, \$88,800,000, bringing the total to \$390,300,000.

It is obvious from the facts that our existing banking system cannot provide the type of finance that is necessary to meet the crisis that has emerged in the rural industry. The research department of the

trading banks has expressed an opinion in which I am sure members will be interested. They say in their submission:

A bank established to hold rural debt would not add to the availability of credit to rural producers.

I would comment—unless the bank had available to it some source of finance that is not now available to it. They go on:

Any substitution for existing rural finance outstanding by such a bank could lead to offsetting official restrictions on existing banks' lending. A continuation of the present tight monetary policy could well result in calls to statutory reserve deposits and consequent restraints on bank lending. This would seriously affect banks' capacity to lend to viable rural producers who rely on seasonal carry-on finance, and who would not normally expect to borrow from a mortgage bank type of institution. The consequential disturbance of existing banker-rural producer relationship would certainly work to the detriment of the rural community.

Banks are continually experiencing tight liquidity positions. The extension of terms of loans and repayment holidays allowed to many farmers has meant that the usual flow of repayments to banks has declined. This has contributed to the tight liquidity of banks, and over a time must affect the total level of new lending to the rural borrower.

Towards the end of my speech I shall return to that suggestion. That this problem is appreciated by the federal Government will perhaps be more cogently demonstrated than by anything I might say, in a document that I suggest all members, irrespective of political persuasion, should read. I am referring to the report on debt reconstruction and farm adjustment by the Bureau of Agricultural Economics, which was tabled in the federal Parliament in February this year. Should any member want a copy of this report I shall make sure that one is made available to him.

The Hon. L. D. SERISIER: It is a frightening report.

The Hon. L. A. SOLOMONS: I agree that it is a terrifying report. Carefully it analyses the problems of the rural industry and how they have arisen. Though I intend to make short references only to the report, I strongly recommend that members read it for themselves, for it contains a measure of wisdom. The compilation of this report

reflects the tremendous ability of the Bureau of Agricultural Economics and the associated faculties of the Australian National University.

The Hon. A. A. ALAM: Does not world parity affect Australia's economic position?

The Hon. L. A. SOLOMONS: Indeed it does, and I should have mentioned it. A number of associated short-term and long-term economic factors are involved. I have been mentioning what I regard as the glaring ones, but there are others, which have been established recently. On Tuesday morning last week I went out on a limb, as it were, when I made a statement to the *Northern Daily Leader* that had only a moderate effect on the press. I suggested that the problems confronting the Wool Commission in not being able to dispose of good quality wool for the first time may be attributed to a counter attack by the international wool buyers in an effort to break that institution. It seemed to me the only reason that one could ascribe for the fact that a commodity that has always had a ready sale was suddenly no longer saleable. I was suspicious enough to suspect the worst.

The Hon. L. D. SERISIER: It has been more than a saleable commodity; wool has been an exchange commodity.

The Hon. L. A. SOLOMONS: That is so, and that is another problem. Members will realize how relieved I was when on Tuesday this week a Sydney broadcasting organization rang me during the lunch hour to tell me that it had been stated at Osaka that the Japanese wool interests had decided to withdraw from the market to determine what they should do.

The Hon. A. A. ALAM: The Japanese have reduced world currency parity.

The Hon. L. A. SOLOMONS: That is so, and that is why I regard the honourable member's earlier interjection as quite apt. The next point of interest is the counter attack from the United States of America. One needs to understand the climate in which the Americans have worked. By a process of almost unbelievable generosity the United States of America gave birth to

a Frankenstein monster that now seeks to strangle it. One can imagine the bewilderment of the sometimes unbelievably naive American administration that now finds itself in a position of having to strike back. Any weakness in currency automatically reacts against the weaker trading nations. Though Australia's balance of payments is probably stronger than ever in its history, due to its traditional role in the wool industry it is one of the weaker trading nations and it is one of the reasons why I have repeatedly found myself in complete agreement with Dr Rex Patterson, that until a proper statutory wool acquisition scheme is introduced, the true value of wool will never be known. I am on record as saying this, and I do not care who knows it. I am not interested in brands of politics on this issue. Anybody who favours this principle has my support.

The Hon. L. D. SERISIER: Has the honourable member the wool-broking firms in mind in proposing a statutory wool acquisition scheme?

The Hon. L. A. SOLOMONS: I cannot see how with the traditional methods of handling wool it would be possible to cope with the volume of work that is involved without the help of these firms. Traditionally only they could do the collating, handling, grouping, preparation and the volumetric organization of wool. In addition they have brought to the industry their skill and their capital assets. What the long-term position of the wool firms will be is a matter for conjecture.

The Hon. T. P. GLEESON: Those firms made a great contribution during the second world war.

The Hon. L. A. SOLOMONS: They made a tremendous contribution, but to prophesy their long-term place would require a man of greater ability and knowledge than I have. My view is that no wool acquisition scheme can function effectively unless it is implemented by people who have the ability and the experience to do it.

The Hon. A. A. ALAM: What it boils down to is that the only solution is total acquisition of the wool clip by the Commonwealth Government until the industry is rehabilitated.

The Hon. L. A. SOLOMONS: I agree with the honourable member entirely. I shall weary members with only one more set of figures compiled by the Bureau of Agricultural Economics. That body took a base average for five years' income between the financial years 1957-58 and 1961-62, which was a period of great commercial viability throughout rural areas. This base average was used to give a factor of 100.

The figures are shown for the pastoral zone, the wheat-sheep zone, and the high rainfall zone, which are a rough division of the three agricultural areas of Australia. The bureau has worked out the return to producers in those zones on the average basis that has a factor of 100. These figures are very interesting. In 1962-63 the pastoral zone factor was 150; the wheat-sheep zone, 147; and the high rainfall zone, 142. In 1963-64 the figures were, respectively, 221, 188 and 216. In 1969-70 the figure for the pastoral zone had dropped to 34. In other words, the income was less than one-third of the average between 1957 and 1962. In the wheat-sheep zone the figure for income had fallen to 0.8, and the figure in the high rainfall zone was 141.

It is not unknown to honourable members on both sides that the real problem exists in the dry pastoral zones and that in some areas, particularly in the far west of New South Wales, the situation is almost as bad as in the continuously drought-affected areas of Queensland. The Hon. L. P. Connellan will have something to say about the far west during this debate. The conditions in those areas are at disaster level, the like of which I do not believe has been known in this State since the days of the great depression. In view of this disaster level, we cannot wait for the Commonwealth Government to make up its mind on whether it can formulate its rural insurance scheme, for if that takes long it will be too late to help anyone in these areas—indeed, it is almost too late now.

The Hon. L. D. SERISIER: We should be doing things in this State.

The Hon. L. A. SOLOMONS: In this State I believe we have done probably as much as is humanly possible. Whether we like it or not, we must acknowledge that our financial resources are strained. Some of the reasons for this have been outlined by other honourable members, especially by the Hon. N. K. Wran who in this Chamber only last night, when speaking on another measure, declared that, irrespective of political views, it is commonsense to take notice that, for one reason or another, the finances of this State have been strained to their utmost. For obvious reasons, this money must come from Commonwealth sources, and I believe that, given the appropriate political motivation, the Commonwealth has the money. Undoubtedly the problem is no greater than getting the message through to the Commonwealth that it has to make this money available to avert what can be a major national disaster.

The scheme of the report of the Bureau of Agricultural Economics was, first, to give a statement of the problem and then, later, to give suggested methods by which it could be ameliorated. I had hoped to discuss at length some of the matters mentioned by the bureau in its statement of the problem, but I believe that honourable members, who can read as well as I can, if not better, can refer to these matters in the report. I hope that my comments this evening, if they do nothing else, will activate members to refer to this report, for I believe that any man who reads it must finish with a deepened and burning awareness of the needs and the remedies.

The Hon. L. D. SERISIER: What does the honourable member think should be done about farmers who the report says are beyond help?

The Hon. L. A. SOLOMONS: I am about to come to that. After describing the nature of the debt problem and the way in which it affects agriculture in general, the report goes on to discuss the subject. Undoubtedly agriculture in general is affected, for if there is no other effect, there is a

tailing-off of interest in investment in agriculture and the ability of agriculture to attract mortgage-type investors from private and public services. This reflects itself back through the whole agricultural community, so far as the availability of money for improvements in carrying—on purposes is concerned.

The Hon. C. A. F. CAHILL: In regard to special financial aid procedures, the honourable member has in mind only the sheep and wheat farmers?

The Hon. L. A. SOLOMONS: Indeed no. If time had allowed, I would have spoken at some length on the problems of agriculture generally, but I am mindful of the fact that time is limited and other honourable members wish to speak. Therefore, I shall have to generalize to a considerable extent. The position is clearly set out on page 15 of the bureau's report, under the heading of "The problems of agriculture generally". This outlines the position in a number of spheres of activity. In a cogent speech yesterday the Hon. L. D. Serisier mentioned that the horticultural industry has its problems. Also, one could refer to the needs of the fishing industry, the dairy industry, the sugar industry, the dried fruits industry, and the various associated irrigation industries. But in any case, at this juncture, the needs in all those areas are not so great as the needs in the dry pastoral areas, in the sheep industry and in the marginal sheep-wheat country where, because of two substantial factors, the people have suddenly been reduced to penury.

The income of these people is quite insufficient to service the debt structure, which was entered into in good faith and in an economic climate which, had it continued, would have allowed them to service the debt structure. Five years ago these people, using what then would have been the soundest economic judgment, could not have foreseen the present trouble, which they cannot possibly control. I dedicate these remarks basically to those people. The hub of the whole business can be found in the article entitled, "Longer term credit", commencing on page 30 of the bureau's report.

The bureau says that if an existing viable farmer is to continue to be viable, he must be able, in the current cost squeeze, to increase his production without a great increase in costs. Almost invariably this means that he must have more land, and has to be able to build up. I suggest that this can be done in three ways: either from his own resources, from the resources that might be available to him from traditional financial sources, or by direct government intervention in his affairs. It is perfectly clear that, having regard to the years of drought and the present restricted income ability of the farmer, there is no way in which he will be able, except by the most remarkable circumstances, to do it from his own resources. I do not believe that the ordinary banking system or the ordinary finance house, even using the traditional method of operation, has the scope to do it.

Basically, whether governments like it or not, they are going to be forced to find the amounts of money necessary to provide the long-term, low-interest type of finance that is necessary. There are plenty of precedents all over the world for doing this. A most interesting series of articles appears in annexure J of the report of the Bureau of Agricultural Economics. It deals with what happened in Canada and Great Britain as well as with what has happened in the United States of America under the Farmers' Home Administration scheme. In these places the solution was found a long time before it was discovered here. There are good precedents upon which we can act. They all raise one caveat, and during this debate I shall be interested to hear the views of honourable members on both sides of the House about this matter. People in all these countries have expressed some doubt about what we have felt is a basic question—that interest should necessarily be low. They all make it perfectly clear that in the first place the important thing is not low interest but long term. Perhaps a short reading from that publication will indicate the way the position is viewed in those places.

The Hon. C. A. F. CAHILL: It would have to be low interest. It is hard enough to service debts now.

The Hon. L. A. SOLOMONS: The article reads, in part:

Requests for long term low interest loans are, of course, common and such a request is included in the approach to the Commonwealth by the South Australian Government. As the example given earlier indicated, the length of time over which loan repayments are spread is very much more important in the servicing of debt than is the interest rate. An unsubsidized interest rate does not have a significant effect on costs—apart from the fact that a 1 per cent reduction in interest rates across the whole rural sector would amount only to \$20,000,000 per annum, interest on land purchase would itself have no influence whatsoever on production costs. Moreover, low interest rates associated with long repayment periods would make the servicing of debt so inexpensive as to lead to its uneconomic use; it would be likely, for example, to push up land values.

One can see the common sense in that. Low interest over a long term type of finance would be so attractive that it is possible that people would purchase land merely for the sake of purchasing it. Apparently this has been the experience overseas. In Great Britain where the purchase term is sixty years, the rate of interest is $10\frac{1}{4}$ per cent, which is something like double the bank rate. If I remember correctly, in Canada the interest rate is $9\frac{3}{4}$ per cent. These countries have found that the interest rate must balance against the long term. The longer the term the less significant the amount of interest, which is then a balance to ensure that proper use is made of the investment. In this way one does not get—for want of a better term—stagnation in land purchases.

Having got to this situation, the Bureau of Agricultural Economics makes it clear that it believes that long-term finance has to be made available to these people if they are to exist. It believes also that the provision of such long-term finance must invariably be the province of governments. This report came out some time after the concept by the former Prime Minister of a rural insurance scheme and suggests this as being one way in which a great deal of private money could be attracted into the rural sector. With this I am in complete agreement.

The Hon. L. D. SERISIER: There has been such a decline in value of the securities offered that they would not be able to support the loans.

The Hon. L. A. SOLOMONS: That is right. This gives rise, of course, to the great difficulty in a scheme of this nature in determining what the criteria are and how values are to be determined for the purpose of assessing security value. It may be that a government scheme so operated can ignore the security value to a great extent. Perhaps this would be not just an incidental but indeed a requisite before the whole scheme could be made to operate. Getting back to the only scheme I can offer to honourable members, I believe that there is great merit in what the Trading Banks Association said, which was:

If additional funds are needed the existing banking structure could be utilized by the Government to lend Government moneys to commercially viable producers. One way this could be done would be for the Government to channel funds especially allocated for that purpose to the farm development loan fund.

The Hon. A. A. ALAM: The banks have the machinery to do that.

The Hon. L. A. SOLOMONS: Yes, and the expertise.

The Hon. A. A. ALAM: Unfortunately, the banks do not have the money.

The Hon. L. A. SOLOMONS: That is so. The time has come when it must be found. The purpose of this motion is to intimate that this House believes that the money has got to be found and the place for it to be found is from that keeper of money in our community—the Commonwealth Government. The final matter to which I should like to refer is the devastating problem of those who, according to the Bureau of Agricultural Economics, are even in this day and age outside the ambit of any assistance whatever. What is to happen to those people, most of whom have had a lifetime of association with the land?

I do not know whether any honourable members saw the Australian Broadcasting Commission television programme "Big Country" in the last week of the recent recess but I should like to refer to it. The

programme dealt with the plight of an unfortunate family in the Bourke area. This man had been used to being able to go about his business and enjoy an ordinary standard of living. He lived 80 miles out of town and had a small house in Bourke. It was not a palace and viewers saw this house. This man sent his children to a small Roman Catholic school in Bourke. He managed to keep his children free from want: he owed nobody any money. He had managed to live in the way a man ought to be able to live in a community as wealthy as ours. I found this television programme to be the most moving I have ever experienced in the years I have been looking at this insidious medium. It showed, through the eyes of the wife, how this man's morale had deteriorated to the stage where he no longer went to church with her as he could see no hope for himself and his family. One could see the deep hurt in this unfortunate woman, not so much for herself but for the man whom she loved and who had had the whole of his substance ruined by factors beyond his control.

The Hon. A. A. ALAM: He was demoralized.

The Hon. L. A. SOLOMONS: That is as good a word as could be used to describe this unfortunate fellow. That is precisely the way he was depicted in this programme. Wherever we look in the rural sectors of our community we find hundreds of cases similar to this. In fact, I know of hundreds of such cases. The Commonwealth Government has suggested a gift of \$1,000 to these people to allow them to get off their property. That offer is peanuts.

The Hon. L. P. CONNELLAN: It is a loan, not a gift.

The Hon. L. A. SOLOMONS: Quite so. It is a loan. It will not help these people to be retrained. It will not even compensate them for the cost of moving their possessions and setting up somewhere else.

The Hon. J. J. MALONEY: Retrained as what?

The Hon. L. A. SOLOMONS: We do not know and that is one of the major problems. Presumably the only openings will

be as labourers, to compete with the already overburdened labour market in the cities. What a tragedy this is, but it has been forgotten in the great cities where the political power really is. Let us face it—the political power is in the cities.

The Hon. J. A. WEIR: You have the political power.

The Hon. L. A. SOLOMONS: I wish I did have it.

The Hon. J. A. WEIR: The Government could not exist without the Country Party's support and the honourable gentleman is well aware of that.

The Hon. L. A. SOLOMONS: We have been accused of a few things and we have had our own way a few times. However, this situation requires not so much a political solution but rather a change in the concept of people of all political persuasion.

The Hon. J. A. WEIR: You have the power, and we are with you on this.

The Hon. L. A. SOLOMONS: The Deputy Prime Minister said that such an arrangement has his wholehearted support. I shall see that he remembers that statement. Let me return to the question that the Hon. L. D. Serisier properly raised: what do we do for the people for whom there is no hope? This agency, whatever it be, has a specific case to handle for these people. It must be able to estimate their needs so as to make advances over such a long term that they will be able to do one of three things. First, they may be able to wait on their property with some degree of dignity, carrying on their ordinary way of life and educating their children, until the agricultural upswing, which the Bureau of Agricultural Economics confidently predicts, cures the situation. I sincerely hope that this happens, to the benefit of this country.

The Hon. L. D. SERISIER: According to the Bureau of Agricultural Economics, it will not happen for those people.

The Hon. L. A. SOLOMONS: Probably not, it says. If it does not happen, the second course is open. Those people must be able to remain on their property long enough

for the upsurge in economic activity to bring back the viability of the land so that they can sell their asset and get off the property with at least part of their equity. If that does not happen there remains the third course. A neighbour or some other interested buyer with enough money to purchase their land may do so, enabling them to get out with sufficient money to make a new start.

The Hon. AMELIA RYGATE: But the land must not be given away.

The Hon. L. A. SOLOMONS: That is right. The moment one starts to give land away, one destroys the fabric of commercial confidence in the value of land, and in turn the equity that is necessary to retain the capital structure of persons in the industry.

The Hon. L. D. SERISIER: Does the honourable member think that the high price of land has been one of the factors contributing to the problems?

The Hon. L. A. SOLOMONS: Clearly, it has been, but only to the extent that persons acquiring particular pieces of land may send prices up. A neighbour seeking to buy a certain paddock or a father wanting to buy some land for his son may pay more than he would ordinarily pay, thus forcing up the price of land. He may do so with good seasons behind him, but the new owner may well find that he has committed economic suicide. It is said that the so-called Pitt Street farmer takes advantage of tax concessions to primary producers as a means of lessening the impact of his tax responsibilities in the city. However, I counsel one word of caution against being over-critical of him. The recent economic disaster in the rural industries would be much worse without his capital.

The Hon. C. A. F. CAHILL: They can look after themselves.

The Hon. L. A. SOLOMONS: Yes, but it should not be overlooked that they have brought a great deal of capital into country

areas. The position in some parts of the State, including the high rainfall areas around Walcha, would be disastrous without their investment. I agree with the Hon. L. D. Serisier that the problem is a grave one, but we must not be one-sided about it. There is another side to the story. There is no doubt that some people, and even some communities, have been saved by the Pitt Street farmers' investment in rural ventures, though their motives have been the lessening of taxation liabilities and better organization of their affairs.

The Hon. A. A. ALAM: Wherever money flows, it brings good.

The Hon. L. A. SOLOMONS: That is so. An inflow of money is necessary. I thank honourable members for listening patiently to me. It was not my intention to speak for so long but if I have been able to interest the House in the desperate plight existing in a large number of rural communities, my time has been well spent. If I have been able to draw attention not to the thoughts of Chairman Mao but to the thoughts in the report of the Bureau of Agricultural Economics on debt reconstruction and farm adjustment, which speaks far more eloquently and logically than I can, my remarks have been worthwhile.

The Hon. A. A. ALAM: The United States of America has the strongest currency in the world but the current financial situation in America is proof that it is impossible to take more out of a bucket than is put in.

The Hon. L. A. SOLOMONS: That is true. The Americans for various reasons have suddenly found that by their own acts they have eroded the strongest economy in the world. It still is the strongest economy but much of its merchantability has been eroded.

The Hon. A. A. ALAM: America has found that it has reached the bottom of the well.

The Hon. L. A. SOLOMONS: Every well has a bottom. It is much in the interests of all Australians, whether they live in the

cities, the town or the villages, to give this matter some thought. Unfortunately, it is the city people who will take the most convincing. They are the ones who are most affected by the articles that we read in the newspapers. Funnily enough, many city people believe that they are paying out of their own pockets the tremendous debt that has to be paid. Unfortunately, some city people still think that eggs come from a carton, milk from a bottle and bread out of a baker's cart.

The Hon. A. A. ALAM: Only the farmer and the worker cannot pass anything on. Their interests are identical.

The Hon. L. A. SOLOMONS: Yes, but with this difference: the worker has the right of going to the arbitration court and has been surprisingly successful. Had there been a court for farmers as effective as the arbitration court has been for workers, I should have had no need to speak here tonight.

Debate adjourned, on motion by the Hon. H. J. McPherson.

SPECIAL ADJOURNMENT

Motion (by the Hon. J. B. M. Fuller) agreed to:

That this House, at its rising today, do adjourn until Tuesday next.

ADJOURNMENT

BUSINESS OF THE HOUSE

The Hon. J. B. M. FULLER (Minister for Decentralisation and Development and Vice-President of the Executive Council) [6.19]: I move:

That this House do now adjourn.

I hope that before the House rises next Tuesday we shall conclude the debate on the Pay-roll Tax Bill. This may necessitate sitting after dinner.

Motion agreed to.

House adjourned at 6.20 p.m.

Legislative Assembly

Thursday, 16 September, 1971

Legislative Council: Election of Member (Ballot)—Printed Questions and Answers—State Superannuation Board—Questions without Notice—Revenue and Loan Funds (Urgency)—Dentists (Amendment) Bill (third reading)—Crown Lands and Other Acts (Amendment) Bill (third reading)—Personal Explanation (Legislative Council: Election of Member)—Supply Bill (second reading)—Bills Returned—Adjournment (Campbelltown Development).

Mr SPEAKER (THE HON. SIR KEVIN ELLIS) took the chair at 10.55 a.m.

Mr SPEAKER offered the Prayer.

LEGISLATIVE COUNCIL: ELECTION OF MEMBER

BALLOT

By direction of Mr Speaker the ballot-box was exhibited by the Clerk and then locked.

Mr SPEAKER: Order! For the guidance of honourable members I desire to draw the attention of the House to the rules for regulating the conduct of proceedings at an election of a member of the Legislative Council, and in particular to the rules that when called by the Speaker, an honourable member shall come forward to the table and obtain his ballot-paper from the Clerk and shall forthwith retire alone to one of the unoccupied voting compartments and mark his vote on the ballot-paper in private. The members shall then fold the ballot-paper so as to conceal the names of the candidates and show the signature of the Clerk. The member shall exhibit the ballot-paper so folded to the Clerk and deposit it in the ballot-box. If a member, before his ballot-paper is deposited in the ballot-box, satisfies the Clerk that his ballot-paper has been spoilt by mistake or accident, and surrenders the spoilt ballot-paper to the Clerk, the Clerk shall deliver another ballot-paper to such member. I now declare the ballot open.

Mr STEPHENS: In view of my impediment I desire the assistance of the honourable member for Temora in voting.