

Legislative Council

Tuesday, 16 November, 1976

Assent to Bills—Questions without Notice—Appropriation Bill (second reading)—Energy Authority Bill (Message), (Corn.)—Appropriation Bill (second reading—resumption)—Energy Authority Bill (Message)—Adjournment (Business of the House).

The President took the chair at 4.28 p.m.

The Prayer was read.

ASSENT TO BILLS

Royal assent to the following bills reported:

Friendly Societies (Amendment) Bill
Prices Regulation (Amendment) Bill
Public Works and Other Acts (Interest Rates) Amendment Bill
Restraints of Trade Bill

QUESTIONS WITHOUT NOTICE

REGIONAL PLAN FOR SOUTHEAST NEW SOUTH WALES

The Hon. Sir JOHN FULLER: Is the Vice-President of the Executive Council and Minister for Planning and Environment aware that at a meeting on 1st March, between Commonwealth and State Ministers it was agreed that a regional plan for southeast New South Wales which would include a strategy for the area under the influence of growth in the Australian Capital Territory should be prepared as a matter of urgency? Has the plan due by 1st September been prepared? Is the Minister aware that it was agreed the plan should be on public exhibition for a minimum of two months to allow consideration of objections prior to consideration by both governments by 1st February? As public exhibition is now almost due, will the Minister advise the House of the locations and time for the exhibition of the plan?

The Hon. D. P. LANDA: I am familiar with the facts outlined in the question by the Leader of the Opposition. The preparation and display of the plan for southeast New South Wales is proceeding as close as possible to schedule. It was put out of schedule in a small way by the inability of the federal Minister to meet the State Minister at an earlier date. That meeting, which I as the responsible Minister in New South Wales attended, has taken place. A programme for public display for the purpose of involving the public has been agreed upon and is being arranged. I do not have at hand the exact details but I shall undertake to obtain them and provide the Leader of the Opposition and the House with a more detailed answer at a later stage.

SMOKING ON PUBLIC TRANSPORT

The Hon. W. L. LANGE: Is the Vice-President of the Executive Council and Minister for Planning and Environment aware that yesterday the Victorian Government placed a total ban on **smoking** in all Melbourne public trains, trams and buses? Is he further aware that the ban was well received by the public, including smokers? Will the Minister consider placing similar restrictions on **smoking** in Sydney's public trains and buses?

The Hon. D. P. LANDA: I **am** aware of the Victorian Government's decision, which is the third State to take a decision along these **lines**, South Australia and Western Australia **being** the other two. **As** a non-smoker I would personally welcome a similar decision in New South Wales. I have had the experience, as I am sure both smokers and non-smokers have had from **time** to time, of the discomfort caused by people **smoking** in confined places. The New South Wales Government is concerned with the problem, especially as it encountered in single-deck buses or trains where the polluted atmosphere does not seem to respect **the** lines drawn. The Minister for Transport and Minister for Highways has decided on a programme of making available to commuters a questionnaire to seek their **opinion** on the banning by the Government of smoking in trains, buses and ferries. When the result of that questionnaire is received from the public, who will be involved in the actual decision, the Government will proceed to make a decision, weighing up the rights of those who wish to have clean unpolluted air when they are travelling and the rights of those who wish to placate their more immediate cravings.

The Hon. R. A. A. F. de **Bryon-Faes**: Just like you did with Reef Beach.

The Hon. D. P. LANDA: The honourable member is revealing a side of his interests that he has kept quiescent for many years. However, hope springs eternal in the old as well as the young. The Government will obtain public involvement in its decision, which will be made shortly after the results of the questionnaire are known.

MR AUSTIN HOLMES

The Hon. D. D. FREEMAN: Is the Vice-President of the Executive Council and Minister for Planning and Environment aware that on 12th April the Premier stated, "We will legislate to protect the citizens' fundamental and inalienable right to privacy"? Can the Minister give any possible explanation for the unprecedented and **totally** unethical disclosure by one of his fellow Ministers of the personal medical history of a man for the purpose of discrediting him publicly?

The Hon. D. P. LANDA: I am familiar with the statement by the Premier. If the honourable member had been following the course of this matter over the past few days, he would have been aware that today the Minister in another place, to whom the honourable member referred, made a statement which clarifies and finalizes the matter of Mr Holmes's right to privacy. With the leave of the House and in the interests of both Mr Holmes and the Minister for Decentralisation and Development and Minister for Primary Industries, I bring to the attention of the House the following statement made today in another place by the Minister:

I wish **to** give a supplementary answer to three questions asked of me in the House recently. All of them concerned a proposal outlined by a Mr Austin Holmes to recondition old **motor** cars. I believe that some aspects of my reply have been given an inordinate amount of publicity and that **the** more important **aspects** have been overshadowed.

I stated in the House that I believed Mr Holmes's proposition was in the realm of turning lead into gold or getting milk out of plastic cows. Nothing that has happened since I made those statements has convinced me that these are not the facts and as a responsible Minister of the Crown, I believe I have a duty to tell the public that this is what I believe. However, much emphasis has also been put upon a statement I made in regard to Mr Holmes's health. The information I gave to the House in that regard was given voluntarily to the Government by Mr Holmes himself and when I related it to the House I believed it to be correct. It is now claimed by Mr Holmes that that information is incorrect.

I regret now that I gave that information to the House. I believe that further argument or debate in this place about the correctness or otherwise of that information can only be more damaging to Mr Holmes than any other person, including myself. For that reason, I am prepared to apologize if he disputes the statement I made here and I would hope that all honourable members would agree that it is better to confine any debate in this House to the realities of Mr Holmes's proposal and not to an argument about whether or not I made an error in quoting information about Mr Holmes's health. At the same time I wish to re-emphasize that at no time have I sought any information about Mr Holmes's health, other than that volunteered by Mr Holmes.

That statement by the Minister for Decentralisation and Development and Minister for Primary Industries should clarify the matter raised by the Hon. D. D. Freeman.

REAL ESTATE VALUERS REGISTRATION BOARD

The Hon. D. P. LANDA: On 2nd November the Hon. W. L. Lange asked me a question concerning the Real Estate Valuers Registration Act and I undertook to obtain further information for him. I have now received the following information from the Minister for Lands:

The Real Estate Valuers' Registration Board was formally constituted by the Governor on 26th March, 1976, and comprises the Valuer General as Chairman and four members, three of whom represent the professional bodies. The fourth member of the Board is a Solicitor. No changes have been made in the constitution of the Board and none is contemplated.

The inaugural meeting of the Board was held on 16th June, 1976, and I have been advised that thereat consideration was given to the manner in which persons interested in the outcome of the Valuers' Registration Act could be made aware of its implication. As a result of these discussions a statement was prepared and forwarded to the respective Presidents of Institutes and Associations of Real Estate Valuers in New South Wales with an invitation to reproduce it for the benefit of their members. It was further decided to commence registration as from 1st January, 1977; for which purpose public notice in the media will be given outlining the procedures to be followed by applicants. The Board also decided to seek the advice of the Crown Solicitor on the meaning of the term "Real Estate Valuer".

The Crown Solicitor advised the Board that the Act applies to any person who, either for fee or in the discharge of his duties as an employee:

- (i) values land (land includes buildings erected thereon);
- (ii) makes an estimate of value of a building, part of a building (incomplete) and/or land on which such building may be erected.

As well he concluded that the Act may not "apply to a person who may not practise anything if what he does is done in a few isolated occasions only". He further advised that the Act may not apply to a person who makes an estimate of the likely cost or value of something not in existence, such as a building to be constructed from plans and specifications.

The consequences of the foregoing are that many persons not engaged in "normal" real estate valuing activity may fall in breach of the Act if they venture opinions on the value of land whilst not a registered real estate valuer. In this event some persons may not be able to continue their usual occupations without committing an offence under the Act. Classes of persons to whom these consequences could apply include:

- (i) Real estate agents and real estate salesmen;
- (ii) Loss assessors in the insurance industry;
- (iii) Persons making assessments of value of work completed for the purpose of progress payments.

This predicament could arise whether or not their advice attracted a fee and whether or not the advice was given for the sole use of their employer.

It should be noted that the penal provisions of the Act have not yet been proclaimed and will not be invoked until a reasonable time has elapsed during which those wishing to do so may seek registration.

I have been advised that the Board proposes to recommend to me that amendments be made to the Act in relation to the definition of "real estate valuer". Such recommendations will emphasise receipt of a fee or reward for a valuation as the criteria to identify when a person is engaged in valuing activities. Thus an employee, not being a registered real estate valuer and making a valuation for which his principal does not recover any fee or reward, would not be in breach of the Act.

Allied with this amendment, the Board proposes a further amendment designed to specifically preclude from the operation of the Act the normal professional activities of architects, surveyors, engineers and quantity surveyors. In this regard it is to be noted that similar provisions exist in similar legislation enacted by other State Governments.

The educational and practice standards are still being examined by the Board.

When the draft regulations and any proposed amendment of the Act are placed before me they will be critically examined to ensure that no person is unfairly prejudiced.

APPROPRIATION BILL

Second Reading

Debate resumed (from 10th November, vide page 2650) on motion by **the** Hon. D. P. Landa:

That this bill be now read a second time.

The Hon. H. J. McPHERSON [4.40]: In entering into this debate on the Budget of the State of New South Wales, at the outset I join other honourable members in offering my congratulations to all new members who have made their maiden speeches. From the speeches that we have heard in the past few days I am certain that all honourable members will look forward to more speeches from them in future. I congratulate the New South Wales Government and the Treasurer, the Hon. J. B. Renshaw, on the Budget. The Government has shown commendable regard for the welfare of the people of New South Wales in its submission of this Budget for consideration by the Parliament.

This is a time of economic difficulty not only in this State but throughout the nation and in many countries of the western world. It is difficult indeed for any government to make its funds go far enough to meet the needs of the people, and in all the circumstances I believe that this Government has done exceedingly well in its Budget. It has three objectives. The first is to co-operate with the Australian Government in an attempt to fight inflation on a national basis. The second—and I think the most important—is to honour the pre-election promises of the Premier and other members of the Labor Party. The third is to encourage this State to continue its position of leadership and prominence among the States of the Commonwealth. It is only fair to say that all the programmes envisaged by the Premier in his policy speech, and those announced by His Excellency the Governor in his opening speech and foreshadowed in the Budget, cannot be achieved overnight. This is especially so in the light of severe cutbacks by the Australian Government in a number of fields. Although some of these proposals cannot be achieved overnight, honourable members on both side of the House will agree that a great deal has already been done to implement many of them.

It is unfortunate that the national Government has seen fit to cut back a number of allocations, including those for sporting and cultural activities, and even subsidies for the construction of homes for the aged and infirm. It is most regrettable that it has decided also to relegate repatriation patients to a lower standard of hospital care than that to which they are justifiably entitled. I am not denigrating the treatment that patients receive in standard ward hospital accommodation throughout the State. I am merely saying that the national Government's decision to remove a hospital privilege that repatriation patients had for many years is a retrograde step. Because of federal cutbacks, the State's resources have been strained further in many fields. In some fields it has been necessary for State resources to be redirected to offset some of the pressures that have built up.

I am certain that honourable members will agree that perhaps the biggest single obstacle to a well-balanced budget—a budget of plenty—is the State's railway indebtedness, which has been inherited by this Government from the previous administration. Until five or six years ago the State railways paid their way and, generally speaking, showed an operating profit. It is now forecast that they will have a deficit next financial year of some \$330 million. There are a number of reasons for this. Perhaps honourable members could give a variety of reasons. I am of opinion that the 20 per cent reduction in passenger fares is a step in the right direction. In past years, every increase in passenger fares, instead of increasing railway revenue, has driven people away from the railways. Surely big business throughout the nation—and indeed the world—has demonstrated that turnover is essential to economic viability. At least the 20 per cent reduction in fares must increase turnover and so increase the possibility of the railways getting back to an economically viable situation.

The question that I asked the leader of the House last week had a bearing on this matter. Despite the 20 per cent reduction in fares, there has already been an overall increase in revenue at some railway stations in the southern part of the State.

I hope that this early sign of success of the Government's changed policy on public transport, especially the railways, will be the forerunner of the State railways getting back on to their feet. With a little more effort and consideration for passengers and an attempt to carry more general goods, railway operations may well return to a situation of profitability.

Honourable members will realize how proud I am this afternoon to be debating in this Legislative Council of New South Wales the first budget presented for a number of years by a **Labor** government. Looking at it, I hope, in a completely unbiased manner politically, I feel sure that the budget this year is better than we have had for a number of years. However, I should like to deal with three matters that have come to my attention in the past couple of weeks. Though not related directly to this State's income and expenditure, or to the development of its resources, I believe them to be worthy of consideration by the House in a debate traditionally of such a wide-ranging nature as this.

In regard to the first of them, I know that I am putting my head into the lion's mouth when, in the presence of so many eminent lawyers, I seek to discuss what I call a default summons. Sections 22 and 24 of the Courts of Petty Sessions (Civil Claims) Act, 1970, provide that a claimant for a small debt may obtain what is known as a form 12 from the office of a clerk of petty sessions. He fills in the form and serves a summons on the person he claims owes him the money. If the person who is alleged to owe the money does not meet certain conditions within a prescribed time—it is either seven or ten days—a judgment issues against that defendant. In the case to which I invite attention a man claimed that a woman owed him money. We are not concerned for the purposes of this discussion with the amount, but let us suppose it was \$100 or \$120. The man in question went to the office of the clerk of petty sessions in Wagga Wagga and obtained a form 12. He took it away, filled it in, and returned it to the office of the clerk of petty sessions. Part of the form was in the nature of an affidavit that a summons had been served on the person alleged to owe the money.

I know the woman concerned. She is a new Australian and comes from an honourable family, but her knowledge of English is such, particularly when it comes to reading forms of the sort I am discussing here, that even if the summons had been served on her, she would not have understood it. One of my complaints is that form 12 does not cater for illiterate Australians or for persons who are literate but cannot read English, and certainly would not understand what such a form was all about. As a result of her lack of knowledge the woman took no action, and after the prescribed time a garnishee action judgment was issued against her. I emphasize, first and foremost, that the woman claims she did not receive the summons. Even if she had received it, she probably would not have understood it.

As it happened, she was employed by a New South Wales **Government** department and when the garnishee action judgment came through to the department one of the officers questioned her about it. It was ascertained at this stage that she claimed that she did not receive the summons, and even that if she had received it she would not have understood it. Because of the action of that departmental officer a stay of proceedings has been granted for the two reasons I have given and, in addition, because there is considerable doubt as to the validity of the amount claimed, and the nature of the statutory declaration by the claimant.

I believe that system should be changed. When a default summons is applied for, it should be served by an officer of the Crown. I know that the original scheme was changed to relieve police officers of some of the onerous work involved in serving summonses. I believe it has now been shown that it is **necessary** for a responsible

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person to serve summonses. If that had been done in this case, and the matter fully explained to the woman in question, there would have been no doubt that the defendant understood the requirements of the summons. Further, such responsible officer of the Crown should be able to obtain and produce proof that the summons was served.

Written proof of receipt and understanding of the summons should be available before judgment issues. If that had happened in this case, no garnishee order would have been made against this woman. I understand that it is likely that the case will be dropped. So far all the proceedings against this woman—and she has not been in a position to understand what has been happening—have been taken on the word of one person, without corroborative evidence or documentary proof of any sort. That is not justice.

The second matter I propose to raise certainly does come within the ambit of the Budget because it concerns finance for home building. Over the past few years I have been concerned at the increasing number of young people who have been seeking finance to build or buy a home—particularly to build a home—and, having sought finance from permanent building societies, have invariably been forced to seek bridging finance. At one time a person wishing to build a home with building society finance applied to the society for a loan, and as soon as he had been informed that approval for the loan had been granted, he proceeded to have his house built. I appreciate that before approval was given, it was necessary for tenders to be obtained. As soon as the building society approved a loan to a homebuilder construction was able to proceed and the building society paid for it.

In addition to inspections by local council officers, building society inspectors carried out inspections at certain stages of the construction and appropriate progress payments were made to the builder. Generally speaking, these inspections were made, first, at the stage when the bearers and joists were laid on the foundations but before the flooring was affixed. The second stage was when the roof timbers were in place but the roofing not affixed. The third stage was before the home was occupied. In many cases a fourth inspection was carried out after the home was occupied and it was fully completed.

I propose to mention two cases that I understand are not unique. From a reading of some country newspapers in a number of areas of the State, and from my own knowledge, the same situation exists over a fairly wide part of New South Wales. In the first case a licensed owner-builder was given approval to build a home. He went ahead and made his arrangements accordingly. He arranged for plans and specifications to be drawn up and then he proceeded to build his home. When the house had reached the stage where the roof timbers were in place—this used to be the stage when a second advance payment was made—he applied for a progress payment and was told that the money was not available; he was informed that he would have to obtain bridging finance, which he proceeded to do. Through the good graces of the local bank manager, who would not lose anything from the transaction, he was able to obtain bridging finance.

The result was that this home builder was faced with having to raise a temporary loan of some thousands of dollars until building society finance was made available to him. This man had been given an assurance by the building society that his application was successful and that the money was available at the time the job was to proceed. In fact \$22,000 worth of work had been done before the building inspector even looked at it. The inspector valued the dwelling as it stood at \$9,000. *So*, instead of getting an advance of about \$18,000 or \$20,000, which to that stage had been spent, he got only \$9,000. Naturally, all this time interest was accumulating

on the bridging finance. To add insult to injury, this man's first repayment on the building society loan was due a fortnight ago--and he has been advanced only \$9,000 of the \$22,000 spent on the work.

I acknowledge that building societies throughout the State do a terrific job for the homebuilding industry. Surely something must be wrong when applicants for building society finance have to seek bridging finance. This involves increased costs in respect of legal work in preparing additional mortgages—in fact increased costs all round—that are not allowed for when a building is planned. A person who obtains finance from a building society has to pay his own legal fees and those of the building society. This owner-builder has spent about \$23,000 or \$24,000 but has received only about \$9,000 from the building society. Moreover, he is a week or two weeks behind in his first loan repayment, and the building society virtually still owes him \$13,000.

The second case I propose to outline concerns another young chap who is not an owner-builder; he is a potential homeowner who applied to the same building society for finance to have a cottage constructed. Ultimately, his proposition was agreed to by the building society. At that stage he was informed, "Your loan has been approved; you can go ahead." A price had been obtained from a builder. The building—a brick veneer home—is now to the stage where the roof timbers are fixed. It is expected that this week bricklayers will complete the outside walls and the roof will be fixed.

Another potential homeowner applied to the same building society for finance to have a cottage erected. Ultimately his application was approved by the building society and he was told that he could proceed. Approximately ten days ago, the building contractor was seeking an advance on the work done and material already supplied. Two or three days ago the building society inspector inspected the place. I believe he spent a total of three minutes on the task and is probably now about to make a recommendation to the building society on how much money should be advanced. This potential homeowner has not yet had to arrange bridging finance but if the building society's payment does not come through this week he will have to approach a bank and raise approximately \$10,000 or \$11,000 in bridging finance. That, of course, will cost him a lot of extra money in the form of an interest charge. As well, it will cost him more in legal expenses, including those of the building society. To add to his problems, he was due for his first loan repayment to the building society a fortnight ago.

Often this method of lending money to people desirous of building their own homes involves them in taking a gamble on the economic viability of their occupation of a cottage for twenty-five to thirty years and of committing a large proportion of the salaries of both parties to the marriage. These are not isolated cases. This sort of thing is happening all too frequently to young couples in the part of the State with which I am directly concerned, namely, south from Forbes and west to Balranald. I am raising this matter here today in the knowledge that it will be drawn to the attention of the responsible Minister who, perhaps, will do something about it. I believe it is better to raise the matter in this way than to submit personal representations to the Minister.

The third and final matter that I should like to raise should interest all the Country Party members present. Certainly it should be of interest to all members who live in the country. Also, it should interest every member of this House who lives in the metropolitan area and is a purchaser of fruit or vegetables. I refer to the marketing of fruit and vegetables, generally speaking through the Sydney Fruit and Vegetable Market. I have definite evidence that both the producer and the purchaser of fruit and

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vegetables are the subject of a great rip-off by agents in these markets. Many producers, like the woman I mentioned in the summons matter, are new Australians. They are not fully conversant with our language and our laws. Because of things associated with their original background, they have a grave fear of reprisals should they object to some of the procedures that are taking place. Although it has been suggested to them that they seek the help of departmental officers, they are afraid to do this for fear that their complaints may backfire upon them.

Fruit and vegetables may arrive at the Sydney Fruit and Vegetable Market on a Monday. Perhaps in the early part of the day prices are fairly high and they remain so until stocks for the week arrive. If fruit is dearer on Monday and it becomes cheaper in the latter part of the week a number of agents spread the price variations over a period of two or three days and invariably make their returns to the producer based on the lowest price received during the week. Some agents are playing the market with the property of growers.

The Hon. W. L. Lange: Has the honourable member proof of that?

The Hon. H. J. McPHERSON: Yes. Let me give an instance of what occurred some time ago when a train load of fruit arrived. On it were eight trucks of bananas. One truck of bananas was shunted into the markets and the agent proceeded to sell from this one truck, the inference being that that was all the bananas that would be available. Naturally a high price was received for those bananas. Two or three hours afterwards when the other truck loads of bananas were brought in, of course, the price tumbled down to what should have been a reasonable market price for that day's trading. The agent concerned would have based his returns to the producer upon the lower price ruling later in the day.

There is proof, also, that a lot of agents add on large charges to the growers. Let me suggest a course of action with a view to remedying the situation in the interests of producer and consumer. The department should appoint inspectors who could travel with consignments from various areas of the State through to the markets, making detailed lists of where the goods are sold, by which agent and the name of the retailer at the end of the chain. Thus there would be a record of the price paid by the retailer at the markets to the wholesaler. Of course, the price paid by the retailer would not be the ultimate price to the community but my main concern at this stage is the amount paid to the producer.

Many New South Wales producers are going out of business while similar articles are being brought here from interstate. Recently in Wagga Wagga a Lane's produce merchant was selling animal drugs, veterinary supplies, and so on. For many years Wagga Wagga had the only salt-block manufacturing plant within a wide radius of the city. I think it was the only one in the southern part of the State. Ultimately the firm decided it was uneconomic to stay in business any longer. Then people of Wagga Wagga had to buy salt blocks manufactured 150 miles away in Victoria,

Before we came into the Chamber this afternoon the Leader of the Opposition mentioned a producer in the Windsor area who can obtain no more than about 1c each for his oranges. Because growing oranges is uneconomical he is pulling out the trees. Many oranges on sale in Sydney come all the way from South Australia. Of course, those grown by the Hon. T. R. Erskine come from the Murrumbidgee Irrigation Area.

The Hon. T. R. Erskine: They are good oranges.

The Hon. H. J. McPHERSON: There is always good and better. All honourable members appreciate that producers have insufficient margin above costs. If there is a rip-off at the Sydney markets by agents or anyone else, the producers and the

consumers throughout the State are entitled to have it drawn to the attention of the Parliament and to have something done about it. I am convinced that the Budget that the Government has introduced is the best one the State has had for years, and I commend it.

The Hon. C. J. CAHILL [5.22]: I join with other honourable members who have expressed their congratulations to the new members to the Chamber for their valuable and informative contributions to its debates. The Legislative Council is a unique Chamber in that it is not a haven for professional politicians. The House has members drawn from all avenues of public life whose balanced judgments can be of immense value to the people of New South Wales. It has people who would not be inclined or willing to give their life to a political career but are willing to give part of their time to the interests of their fellow New South Welshmen. I am sure that generally the people of New South Wales approve the function that the House performs.

I regret and I am disturbed that New South Wales is losing to Victoria and other States valuable industries. The press has commented on the subject, which is of particular importance to young people who are dependent for their future on an expanding and stable economy. Those honourable members who have been members of the Legislative Council for some time will recall that this state of affairs existed in the 1960's, at a time when members of the Liberal Party were in Opposition. They will recall the comments made by the leader of that party concerning the loss of industry to Victoria. Sir Henry Bolte, who was Premier in Victoria at the time, was blamed—or congratulated, depending which way one looked at it—for inducing industries to pack up in Sydney or in parts of the metropolitan area and take their activities to Victoria. If I recall correctly, firms like Chesebrough, Lederle, British Nylon, Gillette and others left New South Wales and re-established in the Dandenong area of Victoria, where they now have large factories providing jobs for thousands of Victorians. I am not aware of the reasons for these firms moving to Victoria and reducing the number of positions available to workers in New South Wales, but whatever they are they should be ventilated and steps taken to correct the movement of these industries from the State.

I have always been a great advocate of the work carried out in New South Wales by the Department of Decentralisation and by the Leader of the Opposition when he was Minister. From one end of New South Wales to the other one finds industries of various types that have moved from the metropolitan areas to provide employment in country areas. I think it was during the budget debate in 1975 that the Hon. J. R. Hallam provided the House with interesting figures which he claimed demonstrated that Victoria's record in decentralizing industry was better than that of New South Wales. Although his assertion may be correct, New South Wales has done well. Unfortunately, there are ominous rumblings from certain firms that have decentralized. Their complaints, as I understand them, are not directed at the previous Government or at the present Government, which has been only a few weeks in office; they are directed at local government bodies. They have made accusations that municipal councils have welsched on promises and agreements, that rates have been increased to unconscionable levels; that services such as roadworks and drainage have been withheld; and that pinpricking regulations have been enforced with building applications. In addressing my remarks to the Budget I intend to enlarge on these aspects of local government administration.

Before I leave the subject of the loss of industry to Victoria I should like to refer the House to the experience of a friend of mine who recently spent some weeks travelling in Victoria by caravan. He assured me that Victoria was a considerably

cheaper place **in** w ch to live and to purchase commodities than was New **South** Wales. **Some** of the items that I remember he mentioned were: petrol, which he said was some **20c** a gallon cheaper than in New South Wales; packets of fourteen garden plants, which cost **35c** in Victoria compared with **70c** in New South Wales; and dahlia bulbs, which cost **58c** **in** Victoria and \$1.10 in New South Wales. He said also that bread, milk and standard brands and sizes of jam were about 20 per cent cheaper in Victoria. Top quality newspapers with the fullest world-wide coverage were **8c** in Victoria compared with **10c** and **12c** in New South Wales.

Of further interest to honourable members will be the fact that the thousands of top quality suits available in **leading** stores in **New** South Wales are not made in the State. I do not refer to the cheaper clothing which one expects to be able to buy. That clothing provides a valuable export market for the Philippines, Indonesia and similar countries. I refer to top quality merchandise which bears the most reputable brand names. It is not being made in Blacktown, which is the suit capital of New South Wales, or Preston or **Burnley** **in** Victoria. It is being made in New Zealand. It should be a matter of considerable concern to honourable members to know that so many jobs that could **be** filled by people in New South Wales **if** more goods were manufactured here are being filled by people in other parts **of** the South Pacific.

I join with the Leader of the Opposition in congratulating the Government on **its** ability to bring before the Parliament a budget that has met with so little criticism. It has been accepted generally as a most satisfactory budget. I am sure that drinkers and smokers—those hardy social sinners—must relish the thought that at least for the time being they have been spared from searching for some additional cents to buy beer or cigarettes, which they enjoy so much.

I have foreshadowed that I wish to bring before the House the serious state of deterioration of local government finances. Nothing has fed the flames of inflation more than the **extravagant** increases in local government rates. **As** I progress with my speech, I shall give instances of this. Demands on the public by local government have far exceeded the **pro rata** increase in the consumer price index. **These** demands have been reflected in increased costs to business houses and greater burdens on young working class families who pay more for their homes and furniture. **All** over the State, people are up in arms about high municipal rates. They have progressively increased year after year, **at** least since 1972. Unfortunately, the former Government failed to come to grips with this situation. I regret that it apparently failed to heed the warnings. People were showing grave concern about rising rates. Indeed, it appeared that the previous Government was a party to local government becoming more vicious in putting shackles on the general public.

I said that the previous Government tended to heed requests from the local government lobby for greater powers **more than** it heeded complaints by home owners that municipal rates were being constantly increased to extravagant and exorbitant figures. Quite a number of people in New South Wales grasped at promises made by the present Premier that firm action would be taken, at least to try to contain rates at the present level. It is significant that a body of solicitors took exception to increases in local government charges. For example, the cost of a certificate was increased from \$2 to \$10. Despite appeals to stop or stem the inflationary spiral, local government has increased the cost of this service by 400 per cent, which must appear to be steep in the light of arguments that are levelled against **employees** who want an increase of, say, 20 per cent in their wages. It appears that local government has the general public over a barrel and is adopting the attitude of "Damn you, Jack, I'm all right". I crave the indulgence of the House to quote a letter from an association of solicitors that would

not generally be expected to put the nose of local government out of joint, as they are dependent upon local councils for much of their income. This letter appeared from that association of solicitors in the local press:

At a meeting of the members of my association concern was expressed at the action of **Tamworth** City Council and Parry Shire Council in increasing the fee for a certificate under **Section 342AS** of the Local Government **Act** from \$2 to \$10.

This certificate is necessary in most housing and **other** land purchases.

The increase is considered to be an unjustified addition to the already high cost of acquiring a home. It follows upon the repeal of part of Ordinance No 107, whereby a fee of \$2 was **set** for the certificate.

Fees for inquiries and similar services traditionally have been nominal. This fee is now **fixed** as a revenue-producer.

A typical **342AS** certificate, issued by the council, gives the name of the city, county and parish, all of which could be pre-printed. Particulars of the property and the owner's name are inserted, as supplied in the application. Then follow 16 printed questions, of which 12 are answered cryptically by the sign "N.A." The standard answer to two of them is "No." The other two inform the inquirer as to the zone in which the land is situated, and usually that the council may impose conditions or other appropriate note.

A competent clerk, familiar with the town plan, would have little trouble in producing 40 of these certificates a day, if required. This fee is out of **proportion** to what purchasers are asked to pay in **respect** of **other** common inquiries. Some of **these** are:

Council rate certificate \$2, health commission certificate \$5, land tax certificate \$2, Department of Main Roads certificate no fee, and State Planning **Authority** \$5.

We understand that this increase was the result of a recommendation by the Local Government Association. That does not justify the decision, and our members feel that it is a matter of public interest which should be brought under notice.

It is interesting and significant that recently a letter was received from the Minister for Local Government elaborating on that matter. This was the significant part of the reply:

The fee for the issue **of** such certificates was formerly set by clause 9 (2) of Ordinance No. 107 under the Act. This subclause was omitted from the Ordinance as from 1/6/76 and, in accordance with section 167 of the **Act**, the effect of this omission has been to give each council the power to set its own fees for the issue of these **certificates**.

The giving of this power to councils was in accordance with the **former** Government's broad policy of granting more autonomy and responsibility to local government.

The question whether councils should be allowed to keep the power to set their own fees for the issue of section **342AS** certificates is one of a number of matters at present being reviewed by the Government.

In an endeavour to demonstrate that local government has become **too** expensive in New South Wales, I have drawn on a considerable number of reports and inquiries by people whom I believe to be thoroughly competent to give advice and are conversant with various aspects of local government. It is my intention to the best of **my** ability to crystallize those thoughts for easy review. It will be necessary for me to quote from

The Hon. C. J. Cahill

quite an amount of material that one could not be reasonably expected to memorize, and I shall seek the indulgence of the House to give this information. I shall welcome **any** requests for clarification of any material, and I shall endeavour to discern from any such inquiries whether honourable members are pushing the barrows of certain interests whose activities have militated against the best interests of the community in general and of property owners and tenants in particular. In March, 1976, this House dealt with amendments to the Local Government Act. I should like to give a few excerpts **from** the debate on that bill with a view to showing, **as** I have suggested, that these amendments were brought before Parliament to suit local government, not with the intention of introducing some measures that would be even of scant value to the ordinary man in the street. In that debate the Minister said:

Clause 4 amends section 19 which relates to proposals for the alteration of local government boundaries. At present the Act provides that any such proposal or objection to such proposal may be submitted by the council of any area involved; by fifty electors of any of the areas; or where part only of an area is affected, by fifty electors or any number being not less than one-third of those enrolled in respect of that part. As honourable members will know, many proposals and objections come from councils concerned. It is, however, quite proper for electors to have the right to initiate a proposal or to record their opposition by way of objection.

The Government considers that it is desirable for it to establish the principle that proposals or objections lodged by private citizens should have the support of a wider representative group in terms of numbers than is the case now. The proposed amendment will require any future proposal or objection to be supported by 250 electors or one-third of the electors where the total number of electors concerned is less than 2500.

If a body of ratepayers decide to protest and to lodge a petition, they are now required to incur more cost and be put to greater inconvenience than formerly because of the number of signatures they are required to collect. If that is of benefit to the **community** generally, I fail to see it.

Clause 6 of the Local Government (Amendment) Bill was explained in the second-reading debate in the Legislative Council on 10th March, 1976, in the following terms:

Clauses 6 (a) and 6 (b) extend the **definition** of an owner for the purposes of sections 243 and 244 to include the lessee of land leased in perpetuity from the Crown. A similar extension has been included in clause 8 (c) which will amend section 312. These sections deal respectively with the recovery by councils of certain costs with respect to kerbing and guttering, footways and special crossings and the making of building applications.

Where do honourable members think that movement came from? That is a **debt-collecting** power for local councils. Again, it is not **difficult** to guess where **the** pressure came from for the introduction of clause 7. That clause was explained in the following terms:

Clause 7 is intended **to** extend councils' powers in respect of public utilities by adding to the powers already in the Act the establishment and control of kindergartens, nurseries, child-care centres and family day-care centres. Power in this regard was sought for councils by the Local Government Association and the proposal has been discussed with the Minister for Youth, Ethnic and Community Affairs. Lack of these facilities can give rise to a number of problems and no objection is seen to local government becoming involved in this field.

I feel that on reflection honourable members who supported that amendment will agree it was not in the best interests of the people generally. In this day and age when we have decentralized Health Commission offices and decentralized offices of the Department of Youth and Community Affairs, in my opinion it is unnecessary for municipal councils to spend part of their time in administering parallel services. More particularly, the Local Government Act provides that certain local government employees are paid a percentage of the amount that the council spends, not of the money that it saves. Can any honourable member visualize a situation in which an employee in private business would be engaged on the basis that the more he spent on advertising, entertainment and increasing staff, the more this would be reflected in his salary?

The Hon. W. C. Peters: That is entirely wrong.

The Hon. C. J. CAHILL: I am sorry, but the best advice I have been given is that the amount of money spent by a council determines the level of the salary of its officers. My experience has been that some of the most vocal critics of local government are persons who have been most closely associated with it, such as aldermen and councillors. If they are capable of serving people, and particularly if they have made a success in their own business, as many of them undoubtedly have, they will be quick to note slipshod methods and to recognize inefficiency, duplication of responsibility, and wastage.

The Hon. Kathleen Anderson made her contribution to the debate on the amending bill on the same day, 10th March, 1976. She has had a long and varied experience in local government. Few persons would know more about local government than the Hon. Kathleen Anderson. She made several references clearly pointing up her opinion that there were shortcomings in the bill. She said:

Those of us who have recourse to the Local Government Act from time to time have asked continually that a complete review of the legislation be undertaken, for over the past few years amendments have been made in a piecemeal fashion, and that has required those of us who are affected by them to engage in a scissors-and-paste operation.

Later she said:

The Local Government Act needs to be overhauled completely. Local government has not been getting from this Government the attention it should have been receiving. It is my opinion—and it is shared by a lot of people who do not have my political views—that local government has tended to become downgraded, and I think the Government must accept some of the responsibility for it.

If I might comment on the second sentence, with respect to the Hon. Kathleen Anderson, it would be better if the word attention were replaced with the word supervision. That is, local government had not been getting from the Government the supervision it should have been receiving. The Hon. Kathleen Anderson made another compelling observation when she said:

The people of this State are waiting for some worthwhile action from the Minister for Local Government to alleviate many of the problems of local government that are of concern to administrators, ratepayers and residents of local government areas.

The long-awaited action by the Government did not materialize for reasons of which we are all aware, and it is now left to the new Government to implement the suggestions.

In May last, prior to the election, Mr Wran and Mr Jensen made clear and **unequivocal** promises that the stranglehold of certain local government bodies on the public would be relieved. True to their promise, they show some evidence that **the Government** intends to take action in that matter, and I feel sure that **the House** will support the Government in its endeavours. Naturally, there will be some objections. There has never been social change without objection. Some empires have been developed and they will be disturbed, with justification. One of the most experienced and respected persons in local government is the Hon. R. G. Melville. He has had years of practical administrative experience, and his views are **deserving** of our respect. That honourable gentleman, speaking in the debate on the motion for the adoption of the Address in Reply in September this year, said something with which I am sure all honourable members will agree:

I regard local government as the most impoverished level of government in Australia, and it will always be so until politicians and political parties have the initiative to do something about it. So far they give an archaic Act to a wonderful band of elected people in this State. The Act was brought forward in 1919, adopted in 1920, and has been consistently amended through to 1976. Governments have had a golden opportunity to rewrite the Local Government Act and to give to those dedicated people I have mentioned a modern Act to overcome the confusion that has occurred at the local government level.

I agree generally that local government is served by a wonderful band of dedicated persons, though I have some reservations about applying that description in a blanket fashion. Undoubtedly the great majority of those who have been elected to **local** government are honest and dedicated.

Debate adjourned on motion by the Hon. C. J. Cahill.

ENERGY AUTHORITY BILL

Message

Message received from the Legislative Assembly disagreeing with **one**, amending another and agreeing to the remainder of the Legislative Council's amendments. (*See* page 2944)

In Committee

Consideration of the Legislative Assembly's message.

The Hon. D. P. LANDA (Vice-President of the Executive Council and Minister for Planning and Environment) [5.53]: I move:

That the Committee do not insist upon its amendment No. 5 disagreed to by the Assembly.

The Minister for Industrial Relations, Minister for Mines and Minister for Energy has reiterated the great importance of clause 13 (2) (j) in its relation to securing a supply of gas to country areas of this State. I am, of course, referring to those areas which the Australian Gas Light Company undertook to supply with natural gas. The Minister for Industrial Relations, Minister for Mines and Minister for Energy has indicated that the form of clause 13 (2) (j) as it now stands is inadequate to give the Government any power to insist that the gas company live up to its promises. The Government sees the provision as now amended simply as a government subsidy provision and totally inadequate.

The historical background to this matter, which shows the inadequate and **unprofessional** efforts of the previous Government should, more than anything else, convince the Opposition of the need not to insist upon its amendment. A national success in the pipelining of **natural** gas and multiple products will never be achieved if it is thrust into the hands of a private company unregulated by government initiative and controls. It is improper to regard a public asset, such as natural gas, purely as a business proposition governed by rewards for shareholders. This amendment, if insisted upon by this Council, will be in defiance of the expressed wish of the people of this State and the mandate which the Government obtained in May. It will be an expressed repudiation of the rights of the people of Wagga Wagga, and it will be an expressed repudiation by the Opposition of the commitments that should have been honoured by the Australian Gas Light Company.

Had those commitments been honoured, this problem would not be presenting itself to this Committee and the Parliament. The Government asks the Opposition not to use its success in numbers in this Chamber to thwart the elected Chamber that has proceeded with the passage of this bill. This measure has received the assent and agreement of country people who are waiting eagerly to be served by natural gas. Any attempt to cloud the issue with false claims of creeping socialism and socialism by stealth—indeed, any other subterfuge—will not wash with country people. In this Chamber, where country people are represented in such preponderance, the Government makes a special plea to those who come from country areas to consider their brethren and those who will be hurt and placed in a lesser position by being deprived of natural gas. This asset belongs to the State as a whole; it should not remain the property of the Australian Gas Light Company or any other private company. The Government asks the Committee not to insist on the amendment passed on a previous occasion.

The Hon. S. L. M. ESKELL [5.58]: I move:

That the question be amended by the omission of the word "not".

I shall be as brief as the Minister. This point was debated in depth and at some length last week. The question I raised in regard to this clause did not mention creeping socialism—I did not mention those words. What I said was that the clause gave the bill an odium of being acquisitive—and it did until we amended it. This was the objectionable, the **obnoxious** part of the bill. On that occasion I did not mention the words Australian Gas Light Company—as the Minister did in this context.

The Hon. D. P. Landa: That is what we are talking about.

The Hon. S. L. M. ESKELL: You might be talking about it, but I am talking on a broader basis. I am saying that it could be the Australian Gas Light Company or some other undertaking involved in supplying, distributing or transporting gas. I am not talking about the Australian Gas Light Company; I am talking about the words that would apply to any undertaking, whether it be a gas company or any similar organization. The acquisitive clauses are not in keeping with the general spirit of the Energy Authority Bill. For that reason the Opposition in this Chamber moved an amendment that was passed. I admit that the Opposition forced through the amendment on a vote, but we did that for the good reason that the provision was in the original draft bill; it was put there by the Parliamentary Counsel and it was followed, almost word for word.

The Hon. D. P. Landa: That is not strictly correct.

The Hon. S. L. M. ESKELL: It may have been different in respect of only two, three or four words. The Minister may correct me on this point in **his** reply. **The** meaning of the provision in the draft bill was not like the meaning that is now in this

bill. This wish to get back to the acquisitive type of approach is an undesirable part of this measure. The Opposition and the Government are almost in agreement on this measure. It was my understanding that the Opposition supported in broad base—indeed in specific terms—most of the points raised by the Government. We thought it was an imaginative bill—and we still think so. We thought that the emergency powers should have been dealt with separately—and we still think that—but we think also that we should not hold up the bill. I am not sure whether there is still an emergency but there may be one.

I see the Premier has stated publicly that he may want this bill passed. Let us give it to **h i**. Do not let us hold this matter up. Let us get on with it quickly.

The Hon. L. A. SOLOMONS [6.2]: I have only two things to add to what has been said by my colleague, the Hon. S. L. M. Eskell. The first relates to the Labor Party's country policy for the last general elections. The Premier delivered that speech at Griffith and although I do not have a copy of it here, I am sure the context is correct. He said that he would compel the Australian Gas Light Company to extend the laterals to those towns covered by what he said was its undertaking on just terms; or it might have been on just and equitable terms.

The Hon. D. P. Landa: Reasonable.

The Hon. L. A. SOLOMONS: Reasonable and equitable terms. I thank the Minister for his interjection. Where in the bill or where in the amendment proposed by the Minister is there a mention of the Australian Gas Light Company and a method of determining whether the terms are to be reasonable or equitable? I have heard that the present estimate of the costs of the various country laterals is \$75 million. There has been not one word about where the \$75 million is to be found.

I suggested, when this bill was considered in Committee in the first place, that if the Government brought in a reasonable piece of legislation covering what it seeks to do, it would no doubt be accepted by this side of the House. Precisely the same situation still applies. The second thing I want to say is this: there has been talk of emergency powers. What is now before the House in no way impugns or affects the emergency powers. The question is whether the amendment moved by the Minister is a dodge by the Government to avoid the introduction of emergency powers. It brings me to the attitude of the present Minister for Mines when Sir Robert Askin suggested that he would bring in such emergency legislation. All of us remember the words of horror that came from the Minister then. Perhaps the tactics he is now using illustrate the fact that the Minister has not changed his mind.

The Hon. P. McMAHON [6.5]: Opposition members when in government were quite forthright about the use of emergency powers. In fact, by legislation, not by regulation, they ensured that the Government had the right to exercise emergency powers. It is amazing to hear their about face. Probably they want to defend a company that distributes energy to the people of this State. It is not so many years ago that a Labor government in this State brought in the Electricity Commission Act which led to the take-over of the Balmain Electric Light and Power Supply Company, a private company in this State, and other power supply companies that provided energy in the form of electric power to the people of New South Wales.

It has been said that this bill will enable restrictions to be placed on the activities of one company. The present industrial difficulties have forced the Government to endeavour to act. The Government is not shirking its responsibilities in regard to using emergency powers. The amendment proposed by the Opposition should not be accepted. If the Opposition supports it, it will restrict the use by the Government of the proposed emergency powers.

The Hon. W. R. Scott: That is a different provision altogether.

The Hon. P. McMAHON: I am referring to clause 31 (4), the amendment that was incorporated into the bill. It provides:

A proclamation made under this section may be revoked by a later proclamation.

Clause 31 (3) originally provided:

A proclamation made under this section may be amended, varied or revoked by a later proclamation.

There is a considerable difference in allowing a proclamation to continue in force for a period not exceeding thirty days.

The Hon. L. A. Solomons: On a point of order. The honourable member is referring to something which is not yet before this House. He is referring to something that I believe is foreshadowed in a later amendment.

The CHAIRMAN: Order! That is a valid point of order.

The Hon. P. McMAHON: I was only endeavouring to answer the Hon. W. R. Scott. The people of New South Wales will not need to do a lot of research to conclude where the responsibility for this matter lies. I support the Leader of the Government in this House in asking members of the Opposition to consider supporting the Government on this energy bill.

The Hon. D. P. LANDA (Vice-President of the Executive Council and Minister for Planning and Environment [6.8]): The Government does not accept the amendment. With respect to the Hon. S. L. M. Eskell, all his attempts to lift this clause to the loftiest plane by saying that he and his colleagues are concerned about the acquisitive nature of what is proposed by the Government lie poorly in the mouth of the honourable member. This is especially so when one takes into consideration the example referred to by the Hon. P. McMahon of the type of acquisition done by the Opposition when it was in office.

The Hon. L. A. Solomons got to the real nitty gritty of things. He asked who would pay the \$75 million for the laterals. The Australian Gas Light Company has got through to the Opposition in this Chamber that it is going to cost the company that amount to live up to the undertakings it gave to the previous Government and are now dishonouring, or about to dishonour. That is the real point at issue. I remind the honourable member of what the Premier said when he was in Griffith. It will clearly establish the mandate for this proposition and the reprehensible action of the Opposition member in this Chamber in relation to the people of Wagga Wagga in particular and country people in general. The Premier, when Leader of the Opposition, said:

In the middle of last year the Government said that it would allow the A.G.L. to defer its obligation to build the laterals.

Already the former Government was starting to let the Australian Gas Light Company off the hook. The Premier continued:

Then, when the Wagga Wagga by-election was on and natural gas was an issue in that election, the Government said the A.G.L. would be required to build the **laterals**.

The Wagga Wagga by-election drew out the fact that the former Government—to gain an electoral advantage—would make the company honour its commitments. Nothing was done until the subject was mentioned in the Labor Party's rural policy statement delivered at Griffith. Not until the present Government brought the bill before the House was anything done to ensure supplies to country areas. The Premier said also:

On our coming to office on 1st May the Australian Gas Light Company will be required to give an unequivocal assurance that the laterals will be constructed without delay on reasonable and equitable terms.

Notwithstanding the efforts of the Minister for Industrial Relations, Minister for Mines and Minister for Energy, that assurance has not been forthcoming. Everyone in this Chamber would know that the Australian Gas Light Company is still talking about supplying natural gas to country areas at a price but not about constructing the laterals. By inference it is asking the Government to construct them or to pay for the cost of their construction, which would amount to \$75 million or \$80 million. Those who in this Chamber carry the brief for the company—and that is what the opposition to the Government's policy is about—do so in defiance of the electoral mandate obtained in Griffith from those concerned with the supply of natural gas to country areas. The Premier continued:

Should the A.G.L. refuse to carry out its obligations and undertakings, we would have no alternative other than to act to protect the interests not only of the people in the countryside, but of all people in New South Wales. We would have to do what the Liberals in Victoria have done. An Authority similar to that established by the Liberal Government in Victoria would be set up to distribute natural gas in New South Wales. It will be especially charged to make gas available to country New South Wales.

I remind the Committee that Liberal supporters in New South Wales and the AGL have failed to deliver the goods. The former leader of the Opposition then went on to say:

The A.G.L. will be given every fair and reasonable opportunity to put its house in order—but not at the expense of the interests of the people in New South Wales. In country towns in New South Wales where the delivery of gas has been promised so often, patience is wearing thin.

During the six months that the Government has been in office the Australian Gas Light Company has given no firm undertaking that it would honour its commitments to country people—commitments that the former Government said it would make the company honour. When the Government with the clearest of mandates attempts to do something the Hon. S. L. M. Eskell says that the Opposition takes a higher principled stand that really does not have anything to do with the Australian Gas Light Company. I respect the honourable member's wish to elevate the stand to that lofty plane. That does not wash when one takes into account the aims of the bill, and of the clause in particular. The aim is to overcome this dire problem and to ensure supply of natural gas to country areas. I can take the honourable member's opposition from this loftier plane only as an indication that should the Government move to cure by special legislation the situation with the Australian Gas Light Company, that measure may have an easier passage. I observe the Leader of the Opposition nodding his head.

The Hon. Sir John Fuller: I was just brushing the flies away.

The Hon. D. P. LANDA: Although the Indians are all nodding their heads their chief is moving his head in a different direction. The Government knows that should any attempt be made in this Chamber to bring the Australian Gas Light Company

into line, the Indians will have their heads **nodding** in the same direction as their chief is moving his head in the Chamber tonight. The Opposition's attempt to truncate the mandate will meet with the deserved opprobrium of the country electorate. I make clear that the Premier, the Minister for Industrial Relations, Minister for Mines and Minister for Energy, and the **Government** have done all within their power to implement the policy enunciated in the country policy speech by the Premier and that their efforts have been truncated by the Opposition in this Chamber. The Government can do no more than honour its commitment. The responsibility for the Government's **inability** to ensure a supply of natural gas to the people of Wagga Wagga and other country areas rests squarely with the Opposition in this Chamber.

The Hon. S. L. M. ESKELL [6.15]: As I virtually said the **other** night, to hell with the gas company, for which I do not care one bit. The honourable member for Young had a few words to say about that company. No one on the Government side of the House has spoken as strongly as he did.

The Hon. **Kathleen Anderson**: I congratulated him on it.

The Hon. S. L. M. ESKELL: I congratulate him also as I believe the Australian Gas Light Company has behaved in a manner unbecoming of a large company. It is a crying shame that the company has not done what it said it would do. The Opposition agrees completely with the Minister on this aspect. Notwithstanding that, I still persist with my assertion that we wish to save the Government from itself. The Government is adopting an oppressive approach where it will say to the gas company that as it has not done something it will squeeze the company and make it do it. The Government could go a step further and say to a fertilizer manufacturer that as it is not manufacturing or distributing its product when the Government says it should, it will force that manufacturer to do so. The Minister says that the Government would not do that and asks why would it as it does not want **fertilizer**.

The Hon. D. P. Landa: The Government has not a mandate to do that.

The Hon. S. L. M. ESKELL: I am **not** speaking about the present bill or about the Government. The Government's integrity is not in question. Its integrity is impeccable—it is **perfect**. Let us get that straight. But who knows what a government will be like fifteen years from now, whether it be a Liberal-Country party government or a Labor government? The bill is not intended for a single purpose; the bill refers to gas distribution, gas **undertakings** and gas transporting. If I **am** wrong in that assertion, then I ask to be corrected. The Hon. P. McMahon has said that we are stopping all the emergency regulations. That is nonsense. The Opposition wishes to save the Government from making a mistake and to make the bill worthy of the effort that the Government has put into it.

The Hon. L. D. SERISIER [6.18]: I was interested to hear the national president of the National Country Party say that under the powers of the State Government the Australian Gas Light Company cannot be made to comply with its undertaking to the people of New **South** Wales. This undertaking was given at a time when the company lobbied many persons and twisted many arms to get the contract for the **construction** of the gas pipeline. I am amazed to hear the national president of the National Country Party say to the people of Orange and Bathurst, who are represented by Country Party members, that the Opposition will **not** ensure that the Australian Gas Light Company does not go back on the promises it made.

Do not forget Sir Charles Cutler's powers of persuasion over his junior colleague, the honourable member for Young, the electorate adjacent to Orange—the junior Minister who was responsible for energy at that time. Sir Charles Cutler, then the member for Orange and Minister for Local Government, went in to bat for the

honourable member for Young, to ensure that he would get support for the broad plan of construction of these lines in New South Wales.

It was interesting to hear the national president of the National Country Party tell the Committee that people who live in Bathurst, which is also represented by a Country Party member, will have the assistance of his colleagues in the Legislative Council to defraud them—that is what it gets down to—in relation to bringing gas to those two centres. This is in the face of the electoral support that the people of Bathurst have given the Country Party, and the promises of that party through its Ministers. Wagga Wagga does not have a Country Party member, though the Country Party tried hard enough to get one there. The Liberal member for Wagga Wagga is sitting in the gallery tonight. He knows when he goes back to Wagga Wagga that the people will want to know what he did to see that the Australian Gas Light Company complied with the undertakings it had given.

Let us look at the matter dispassionately. If the Opposition parties want to prevent a blatant exercise of power by the State Government, it would be simple to make some other amendment instead of knocking this provision out. The Opposition could have moved to have the power removed from the Minister. It knows that this provision had more added reservation to it than any of the other provisions in clause 13. Under it, it was necessary to get the approval of the Minister before anything could be done; the authority would not have been able to do it without the approval of the Minister. The provision as it stood kept the decision in the right place. It was a political decision as opposed to a decision by a body that will be completely bureaucratic in its operations. If the Opposition is genuine in its submission that it wants to prevent blatant exercise of power, it could have moved for omission of the word Minister and insertion of the word Parliament. If Opposition members had done that, I should have thought that they were telling the truth when they said that they wanted to prevent a blatant exercise of power. But they did not do that. They have completely emasculated that power. They did not make it a parliamentary decision; they removed it from the realm of being a political decision; they have made it no decision at all; indeed, they have completely subverted the legislation. In doing so they have denied the people of Orange, Bathurst and Wagga Wagga supplies of natural gas that they promised them when they were in government.

The Hon. L. A. SOLOMONS [6.23]: I thank the honourable member for polarizing his attention on the office-bearer of a certain party. I hope his interest will continue; perhaps he will learn something. Neither he nor his colleague the Minister in their few words adverted to the part played by their federal colleague, Mr R. F. X. Connor, in pre-empting the action of the previous State Government in the building of the pipeline. One would have thought that they would be interested in those matters, having the privilege of consultation with the gentleman in question. I do not propose to labour that aspect. To finish my submission, let me say that they have not told the Committee what are reasonable and equitable terms, and where the \$75 million will come from.

The Hon. D. P. LANDA (Vice-President of the Executive Council and Minister for Planning and Environment) [6.24]: The Hon. L. A. Solomons keeps asking questions that obviously the Australian Gas Light Company keeps on asking him to ask. These laterals were to be constructed by the Australian Gas Light Company. If the Opposition parties had won the general elections, they would have been in exactly the same position and would have required that company to construct them. The cost of that construction would have been met by gas users, who will ultimately meet all the costs of all AGL undertakings throughout the State.

[Interruption]

The Hon. D. P. LANDA: The Hon. W. L. Lange has forgotten all the lessons he learnt as an accountant if he thinks that someone can construct \$75 million worth of pipeline and no one will have to pay for it. That **kind** of accounting, I suppose, is the reason why he is sitting on the Opposition benches after being for such a short time on the Government side. This provision is designed for the clearest of **purposes**. The Government has no desire to acquire the undertakings of other gas-producing and supplying authorities or companies. Of all the fertilizer that was spread in this debate, no more was spread than by the **Opposition** in accusing the Government of using the provision as a means of acquiring property owned by any person or **company, Commonwealth Industrial Gases** and so forth. That was a red herring. It is designed to overcome a problem that we have a mandate to overcome. We have been prevented from doing that. However, the Government will look to alternative ways.

Question—That the word stand—put.

The Committee divided.

Ayes, 21

Mrs **Anderson**
Mr **Burton**
Mr James Cahill
Mr Coulter
Mr Geraghty
Mr Healey
Mr **Johnson**
Mrs Kite

Mr Landa
Mr **McMahon**
Mr **McPherson**
Mr Melville
Mr Peters
Mrs Roper
Mrs Rygate
Mr Serisier

Mr **Thom**
Mr Thompson
Mr Turner

Tellers,
Mr French
Mr **Hallam**

Noes, 32

Dr de Byron-Faes
Mr C. J. **Cahill**
Mr **Calabro**
Mr **Connellan**
Mr Darling
Mrs Davis
Mr **Duncan**
Mr **Erskine**
Mr Eskell
Mr **Evans**
Mr **Falkiner**

Mr Freeman
Sir John Fuller
Mr Holt
Major **Humphries**
Mr Kennedy
Mr Lange
Mrs Lloyd
Mr **MacDiarmid**
Mr Manyweathers
Mr Moppett
Mr **Orr**

Mr **Philips**,
Mr Pickering
Mrs Press
Mr **Sandwith**
Mr Scott
Mr **Rowland Smith**
Mr Solornons
Sir Edward Warren
Tellers,
Mr Keighley
Mr Sullivan

Question so resolved in the negative.

Amendment agreed to.

Motion as amended agreed to.

Legislative Council's amendment No. 5 insisted upon.

The Hon. D. P. LANDA (Vice-President of the Executive Council and Minister for Planning and Environment) [5.30]: I move:

That the Committee agree to the Assembly's amendment to the Council's amendment No. 7.

I understand that this is agreed to by the Opposition. It is a machinery matter.

The Hon. S. L. M. **ESKELL** [5.31]: This has to do with the matter of emergency regulations. We gladly accept the amendment.

Motion agreed to.

Legislative Assembly's amendment to Legislative Council's amendment No. 7 agreed to.

Adoption of Report

Resolution reported, and report adopted, on motions by the Hon. D. P. Landa.

Select Committee

Motion (by the Hon. S. L. M. Eskell) agreed to:

That a Select Committee be appointed to draw up reasons for the Council insisting upon its amendment No. 5 disagreed to by the Assembly, and that the Committee consist of the following Members, viz.: Mr Darling, Mr Kennedy, Mr Pickering, Mr Solomons and the Mover.

The PRESIDENT: To suit the convenience of honourable members and to enable the select committee to meet as arranged, I shall now leave the chair and I shall cause the bells to be rung at 8.15 p.m.

[The President left the chair at 6.38 p.m. The House resumed at 8.15 p.m.]

Report of Select Committee

The Hon. S. L. M. ESKELL [8.15]: I bring up the report from the select committee appointed to draw up reasons for the Council's insisting upon its amendment No. 5 disagreed to by the Legislative Assembly. The report is as follows:

The Select Committee of the Legislative Council to whom it was referred on 16 November, 1976, to draw up reasons for the Legislative Council insisting upon its amendment disagreed to by the Legislative Assembly in the Energy Authority Bill, desires to report to your honourable House as follows:

The amendment will sufficiently clothe the proposed Energy Authority with power to enable it to undertake its activities without being able to compel a gas producing, extracting or transporting undertaking to enter upon an operation which could be, for practical or commercial reasons, impossible to conclude.

I move:

That the report be now adopted.

Motion agreed to.

Report adopted.

Message

Motion (by the Hon. D. P. Landa) agreed to:

That the following Message be forwarded to the Legislative Assembly:

The Legislative Council having had under consideration the Legislative Assembly's Message dated 16 November, 1976, concerning certain amendments made by the Council in the Energy Authority Bill—

Insists upon its amendment No. 5 disagreed to by the Assembly for the reason that the amendment will sufficiently clothe the proposed Energy Authority with power to enable it to undertake its activities without being

able to compel a gas producing, extracting or transporting undertaking to enter upon an operation which could be, for practical or commercial reasons, impossible to conclude.

And the Council agrees to the Assembly's amendment upon Council's amendment No. 7 in the Bill.

APPROPRIATION BILL

Second Reading

Debate resumed from an earlier hour.

The Hon. C. J. CAHILL [8.17]: When the debate was adjourned earlier this evening I was inviting attention to some remarks made about local government by the Hon. R. G. Melville, who described those who devote themselves to local government as a wonderful band of dedicated people. I have the greatest respect for the wonderful band of dedicated people in local government, but history reveals that many other so-called dedicated people have proved to be dedicated crooks without responsibility to anybody but themselves. Touching on the most topical matter in local government administration, namely local government rates, the Hon. R. G. Melville said in his remarks in the debate on the motion for the adoption of the Address in Reply:

Rates are always one of the dominant issues for local government. No responsible State Government can ignore the impact of rates on people. This explains why the Government is looking at the pegging of rates. This, however, is a two-edged sword. The local people elect their local councils to run local communities; they do not want local decisions to be made by outsiders, whether they are Ministers or public servants in Sydney. If a country town like the one I come from reaches a perfectly proper and legal decision to go ahead with a project, and that project necessitates an increase in rates, surely that is a legitimate and legal decision for the council. Though everyone wants rates pegged, I am sure no government wants any public servant to put his blue pencil through a local project that has the support of local citizens.

The weakness in that line of argument is that people elect, in their judgment, the best aldermen from the candidates offering, whether they be men or women. We know that unfortunately it often happens that those persons in a community who have shown that they have the business acumen, leadership qualities, and initiative to be ideal aldermen, cannot afford the time needed for aldermanic duties. Indeed, I think it would be agreed generally that few **people** can give up the **time** necessary to attend properly to council responsibilities if they are to attend to their own affairs, or to the best interests of their employer. Therefore one **finds** elected to councils persons who, despite the very best ideals, are **called** upon to make decisions completely beyond their capacity.

The Hon. L. P. Connellan: Has the honourable member ever been on a council?

The Hon. C. J. CAHILL: No, but I call on experts for advice. **Throughout** my life I have believed that if you want to know something, you ask somebody who knows all about it. I have always followed that course. In my remarks in this debate I am quoting persons I regard as experts, and for as long as I live I shall always be willing to take the advice of such people.

Within three years of their election, persons elected to councils could be called upon to deliberate on issues that were not even current at the time of their election. What protection has the ratepayer if decisions based on inexperience are made? Persons making decisions entailing expenditure of hundreds of thousands of dollars, with great respect to them, might not have had the experience of servicing an overdraft. Their only experience may be in spending other people's money, and that is not the sort of experience that big municipal business demands. I claim that the job of spending the amounts of money that local government spends is one for specialists and not for part-time workers. Often reliable and dedicated people are called upon to take advice from council officers. I propose to quote something that the Hon. R. G. Melville said about certain council officers.

The Hon. L. P. Connellan: What is your definition of council officers?

The Hon. C. J. CAHILL: Council officers are people who are employed by the council.

The Hon. L. P. Connellan: That is incorrect. Council officers are members of the council.

The Hon. C. J. CAHILL: I shall qualify my remarks by calling them paid officials of the council, although I understand that all council officers are paid. If a bad decision is made or if money is borrowed incautiously, the poor old ratepayer picks up the tab when he receives his rate assessment. No one will deny that decisions have been made in this State to build municipal Taj Mahals which will possibly never return 1 per cent or 2 per cent on the capital investment; they will become a millstone around the neck of the ratepayers *ad infinitum*. With the greatest respect to these many dedicated people, my submission is that their numbers should be drastically reduced. Without going into the reasons, I submit that there should never be more than five aldermen and that their function should be purely to formulate policy. The system of lifetime appointments must be scrapped. None of us has heard of **any business**—and I think it has been admitted that municipal councils are big business, often the biggest in the community—making life appointments and paying its managing director a commission on the amount of money that he was able to spend in a year rather than on the sum which he could save or conserve. That **policy** was able to survive in the horse and buggy days when conditions were stable, year after year. In the democratic process, local government is big business—often the largest business in any community. The views of the Hon. R. G. Melville on this subject are of interest. In the Address-in-Reply debate on 8th September, the honourable **member** said:

The State has a very **fine** body of men and women, trained to be town, shire and county clerks. They have not been trained to be city managers of huge councils. We have to be very careful that we do not put the cart before the horse. We have to be sure that we train in local government **administrative** officers, professional engineers, health surveyors, planners and the like, whose fundamental training is geared to the scale of operations that any major restructuring of local government **will** entail. From my observations, I **believe** that the training curricula for clerks **and** engineers does not give them the necessary qualifications for that.

The only comment I should like to make is that after sty-six years it is jolly **well** time the system was revised. If my advice is correct, we have various departments in local government, clerical **sections**, building, electrical, health and other areas all operated by a different head, with no overall managerial programme, and possibly one department out of line **with** others.

It is ridiculous—and this claim has been made by many other people in **this** State—to maintain many small municipalities and shires, wherein the cost of maintaining the service can never be adequately covered by the income. The ratepayers in those areas are doomed to a second-grade, unsatisfactory service. **Staffs** of councils should be rationalized so that they provide a manager whose responsibility is to co-ordinate every function of council activities; to see that the utmost efficiency is provided at the lowest possible outlay; in other words, local government needs business managers employed on the basis of ability and performance. No lifetime **appointments** should be made. Certainly, let us have trained men for these jobs, but let us not run away with the idea that these men are not already available. The type of man who can handle these jobs is employed by the large departmental chain stores, by the permanent building societies, as managers of **finance companies** and the like.

The system of payment to some council officers of a fixed percentage of income is sound, if—and it is a big if—the money is spent gainfully and within strict businesslike guidelines, not in a manner described recently by the former mayor of a prosperous country town. In a letter to the press he complained that two men with an expensive front loader—and people who live in the country, particularly if they take an interest in construction works, will know the price of a front loader—had been engaged picking up what he termed **cigarette** butts outside **his** home. He said **that** any housewife with a broom could have carried out the same exercise. That letter was written by a highly successful resident of this State, a person who has had years of service in local government and in other activities.

I propose to deal now with the amendments that were made to the Local Government Act in March. On that occasion the Hon. R. G. **Melville** summarized the situation existing in this State when he said:

The amendments in the bill can be regarded only as piecemeal and will not fill the need for a modern businesslike approach to local government. The **Government** should act with all concerned to rewrite the Local Government Act. In recognition of the third tier of government, the Act should be rewritten to accord with present day trends and the big business of local government.

I commend to honourable members the reference by the Hon. R. G. **Melville** to what he termed "the big business of local government." I am sure that all **members** agree with him. Possibly when he used those words he did not realize that within weeks the Government to which he was tendering advice would be displaced and a **government** of the same political ideology to which he subscribes would be elected. I am confident that in the altered circumstances the honourable member will use **his** endeavours to bring about what he so sincerely recommended. I am confident that he will press for provisions that local government be called upon to ensure that money is wisely and gainfully spent, not destroyed by **indifference** and waste. Also, I am sure that he will press for a brand new Act which will abolish life-time appointments; will abolish the payment of bonuses on money spent in favour of a bonus payable on money saved or conserved; will provide for the appointment to every council of an efficiency expert, a person trained in business management and capable of developing a works programme so that every form of service is carried out with **the** greatest efficiency and at the lowest possible cost; will prevent the intrusion of any form of jobs-for-the-boys ideology; and will provide that his opinion of local government being big business is complemented by provisions that local government be run on the same lines as big business is conducted in the private sector—that is, on a balance-the-budget basis.

The Hon. C. J. Cahill]

As one would expect from a person who has made a success of his **own life** and is recognized in his community as an astute business leader, the Hon. J. W. Kennedy, who has given twenty years or more of his life in the service of **local** government, has been able to observe the great weakness of local government, namely overhead. Hence he supports amalgamations of councils. This is what he had to say on the subject, as reported in *Hansard* of 10th March, 1976:

I believe that action in regard to the amalgamation of certain councils should be proceeded with, as quickly as it can practicably be done. Many councils along the coastal belt in New South Wales have natural river valleys within their boundaries, and many such areas are administered not by one, but by a number of councils. It would be in the interests of ratepayers and of councillors, if these councils were amalgamated into valley Councils; in the same way as the Shoalhaven shire council was established by amalgamation some years ago. Another recent amalgamation involved the **Kempsey municipal** council and the Macleay shire council. The new body has taken over the function of handling electricity as well as the usual functions of local government. Similar action should be taken wherever possible.

The exercise is possible in dozens of areas in this State. It is to be hoped that the Government will proceed with the job as early as possible and ignore the protestations by those who fear that their little personal empires are to be invaded. The Government needs to have no fear that local people, apart from a few who may have a financial axe to grind, will offer objections. People generally throughout the State are looking for a pruning of overheads and the lowering of rates. The opinions of those of wide experience, who claim that the present conduct of local government is unwieldy and outmoded, were reinforced by the facile treatment of the subject by the trained legal mind of the Hon. T. J. McKay. If a person of his education and experience has problems in interpreting an outmoded Act of Parliament, what hope is there for the average person in the street? The Hon. T. J. McKay had this to say:

I share the concern expressed by the Hon. Kathleen Anderson for the health of local government, which has come into focus primarily as a result of ever increasing rates and other burdens placed upon ratepayers. As a consequence ratepayers are taking a livelier interest in local government affairs.

Considerable misunderstanding exists between ratepayers and the councils they elect. One reason is that few people can fight their way through **local**-government legislation. I have no doubt that most honourable members who approached this bill found difficulty in reconciling it with the principal Act and the amendments which have been made to it over the years. People should be in no doubt as to the charter of councils. They should have access to an up to date copy of the Act. This has been a rather tiresome theme of mine for some time and I shall not weary the House any longer with it. The Local Government Act is one piece of legislation that should be brought up to date constantly and reprinted.

If we were to add anything to the contribution made by the Hon. T. J. McKay perhaps it should be that, like the Local Government Act, the Landlord and Tenant Act should be redrafted. The present system of local government has provided the opportunity for the development of a great army of bureaucrats—people who are confident that no matter how careless they are, no matter how rude they are, they can bumble their way through life and bludge on the ratepayers. Please let me be not misunderstood. I am fully conversant with the skill, ability and tact of hundreds of people

in local government, but I am also acutely aware of the hopelessness of certain people in fulfilling economically the job for which they are paid. Fortunately I was given the written opinion of an expert in this field. It epitomises the problem confronting the Government in inducing greater efficiency and the elimination of waste. The statement is as follows:

Very few people indeed know the intricacies of staff regulation in local government. If you terminate the services of anyone from the town clerk to the billy boy, provided he has 12 months service he can ask for, and he will get, a section 99 inquiry. At this inquiry it is no use council simply saying, "This man isn't doing his job properly", or some such phrase. Private industry can just say, "Finish up today week", but councils have to give written records of every occasion when Mr X failed—what he did or did not do; when, and at what time; who warned him; what he was warned about; when he sinned again; who spoke to him this time, and so on. Unless you produce **this** detail you don't win.

Has there ever been a more idiotic situation? How can a business operate under these conditions? Is it any wonder that rates have become staggeringly high? The statement goes on:

If you just want to reduce staff, you have to show there isn't any chance of paying them. As a matter of fact if we went thoroughly into it, I'd make a sure bet that if a council tried to cut staff, the commissioner who held the inquiry would say, "The economy can stand it—reinstate these men, finish with a deficit this year, and raise rates further next year." The last time there was a squeeze on a council cut the work force by seven, and was ordered to reinstate them because the commissioner considered that council could afford them. Local government isn't as uncomplicated as a lot of people think.

Is it any wonder that we are suffering inefficiency and arrogance? Is it any wonder that rates are escalating, that ratepayers are jumping mad? Is it any wonder that developers, who come to an area to spend a lot of money and to make jobs available in the process and have sought advice from a council, have been told, "We are not here to make money for you?" Is it any wonder a building contractor in the million dollar a year bracket complains that when he enters certain councils he is treated as a 7-year-old boy? In the interests of the people of New South Wales I trust that these matters will exercise the attention of the Government. I am confident that they will. From time to time newspaper correspondents say things that we may not like. At other times they make comments of which we approve. Last year a most proficient columnist wrote the following comments under the title "The Professionals":

I wonder just what satisfaction aldermen and councillors get from their office.

Local government these days seems an anachronism to me, a sort of vestigial remains, a hang-over from the Anglo-Saxon village moot where all the people in a moot or meet decided their local affairs.

Today, the Local Government Act, the limited finances available and the assumption by State and Federal Governments of responsibility for many local matters have reduced local government to a romantic gesture to local democratic government ideals.

The result is that the clerk and not the councillors or aldermen is the governor of the town or shire. When has a council ever won an important battle with its clerk?

The Hon. C. J. Cahill]

The strength or weakness of a town or shire is in direct ratio to the strength or weakness of the clerk.

If the clerk be dynamic, far-sighted, purposeful and imaginative the shire or town is progressive.

If he be mundane, sedentary or merely pedestrian, not even the elected representatives can do much about matters for they are part-timers, giving to their duties such time as they can spare from their vocations and social and family responsibilities. The clerk is full-time and fully trained—a professional.

Except in minor matters, alderman and councillors can have no really comprehensive policy that gets down to the nitty gritty.

Council's policy is the clerk's and the wisest local government members are those who rubber stamp the clerk's submissions.

It is an illusion if we think that we have government by elected representatives. What we need is five wards each electing one alderman or councillor on full-time duties and paid accordingly.

The Hon. W. C. Peters: Whoever wrote that is not correct.

The Hon. C. J. CAHILL: The advice of a gentleman who has served in local government and on a county council must be of interest. Such a person wrote the following comments in a letter that appeared recently in *The Sydney Morning Herald*:

As an elected local government member sitting on two councils, municipal and county, I have seen with growing concern the growth and levels of salaries paid to officers of these councils.

No one would deny that the majority of senior officers of local councils are capable and dedicated people who deserve good salaries, but their decision-making opportunities and responsibilities are strictly limited. Elected members of councils, rightly or wrongly, make all major decisions and paid officers follow their directions. Despite this, town, shire and county clerks and chief engineers employed by even medium-sized councils enjoy salaries and conditions far superior to that of most senior executives of large businesses in the private sector.

The reason why they are doing so well is simple: senior officers of councils in New South Wales benefit from a double dose of indexation, Town, shire and county clerks awards are based on the expenditure of their respective councils——

One honourable member appeared to challenge what I had said previously. These matters to which I am referring now may reinforce my statements. The letter continues:

. . . and as the spending goes up, much of it **owing** to inflation, so too do the salaries.

The clerks' salaries are also subject to normal indexation and are adjusted in line with the quarterly Consumer Price Index movement.

Engineers have **similar** awards and the **automatic** increases flow on to lower levels of salaried **staffs**.

These awards have produced a privileged class and naturally someone has to pay the **bill**. Salaries and wages are the major overhead of councils, and increases are reflected in rate notices this year. Most rates are up by more than 20 per cent.

It is up to local government associations and arbitration courts to bring some sanity back to local government salaries. Ratepayers cannot indefinitely subsidise them, because few ratepayers would have similar increases in their incomes and there have already been too many people forced to sell and move to cheaper homes and areas.

The alternative is to completely restructure local government. The **State** Government will have to amalgamate the smaller councils into bigger and more efficient organisations. There will have to be cut-backs and cancellations of some services, and staff reductions.

This would remove some of the "local" out of local government but I think most people would be prepared to accept this if it meant lower rates.

The views I have been reading are those of people whom I consider to have had vast experience in their fields and whose advice is worth accepting. I am completely satisfied that many people in local government, including those who are paid and those who are paid for their appearance only—the aldermen—are dedicated and have done a good job. One cannot get away from the fact that in certain areas there is mismanagement and waste. I should like to quote to the House the opinion of Alderman Peter Dennis, who has had many years of experience in local government, is a leader in his community and for many years was and still is a member of the **Gunnedah** council. Recently he took the trouble to write the following letter to a local newspaper:

The former Minister for Local Government Sir Chas Cutler stated last year that unless there was rationalisation in the number of local government units in New South Wales local government as we know it would be dead within 5 years. At that time, said Ald. Dennis, local government debt in New South Wales was \$4000 million . . .

Mr Pat Morton, former Liberal Minister for local government, set up the **Barnett** Committee which after searching investigation, found in favour of radical changes to local government boundaries; indeed all investigations into local government in New South Wales have recommended a reduction in the number of units. . . . There are too many local government units, which have led to the duplication of services and costly capital expenditure, with resultant ever increasing rates. A good deal of this expenditure is simply to retain the present status of individual Councils and I am sorry to say to retain the status of present Councillors and Aldermen; with the ratepayers paying the bill. Continuing Ald. Dennis said "Most present boundaries were fixed in 1906; since when there have been sweeping changes, such as in transport. Distances are shorter; travel is quicker; local government function now embraces a distinctly different role than it did in 1906; when the main activities were orientated around roads. Improvements in technology in relation to plant, and the needs of the people in 1976 have changed; with the follow on role of local government needed to change.

Apparently there is no limit to the avaricious appetite of local government. Suggestions have been ventilated in newspapers and kites have been flown that councils should receive a share of taxation from poker machines, that they should take over and administer pasture protection boards and administer hospitals. I have further particulars available if honourable members wish to see them. When one has regard to the large amount of money spent on hospital administration in New South Wales one can imagine the type of bonuses that would be available from that sum. I would not doubt for one moment that substantial savings may be made by amalgamating certain government instrumentalities. I should not doubt it for a moment, but only under the strict control of some government department.

The Hon. C. J. Cahill]

I should like to give some examples of wastage, **maladministration** and overlapping in local government. I shall not name the councils concerned or deal at great length with these matters. This sort of thing goes on from one end of the State to the other and from one end of Australia to the other. If one studies **reports** of skullduggery that has been indulged in by some councils, one **would** conclude that a business administrator or the like is needed in these instances.

The Hon. H. J. McPherson: It happens in only a small proportion of councils.

The Hon. C. J. CAHILL: That may be so. Very few newspapers give more than sketchy reports on local government. It is fortunate that from time to time some journalists take time to investigate a little more deeply. Then we read more about the skullduggery to which I have referred. Recently the mayor of a municipality admitted that a **mistake** had been made. A little-used street had been tar-sealed instead of a busy through road that happened to have the same name. He admitted that the mistake had caused a loss of \$5,000 to ratepayers. Following an exhaustive inquiry, a council which in 1972 had an accumulated surplus of \$293,262 had by 1975 accumulated losses of \$723,899, which represents a loss over three **years** of \$1 million. I shall make these reports available to honourable members. It is not **difficult** to know why such a loss should occur.

During this period the council, according to the report, had appointed a 52-year-old meatworker, who was an ex-alderman, as a foreman gardener. He was selected above four other applicants, three of whom had better qualifications than he had, and when he was appointed it was discovered that he did not **possess** a driver's licence. The council provided a car and a driver to drive him around in pursuance of **his** duties. The inquiry found that during this period budgets totalling **\$6** million had **passed** through council with very little **examination**. It was discovered that since 1970 this council had been employing a gentleman who bore the title of industrial relations consultant at a salary of \$20,000 with a \$5,000 expense **account**. It transpired that between February, 1973, and January, 1974, although he received his salary of \$20,000 plus his bonus, he did not work for the council. While this money was being squandered, the council had increased the remuneration of the mayor by 108 per cent to \$12,500. I have another example, *a* newspaper report of **a council**—

The Hon. W. C. Peters: The honourable member is not naming the **council**.

The Hon. C. J. CAHILL: Some people are sensitive. I can understand it to a degree. The newspaper report is available. It is a council that is not very far from me.

The Hon. H. J. McPherson: Would the honourable member care to **say** whether it is a metropolitan or rural council?

The Hon. C. J. CAHILL: It is a suburban council.

The Hon. W. C. Peters: It was not Ashfield, I can tell you that.

The Hon. C. J. CAHILL: I am sure that the Hon. W. C. Peters would know if anything of that nature was going on in his council. **A** report in a local newspaper says that the council employed what it **called** an efficiency expert on a salary of \$1,250. For how long? **A** day, a week, a month or a year? It was \$1,250 a week, and the council appointed him for a period of twenty weeks. When this issue of the newspaper was published on 3rd December, 1975, he had been working for the council for twenty weeks. How much longer he worked for it I do not know. The reason given in the newspaper for the appointment was that first, he had to establish the most suitable times for committee meetings; and second, to assess the proper distribution

of the work load on both council members and the staff. According to the newspaper report, the *modus operandi* of this efficiency expert, appointed at \$1,250 a week, was **first**, that he promised:

To stitch together the top echelon of the corporate structure so that the administrative muscle of the Shire Clerk and the executive powers of the president can be brought to reality.

and further, that he promised that one of his duties would be:

To interface council with its professional staff to ensure that the directional and policy initiatives and priorities of councillors are understood and acted upon, whilst allowing councillors the level and quality of professional advice to which they are entitled.

Apparently this man had a degree in English; he certainly demonstrated it in the description of his work. That council is not far from an area in which some members may have investments. This council appointed two publicity officers and was paying them \$10,000 each to tell the people what a good council they had.

The Hon. H. J. McPherson: Is not **that** council in one of the State's major tourist resorts?

The Hon. C. J. CAHILL: Yes. The discussion at this meeting was on whether the council would increase the salary of one of them to \$15,000 a year. Can ratepayers in these areas stand it? If honourable members think they can stand it, let them go ahead and do it, but I am inclined to the view that they cannot stand it. Let me turn to **another** council and give details of the rates assessed on two houses of virtually the same value, side by side in the same street, and apparently built years ago by the same developer. They are separated by a 12-foot driveway for the entry of cars to the area at the back of the residences. Though these houses are of approximately the same value, for 1976 the rate assessment on No. 106 was \$182.40 and on the other, No. 108, \$432.40—\$250 more than the assessment for the house next door.

The Hon. W. C. Peters: That is not the council's fault. The council did not value the property. It cannot change the valuation. The valuations are determined by the Valuer-General.

The Hon. C. J. CAHILL: These two houses are divided by a laneway. One is in one local government area, and the other house is in another local government area. The district is middle-class and the people who live there are earning moderate incomes. The owner of one house is paying \$432.40 in rates and the owner of the other house is paying \$182.40. They are separated by a 12-foot driveway.

The Hon. H. J. McPherson: Is that in New South Wales?

The Hon. C. J. CAHILL: Yes, you could walk from here in the morning and get there before the shops open. To come to the interjection by the Hon. W. C. Peters, the unimproved capital value on another property attracting rates of \$518.70 is \$21,000. I presume the UCV is similar on the properties on the other side of the lane. The man who owns the place having the higher rates is a worker supporting a family. He is **paying** more rates than people pay to live in suburbs like St Ives in homes worth three times **as** much.

The Hon. W. C. Peters: Why blame councils if the Valuer-General values the properties?

The Hon. C. J. CAHILL: It is true that the Valuer-General values the properties, but the councils **fix** an amount to be paid in rates for each dollar of valuation. I shall enlarge on that point. The situation to which I refer is extortionate. It is a scandal, and

I believe that the persons responsible for that type of activity are no better than highwaymen. They should be brought before a court and charged, and the council should be disbanded. They are taking money from working-class people just as effectively as somebody who clears off with a man's wallet. I am advised that in this year, 1976, the same council recently engaged five men for three days to lop three ornamental trees in a street, a job that any **competent** person could do in one day with the assistance of somebody to cut up and remove the rubbish. This council in a brazen jobs-for-the-boys exercise provides three garbage services a week. **An** examination has shown that many residents use the service only twice a week, and even then the garbage tins are often only half full. The same council, which covers an area of only 4 square miles, slugs the ratepayers to the extent that I have indicated, and in addition has budgeted this year for \$9,280,499.

When I was a boy in the country horses and drays were used to move produce and so on. There were no utility trucks then. At that time it was estimated that a horse and heavy dray, of the sort used for roadworks, would travel four miles an hour. The municipality to which I refer covers an area of four square miles, so it would not be four miles **from** one side to the other. It is reasonable to assume that one could walk from one end to the other within an hour. A municipality close to it, which is twice the size—which means that it has double the road surfaces and double the parks to be serviced—budgeted this year for little over half that amount, namely, \$5,132,569. The second council employs fewer than half the **staff** employed by the other council.

A third council, not all that far away, four times larger than the first council, has budgeted this year for almost the same amount, \$9,331,437. The council that has been whacking these more unfortunate working-class and middle-class homeowners, and with 38 000 persons within its 'boundaries, **owns**, I understand six limousines. Its neighbouring council, which charges low rates and covers three times the area, and embracing 132 000 persons, owns only two cars. I am advised also that the first council is employing normal staff in the evenings at overtime rates to drive between four and six of the cars it owns every time there is a meeting, and this is costing the ratepayers at least \$150 a night. Is it any wonder that 500 working-class people packed a protest meeting that was called on the council's administration?

To illustrate how unlucky some people can be, and coming back to the interjection by the Hon. W. C. Peters, I point out that this year, 1976, the first **council** to which I referred had a rate of 2.11 cents in the dollar and increased it to 2.47 cents **in the** dollar, a rise of 12.37 per cent. The adjoining council had a rate of 1.05 cents, even though it was three times the size of its neighbour and increased it to 1.14 cents in the dollar, a rise of 8.5 per cent. I would not be surprised if the first council's rate is not the highest in the city of Sydney. I have the figures somewhere. The first council is employing 540 persons, whereas another council of similar size not far away is employing 107 persons. A council close to the one in which the Hon. W. C. Peters is interested covers a high density population area, has 42 000 residents to cater for, and employs only 220 staff. It is to be commended.

The latest disclosure of flagrant, bordering-on-criminal wastage is an announcement in a local newspaper dated 4th November, 1976, in which the problem is ventilated. Apparently nobody could get the figures until the newspaper got them. The council is spending \$100,000 a year, which is almost \$2,000 every week, for what the newspaper in large headlines describes as the council's public loo stink. It refers to the cost of staffing two toilet blocks with nine persons. According to the newspaper, the councils' action is in direct opposition to a recommendation by the engineer. Surely if there were any need for such wastage the engineer would have supported it. That is the sort of thing that is happening in some councils, and hardworking, reliable,

conscientious citizens are powerless, apparently, to prevent it. I am urging the Government to stop this **skulduggery**. I have been handed **an** extract from a newspaper referring to a proposal by a council to spend **\$3** million on a swimming pool. It would be possible to buy a top-grade, fist-class, **thirty** or forty unit motel with two swimming pools for that sort of money. Despite considerable opposition to amalgamations of council areas, sane, sensible people in local government have been saying that they favour such moves. An example of this came from the mayor of Bowral and the president of the Mittagong shire who wrote a joint letter in these terms:

In view of the importance to our respective shire and municipality, we are taking the liberty of placing before you for your consideration the following matter (which has caused us deep concern) in relation to the above proposal. Both councils made submissions in favour of the above proposal at the hearing of the New South Wales Boundaries Commission held at Moss Vale towards the end of last year which, for technical reasons, proved to be abortive.

Since an advertisement by the commission giving notice of intention to hold a further inquiry, the then Deputy Premier, Mr Leon Punch, has made the following statement in a speech on 29th January of this year:

"The Government is of the opinion that before a successful amalgamation can take place, several criteria must be evident. First—there must be an obvious spirit of co-operation by the Councils concerned, revealing a spirit of determination that such a union is desirable and beneficial. Second—there must be substantial support by the community for such a union. Third—there must be a benefit clearly obvious to the ratepayers by way of saving in rates and the provision of better services to the community."

The first of the criteria stated by Mr Punch would, when construed in the ordinary meaning of the words prevent amalgamation where any one of a number of councils involved was opposed to it for whatever reason or motive.

This comes back to what I said earlier. Unfortunately, the former Government continued to soft pedal on this matter. The letter continues:

It is considered that very pressing and substantial reasons exist why there would be total amalgamation in this area between the Shire of Winge-carribee and the Shire of Mittagong and the Municipality of Bowral and without going into great detail, all of the undermentioned factors indicate strongly that such an amalgamation should take place.

1. The three existing areas together form a compact and homogeneous geographical area clearly separated by physical features of the landscape from all other local government areas.
2. A substantial community of interest among all the citizens.
3. Expensive triplication in cost in having three local government instrumentalities with headquarters within an area of nine miles.
4. The difficulty of keeping up and improving the standard and number of services provided without being able to carry out better planned activities on a large scale and with greater expertise.

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5. The desirability of an overall town plan, encouragement and control of **suitable industrial** development, **and** a combined approach to problems of the control of pollution and the safeguarding of the environment of a unique area **for** the future.
6. The ability to deal satisfactorily and not in a piecemeal manner with the expected influx of population which it is anticipated will increase the population of the area 100 per cent **between** now and the year 2000.
7. The increasing inability of ratepayers to pay for local government where no opportunity exists for increasing efficiency and the consequent saving of **escalating** costs.

Without going further into the local government politics in the area, the Councils of the Shire of Mittagong and the Municipality of Bowral both support amalgamation. The Council of the Shire of Wingecarribee opposes it. In our view, none of the reasons advanced by **Wingecarribee** for its opposition, have any real substance in relation to the continued pressure of the foregoing 7 points.

If the foregoing **policy** stated by Mr Punch, is still to prevail then it would appear that any further inquiry to be conducted by the Boundaries Commission in this area would be a waste of time, unless Wingecarribee Shire Council changes its view. If what Mr Punch has said is no longer to be construed as stated having regard to the change in Government, then we would appreciate your assistance in having guidelines firmly laid down so that local government in areas such as this, may know precisely where it stands in regard to amalgamations and be **able to plan** accordingly.

To us, it seems ludicrous that local government areas which came about in a most haphazard and unplanned fashion eighty or ninety years ago, should be put in a position where the mistakes that were obviously made then, or the anomalies that have developed since will have to endure for **all time**.

Another factor is that—and this adds insult to injury—many councils are spending ratepayers' money to fight ratepayers. In some areas where ratepayers are clamouring for relief from rate burdens, for amalgamation and other reforms, councils spend considerable sums of ratepayers' money on engaging legal counsel to fight ratepayers. I said earlier that the Government gave firm and unequivocal assurances in certain areas. No doubt honourable members will recall that about this time last year some television programmes featured interviews between people who had not been in local government—indeed in any sphere of government—and that some brisk exchanges occurred. At this time clear and unequivocal promises of change were made. The shadow Minister for Local Government, in supporting his leader, promised to introduce appropriate legislation to contain the cost of local government. Mention was made of the fact that though the **Barnett** committee and the Else-Mitchell inquiry cost a lot of **money** and brought a lot of expert evidence to bear, their recommendations had been scrapped. Enormous savings would be made by reducing overheads. Surely, it is not necessary to remind honourable members that in the fields of commerce and rural production great savings are to be made by amalgamations. Though vigorous opposition is made in respect of these proposals, it is shallow and in the light of scrutiny it will fade away. The following passage appears in *Hansard* of 25th May, 1975:

Every objective **inquiry** that has been **conducted** into local Government in the history of New South Wales during this century has recommended amalgamation of municipalities and shires in the interests of local

government. Successive governments, including the Government which has just been removed from office, have been full of cowardice and have taken into consideration all sorts of factors other than the good of local government and of the communities that local government serves.

They are powerful and sensible words and I trust that their effect will be implemented. The following words were said by a prominent person in our community:

The **Barnett** committee and every other inquiry that has been **conducted** this century, has said as a result of their objective consideration, that there should be fewer local government areas. The Leader of the Parliamentary **Labor** Party—then Leader of the Opposition, and now **Premier**—gave an unequivocal undertaking to the people of New South Wales that the number of local government areas would be reduced.

Another part of ~~that~~ person's statement reads:

That would contribute to increased efficiency in local government. There is no equivocation about that undertaking; there will be no pussy-footing by the Government in the implementation of the mandate that it was given by the people. The methods that will be employed are now under consideration, but whatever methods are employed they will not emulate the attitudes adopted by the previous government; which was responsible for giving terms of reference to a boundaries commission; on the kind of **finding** that had to be given, leading to the city of Sydney being a medieval city in concept. It was a deliberate instruction given to the boundaries commission of which I was a member . . . Consideration will be given to the fixing of boundaries that will best serve the interests of local government; and those whom **local government** seeks to serve.

Speaking to the daily press of **6th** October last, the same Minister said: "Local government rates will be pegged from next year. Legislation to allow the State Government to peg rates will be introduced during the present parliamentary session." He also said he hoped to be able to inform local councils of the amount to which they would be restricted in the near future to allow them to make their budget estimates for 1977. He said also that local government should be subject to the same restraints as State and federal governments in the present economic climate and that the Government was pressing ahead with its plans to peg rates, despite opposition from the Local Government and Shires Association. The following cogent statement was made on behalf of the Government as recently as 29th October:

It is my personal view that local government rates in many shires and municipalities are unconscionably high. This has been brought about in many instances by councils indulging in grandiose development schemes. In an economic climate, such as that now existing, it is up to councils to adopt a responsible and realistic attitude.

The Government is of the firm view that value must be put back into the dollar rate, and we will not be deterred in taking the steps necessary to achieve this objective; including, of course, the pegging of council rates and the amalgamation of councils.

The Government could consider the scrapping of all municipal rates. Various methods have been put forward from time to time, and examples shown of the unfairness of the present method of collecting rates on unimproved capital value. It is an easy method to base rates on the unimproved capital value, but it is most unjust because of two adjoining properties of equal size, one could be an old building and one a

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modem building. Each of those buildings would carry the same rates. It would be fairer perhaps to base the rates on the improved capital value and not upon the unimproved capital value.

There is something to be said for the scrapping of municipal rates and the payment of rates to the Government rather than to councils. If a person gets a rate assessment for \$500 or \$1,000, that is deductible from income tax. It may be wiser to pay it to the Government and let the Government pay the money to the councils, because then there would be at least supervision as to how the money was spent. That method would not be approved of by some of the spendthrifts, who would not like to have a government department standing over them.

I have tried to provide some information as to the necessity to encourage the Government to carry out its election promises with the object of obtaining more value for the money that has to be expended on the responsibilities covered by local government. If this is done it will be a significant contribution to containing inflation, which is militating against the development of New South Wales and Australia.

The Hon. H. B. FRENCH [9.24]: I join with other honourable members in congratulating the new members who during this session have made their maiden speeches. It is obvious they will add lustre to this Chamber. The Treasurer should be congratulated for this responsible Budget. I do not think anyone has criticized the Budget to any extent. I should like to quote from a statement by the Chamber of Manufactures after the Budget was brought down on 29th September:

New South Wales is back to its proper role as Australia's leading State in economic activity. At present New South Wales is a depressed State—it is an optimistic Budget from which the Treasurer has outlined in his Budget speech. The Government can be assured of the industry's support to help ensure that its programme works.

I have said before that this Government acts responsibly in what it does. It has introduced a budget that shows concern for people. Surely in these difficult times that should be Parliament's prime concern. Many honourable members who went through the great depression are alarmed that this nation has the largest number of unemployed since that time. The figure is showing no improvement whatsoever. In the new year, school-leavers will accentuate the problem greatly. This Government is determined to do all it can to reduce unemployment by requesting all sectors of the community to co-operate. The statement from the Chamber of Manufactures indicates that it is prepared to co-operate. This has been confirmed at various recent meetings. We have heard much comment from the Opposition regarding the economic state of New South Wales but unfortunately we have heard of no solutions.

Some members of the Opposition have been critical of the Budget. The Hon. J. W. Kennedy referred to wage levels. In doing so he made a snide attack on the trade union movement. Other people would have us believe the trade unions are the big bad wolves, responsible for all the country's trials and tribulations. We have to look elsewhere. There are three kinds of lies—lies, damn lies and statistics. That old saying has recently been strikingly confirmed. In July, when it was arguing against full wage indexation, the federal Government told the Arbitration Commission that Australian wages had soared above wages in the United States of America. That was one reason, it argued, why wages in Australia had to be knocked back. Now a research bulletin from Flinders University economists shows that the federal Government was wrong. The Government compared United States average weekly earnings with Australian male average weekly earnings. But, the economists point out, the American figure includes the wages of women and juniors; the Australian figure was only that of adult males. The Treasurer, Mr Lynch, was therefore not

being entirely honest. In fact a valid comparison of Australian and American **wages**—made by the Adelaide economists—shows that, on average, United States wages are still **30** per cent higher than Australian wages.

While on the subject of statistics, let me stick my neck out and risk being branded a liar by quoting some others. The first nine months of the **Fraser** Government have seen a **20** per cent increase in individual bankruptcies. So much for rescuing small business. In fact the **staff** of the bankruptcy division of the Ministry of Business and Consumer **Affairs** has had to be increased by 60 per cent to wipe with all these extra small business failures. General Motors in the United States—by no means a small business—has just recorded an after-tax profit of **\$2,100** million for the first **nine** months of this year—a record profit in General Motors' history and a 68 per cent increase on **1975**. The Government is determined to do **all** it can to reduce unemployment.

The Hon. N. M. **Orr** referred in his maiden speech to industrial relations. He said that there should be more consultation before confrontation. That concept would be good if it prevailed. When one talks about industrial relations one wonders whether many people—and I refer particularly to honourable members opposite—know what that term means. I should like to refer the House to a strike that is taking place in one of the industries that is covered by my union. In an attempt to have consultation before confrontation certain propositions were put forward to the management to resolve the **difficulties**. I am quite sure that with Christmas approaching the company does not want a resumption of work. It has stockpiled to the extent that its plant can remain inoperative for the next two months—even until well after Christmas. Although there was a way out of the **difficulty** without the need for confrontation, purely for the mercenary reason of saving considerable money by having workers on the grass, there has been a deliberate attempt by the management not to want less confrontation and more consultation.

The Hon. W. J. **Sandwith** spoke of the importance to New South Wales of the building of homes. The homebuilding industry creates much work in allied industries such as cable making and prime cost items as well as bricks and mortar. As the **livelihood** of many workers is dependent on this industry one can understand why **the** Government will give it the highest priority. When the honourable member suggested that new subdivisions be created without necessarily constructing kerbing and guttering and other facilities I was inclined to agree with his comments. I do not know how far he intended to go. He may have intended that essential services such as sewerage should be excluded. The work of subdividing an area of land in itself provides considerable employment. One cannot have it both ways.

The Hon. W. G. **Keighley** referred to unemployment and to the fact that part of the cause could be blamed on unions. There has never been a time when manufacturing companies and the unions covering their activities have been so closely **woven** together. It has been purely for motives of self-help and with a mutual wish to try to preserve jobs. This should be one of the most vital objects of the trade-union movement. The duty of every responsible trade-union official in New South Wales is to maintain industry in New South Wales and not to have it establish in another State. Three weeks ago I attended an inquiry by the Industries Assistance Commission on the rubber footwear industry and similar industries. There was a joint effort by **company** and union. Previously similar evidence on tyres and batteries was given on behalf of the union at an inquiry by that commission. The union and managements have benefited by swapping notes on matters of mutual concern. I inform the House that imported tyres represent some **40** per cent of the market, which is much too high. This position will need to be changed.

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The Hon. R. B. **Rowland** Smith referred to demarcation issues within the trade-union movement. I **know** that he has problems on this matter, as do other managements. It is one of the main problems besetting the **trade-union** movement. Unfortunately it is a legacy from the United Kingdom, from where many problems originate. These issues will persist until they can be approached without emotion. As is the trade-union movement's prerogative, I agree with some of the recent statements by the Premier and I disagree with **others**. I agree with the Hon. R. B. **Rowland** Smith **that** demarcation issues require the **attention** of the whole country.

The Hon. Sir John Fuller referred to decentralization, a subject dear to his heart. During his term of office with the former Government the John Bull Rubber Company at Nowra, with which my union was associated, had difficulties. The Pelacco company received a grant from the decentralization board to start operations in the same area but unfortunately it did not get off the ground. Little was done by the former Government to prevent the John Bull Rubber Company opting out of the town of Nowra, which would have benefited to the extent of some \$1 million a year from wages of the employees employed by the company. Similar problems have arisen in a number of country towns. I wonder whether the Country Party is really interested in having large industries in country towns.

The Hon. L. A. **Solomons**: Why not?

The Hon. H. B. **FRENCH**: When factories are established in country areas one finds that the workers are not always happy to vote for Country Party members. In the early 1900's my forebears were founders of the Country Party in the Tumut area. My grandfather would not have been happy had he been able to foresee that I should become a member of the **Labor** Party. There must be a blueprint for manufacturing industry in the future. If the Industries Assistance Commission and other bodies say that certain sections of industry are expendable, let it be known what they are so that there will be an opportunity to do something about them. I make no secret of being a protectionist. The protectionist policy was introduced by the **Scullin** Government in the early 1930's. I do not try to excuse the 25 per cent across-the-board tariff cuts by the former federal **Labor** Government. I did not agree to it; it was a fatal mistake. I am not so naive as not to know that Australia must trade with other countries. It is a two-way street. I do not accept the ideas and views of economic boffins in the Industries Assistance Commission and elsewhere who want to tell us how to run things and that this or that should happen. This is pure theory. It does not work out in practice.

The Government has paid considerable attention to ethnic affairs in the Budget. It is proposed this year to increase expenditure under this heading by \$625,000. I have spoken previously in this House of ethnic groups and their problems. Let me read to the House from an Australian Broadcasting Commission news bulletin of 30th October, 1976:

The Prime Minister last night criticized unions for failing in their responsibilities to migrant workers. Mr Fraser told the Melbourne Chamber of Commerce that the union movement as a whole had been slow to recognize the needs and problems of migrants. He said that until the union movement did more to close the information gap between themselves and their migrant members, they could not claim to adequately represent those members. The Prime Minister said that when he could see more union office holders and more delegates attend union conferences were migrants then he would be able to say that trade unions had a greater claim to represent their total membership. Mr Fraser didn't just single out unions, he also accused business of failing in its responsibilities to migrants. He said only a few employers

provided multilingual information on award provisions, working conditions and workers' compensation, and he said the lack of multilingual safety signs could contribute to industrial accidents amongst migrant workers.

That is absolute rubbish. It annoyed me to read it. I have taken out figures for the past six months and I have found that forty migrant members of my union have been given legal advice on compensation claims. Not one of those forty men has an Anglo-Saxon name. They have come here from almost every country in the world. The union has fully looked after them, providing interpreters where necessary. The trade-union movement is doing a genuine job in safeguarding the interests of all members. Every day of the week migrants come to my office to see me. They speak a different tongue, but really they are no different from other people. I am a fifth-generation Australia. My maternal great-great-grandparents arrived in the Tumut area in 1840. Their names were Daniel and Isabel French. They came out here bonded for two years. Daniel, who was a shepherd, could read but could not write; my great-great-grandmother could read and write. The main thing is that they were immigrants. They came to a rough part of the country. Though they came from Scotland at least they were able to speak a language that could be understood. They and thousands more like them settled here and made this country what it is today.

Migrants, with the help of all of us, will make the country what it will be tomorrow. I deplore the Prime Minister's effrontery in saying that the trade-union movement is not pulling its weight and doing the job that it should be doing for migrants. I shall not take that type of criticism from the Prime Minister, or anyone else for that matter. There is no doubt that the Budget is a budget for the people. Everybody would like much more to be done, but in trying financial circumstances I believe the Budget is in the best interests of the people. I support it.

The Hon. F. M. MACDIARMID [9.48]: It is a privilege to follow a member from the Government side who on his own admission is steeped in Country Party tradition. If he ever wants to leave the Labor Party I am sure we should welcome him as a man from Tumut, which is a place dear to my heart. I have had many happy associations there in a number of ways. I join other members in congratulating the new members who have made their maiden speeches in this debate. Though one does not necessarily agree with everything that he said, I was deeply impressed by the sincerity of the Hon. J. R. Johnson. We may not agree with people who have different philosophical philosophies, but there cannot be much disagreement if they are sincere in what they say.

The Hon. L. D. Serisier: What if you agreed?

The Hon. F. M. MACDIARMID: I do not agree with much you say. I do not intend to dissect the Budget page by page, for the Leader of the Opposition did that successfully. I was agreeably surprised that the Premier said he would "give it a go." In the day-to-day hurly-burly of politics it is necessary for people in responsible positions to show statesmanship from time to time. Though we have different philosophies, most of us are endeavouring to do what is best in the long run for our State and nation.

The Treasurer was fortunate in being able to formulate his **first** Budget on a bigger slice of the cake from Canberra. That was something the Liberal-Country parties were saying was necessary even when they were in Government. I have felt for a long time that New South Wales has been subsidizing **the** minor States, if I may use that term, though I suppose it will bring on me the wrath of Tasmania. It is desirable that New South Wales, being a big industrial State, should have more of the

federal cake, as has happened on this occasion, and will continue to happen. That is why I say that the Treasurer, in framing the **first Labor** Budget for eleven years, was able to provide for everything that was necessary without increasing taxes. That was fortunate for him.

I enter this debate not to dissect the Budget page by page but to comment on a few matters that I believe are of vital importance. One of them is decentralization. I hope that even though the federal Government has cut back on its allocation to the States for this purpose, the State Government will continue the policy of the former Government and encourage decentralization **not** only away from the city of Sydney but indeed away from the cities of Wollongong and Newcastle. There is absolutely no doubt that the quality of life in the country is better in many ways than it is in the cities. I say that advisedly. I should like to think that we could attract more and more people to the country from the great metropolitan areas of this nation. Certainly the previous State Government did much in that respect. During its period in office it encouraged something like 950 industries to decentralize to country areas. Contrary to what the previous speaker said, the Country Party urges decentralization, even **though** some factory workers may not always vote for that party. We are firmly behind decentralization.

I suppose Canberra is held up as the shining light to guide our decentralization activities. One aspect of the decentralization activities in New South Wales about which I am not terribly happy—and I must confess that when the Liberal-Country parties were in Government I had the same reservation—is the setting up by the Albury-Wodonga Development Corporation of factories, and the leasing of them in competition with private enterprise. That certainly did not happen in Canberra under the National Capital Development Commission. **Canberra** was designed as a model city, and was never intended to attract industry that would cause pollution, smog and the like. Basically Canberra is a city of administration. I recognize that other growth centres such as Albury-Wodonga and Bathurst-Orange must **attract** industry other than service industry if they are to provide the jobs necessary to get people to live there.

Now that the Albury-Wodonga project is under way I should like to think that all governments concerned with it, and particularly the State Government—though this is probably wishful thinking—will withdraw from that type of development and leave it to private enterprise. It is interesting to note that Wagga Wagga, which is not a declared growth centre, is going ahead faster than Albury-Wodonga, mainly because private enterprise is injecting money into it.

The Hon. H. J. **McPherson**: A big lead has been given by local government there.

The Hon. F. M. **MACDIARMID**: I appreciate that. It is true that Wagga Wagga is going ahead in leaps and bounds, is it not?

The Hon. H. J. **McPherson**: It is.

The Hon. F. M. **MACDIARMID**: It is doing so without having been declared a growth centre. The Hon. P. **McMahon** showed concern about the inability of young persons to get work. If what he said is **fact**, all of us must share his concern. A man well known to me was developing a large recreation complex in a suburb of Sydney, and was employing quite a lot of young people. The work was not permanent, but he was doing work in place after place. Early in the life of the project he arrived on the site one day to find that all of the young people he had employed had disappeared. That was the day they left to collect their unemployment benefit.

The Hon. D. P. **Landa**: How **did** he **know that**?

The Hon. F. M. **MACDIARMID**: He found out. Quite obviously they were working for him under false names and were **collecting** unemployment benefits. There is a lot of that going on, and it is not a desirable trait in members of our community. If we on this side of the House become critical of **the** unions, we are called union **bashers**.

The Hon. D. P. **Landa**: You never criticize the manufacturers or similar groups. Why is that?

The Hon. F. M. **MACDIARMID**: I shall criticize them in a moment, if the Minister will wait. I suggest that right now it is the unions that are bashing Australia. As each new day arrives we find some industrial trouble in key industries. In the meat industry the position has become serious. The beef section of the meat industry is in dire straits, and cannot stand it. No one would suggest that the unions are not desirable organizations. No one would deny that unionists have a perfect right to withdraw their labour if they consider that they are being unjustly treated or badly done by, but surely they are deserting their real cause when they dictate to the nation whether we can extract uranium from the ground and sell it, remembering, I believe, that probably uranium could mean to Australia what oil has meant to the Middle East countries; when the unions determine how much wool a farmer can put into a bale; when they determine whether Australia can export its meat; and when they determine whether newspapers shall be printed. So it goes on. If the unions are to run this country and we continue to have industrial trouble, I fear for the future of Australia.

I listened with interest to the Hon. H. B. French who spoke about the co-operation he has found between employer and employee in the industry in which he is involved. I do not **think** that we set out to be union bashers. All we are trying to point out is that unnecessary industrial trouble causes national difficulties, particularly to the key industries. Perhaps I can say as an aside that when one enters this debate, it is not unlike a game of cricket: you know that you are going to bat, but you are not sure when it will be. I know that the Hon. P. S. M. **Philips** has had the pads on for quite some time, and does not yet know when he will go in. I am reminded of two great cricketers, Sidney George Barnes and Sir Donald Bradman, each of whom made 234 against the Englishmen in 1952, and Lindsay **Hassett** had the pads on for a day and a half. I think the Hon. P. S. M. **Philips** has had them on for a week and a half.

The Hon. L. P. **Connellan**: **Hassett** was a good after-dinner speaker. That is the difference.

The Hon. F. M. **MACDIARMID**: It is nice to hear compliments from one's own supporters. As new suburbs develop, there will be a growing need for sport and recreation areas, and greater encouragement should be given to the establishment of playing fields and parks. The lack of sporting facilities is starting to show up in the performance of our national representatives. In sport Australia is becoming a nation of watchers rather than participators. I understand that about 10 per cent of school-leavers in this country participate in sport. However, in countries like East Germany and West Germany—particularly East Germany where people may be under a certain amount of pressure to participate—about 33 per cent of school-leavers take part in active sport. The Opposition is having a look at what needs to be done in this area. I hope that when more funds become available in the future, the Government will spend more money in this area.

The Hon. J. R. **Hallam** made great play of the organization which I had the privilege of leading some time ago, because it was critical of the federal Government's failure to take action to devalue the currency. All I can say is that that shows the value

and quality of the organization. Although it shares the philosophies of the conservative parties in politics, it pursues objectives that are in the interest of its members and the nation. On one or two occasions when I was president of that organization I had consultation with the leader of the federal Country Party, the Hon. Sir John **McEwen**, because I did not agree with certain tariff policies the federal Government was pursuing. This is an area where I am prepared to criticize the Government and certain manufacturing industries for the tremendous tariff concessions they enjoy. It has now got to the stage where secondary industry in Australia enjoys about \$3,000 million worth of protection each year, which costs each farmer in the nation about \$4,000. This is an indication of the extra burden that primary producers are carrying at the present time.

Government supporters express great concern about the working man. I propose to give honourable members some figures that will indicate what is happening to the working people in the beef industry—I use the term working people to include those people who own farms and have beef cattle holdings. The Australian National Cattle-men's Council has estimated that only 18 000 of the nation's 50 000 beef producers are now viable; that fewer than 30 000 have an income of \$5,000 a year and that about 11 000 of them have no income at all. Everyone involved in government—I recognize that this is not the responsibility of the State Government—should do something about the serious situation that has developed in the beef industry, particularly in regard to trade with Japan.

The federal Government must adopt a much tougher attitude to **our** trading with other countries. If the Japanese want our raw materials—which they **do**—such as steel, uranium and wool, we should tell them, "We are not prepared to sell **you** those things unless you buy more beef." The beef industry is virtually on its knees; it is about to roll over and die unless something dramatic happens. The fact that this industry has earned \$600 million for the nation will give honourable members some idea of its importance.

If the Minister says that I am not now being critical of the Budget, I suppose I shall have to concede it. I commend the Minister and the Government for their attitude towards preserving Australia's heritage in the form of some of our old buildings. For too long we have been inclined to pull down old buildings and construct modern buildings in their place. It has always fascinated me that more outdoor cafes have not been established in this country as they have been in Europe. It is easy to visualize a street like Victoria Street, Potts Point, with a number of outdoor cafes. I appreciate that Victoria Street was the subject of a dispute in which the builders labourers union would not allow the demolition of some old buildings—and it may be that they had a point. Councils in various parts of the State should keep this in mind when their areas are being developed. I could not help but be impressed last Thursday when I attended the Armistice Day ceremony at the Cenotaph. The tradition behind that event is quite remarkable. I could not help but contemplate that even though we would like to see continuing peace in our lifetime and that of our children, the spirit of Anzac in certain areas may be dying in this nation. I should like to think, as the Hon. H. B. French indicated, that the spirit of the pioneers—the people who made this nation great—should be resurrected. It would be marvellous if we could instil in the young the spirit of Anzac, and if we can get Australia moving again. Australia unlimited has now become Australia inhibited. I hope that the Government—indeed all responsible people in the community—will try to get that message across and get Australia going again.

The Hon. **J. S. THOMPSON** [10.8]: I congratulate those honourable members who have made their maiden speeches in this debate, and I wish them well. It is a real pleasure to have them with us and I feel sure that they will make bigger and better

contributions to our deliberations in the future. When the Hon. Sir John Fuller spoke in this debate he made a statement that interested me greatly. He said: "If one wanted to be kind, one could say that the 1976 budget is an innocuous document or perhaps an exercise in standing still." For that reason I took the trouble to refer to the dictionary meaning of the word innocuous, which is: "not hurtful or injurious; harmless." I should think when a budget is being brought down we should look for that result rather **than** something that is hurtful. I have taken the trouble to examine previous budgets, particularly the one for 1975–76. **A** statement has been made that this Budget is a weak, harmless sort of document, something that is not hurtful. When I had a look at the previous Government's last budget, I was horrified. By comparison with the present budget I would describe the 1975 budget as a real horror budget. The Hon. Sir John Fuller, when presenting the 1975 budget, said:

The whole of the economic scene has been characterized by overwhelming uncertainty in business, commerce, government and the **community** generally. The economic policies pursued by the federal **Labor** Government have brought our nation to its knees and the belated switch of direction in this year's federal budget provides its own condemnation of those policies.

The federal Government, to which the gentlemen of the Opposition subscribe, has now been in office for twelve **months**. The situation in the last twelve **months** has become far **worse** than it was in the previous twelve months. Inflation is hardly lowered. Unemployment is worse than it has ever been and far worse than under the federal **Labor** Government. Those who criticize that Government should remember that the present coalition government has been in office for over **twelve** months. The situation now is far worse than when it took over twelve months ago.

The Hon. L. P. Connellan: Can you kid your own supporters that what you are saying is right?

The Hon. J. S. THOMPSON: When I talk to our members at the present time and see people turned out of the gate in hundreds, I do not have to **kid** them I am right. They know how right I **am** and how wrong the federal Government is. It is worth while checking on the last **budget** of the previous government. It was a real horror. Duty on cheques went up from **8c** to **10c** from 1st January, 1976.

The Hon. H. J. A. Sullivan: It is not as bad as postage.

The Hon. J. S. THOMPSON: Who put postage up?

The Hon. H. J. A. Sullivan: Your government.

The Hon. J. S. THOMPSON: Motor vehicle transfer fees went up from **50c** in each \$100 to \$2 in each \$100; a massive increase. There was a massive increase in racing taxation; an increase from 1 per cent to 2 per cent **on** turnover of bookmakers. Commission on totalizator investments increased by 1 per cent yielding an extra \$12 million a year. Petrol licence fees increased from 10 per cent to **15** per cent to yield an extra \$24 million a year; **4.3c** a gallon extra.

The Hon. Sir John Fuller: You also criticized the freight increases last year and said that **would** not happen under a **Labor** government.

The Hon. J. S. THOMPSON: I shall speak about freight in a moment. The previous Government increased public transport fares by 5 per cent from 1st January, 1976.

The Hon. Sir John Fuller: What about freight?

The Hon. J. S. THOMPSON: When we were on the other side I criticized your Government because you increased freights by 30 per cent.

The Hon. Sir John Fuller: You said there would be no more freight increases under **Labor**.

The Hon. J. S. THOMPSON: The freight increase was only 7 per cent. We are only boys compared with you. When people **make** statements they should be accurate. On 26th February the present **Premier** asked the following question of the previous **Premier**, Sir Eric Willis:

I ask the Premier and Treasurer whether New South Wales is the only State imposing a petrol tax and whether this is costing motorists a sum between \$60 million and \$70 million a year? It is necessary for the Government to impose this tax owing to its financial incompetence and mismanagement, examples of which include expenditure on freeways which have now been abandoned, rental of city premises for costly government offices and failure to maximize the use of valuable Government-owned land both in and out of the metropolitan area? Is it to be inferred from the remarks of the Premier and Treasurer yesterday that he has now decided to abandon all hope of matching my firm undertaking that the Labor Government will immediately remove the petrol tax?

Sir Eric Willis replied:

With all the dignity I can muster, I have to say to the Leader of the Opposition, "You know, you really will have to do better than this". The answers to the three questions asked by the honourable member are, yes; no; no.

The former Premier lost government. On a number of occasions I asked questions of the Hon. Sir John Fuller about petrol tax. I was told every time, "We cannot govern without it."

The Hon. F. M. MacDiarmid: You are **governing** without petrol now.

The Hon. J. S. THOMPSON: I **am** glad that the **honourable** member made that comment. The State of New South Wales has shown complete responsibility and I give **full** marks to the Premier because he has been in Melbourne for the past two days making sure the industrial wheels of this State **turn** freely. He is doing more than the previous Government.

The Hon. F. M. MacDiarmid: What has he been doing?

The Hon. J. S. THOMPSON: He has been trying to get the wheels of industry turning. As you know, the problem is not in New South Wales; it is in Victoria.

The Hon. L. P. Connellan: What about your industries in Victoria?

The Hon. J. S. THOMPSON: I do not have any industries in Victoria. My union is working normally.

The Hon. L. P. Connellan: That is not what the Premier said today.

The Hon. J. S. THOMPSON: I suggest you read his statement, because what you are saying is wrong. A massive increase in petrol **tax** was **imposed** on **4th** November, 1975, and there was a lot of criticism when it **was** introduced. However, on 24th

March, 1976, Sir John Fuller introduced into this Chamber a bill to repeal petrol tax. At that time he said:

The revenue forgone in a full year will be some \$80 million and this will clearly have an effect on next year's budget. We have examined the 1976-1977 projections and we are confident that we can cope.

What insincerity. In November, 1975, he said in this Chamber, "We have to impose this massive increase in tax," yet four months later he made a totally different statement and said, "We are now going to repeal it. We are going to lose \$80 million in revenue but we can cope with it."

The Hon. Sir John Fuller: In that November Australia got rid of the worst government it ever had.

The Hon. J. S. THOMPSON: You keep on dodging the issue. You said in this Chamber in November, 1975, that you agreed with this massive tax but four months later you said in this Chamber, "We can cope with this now and we are going to lose \$80 million." When the Wran Government introduces a budget in these hard times in such a fashion that nobody suffers, perhaps it is an innocuous budget. If this is an innocuous budget, let us have more of them. People would rather have a budget that was innocuous than a budget such as that which was introduced in November, 1975. I know which one the people would prefer.

Again I want to show the insincerity of some members of the Opposition. During the debate on the petrol tax, in answer to a question why the State Government did not transfer the railways to the federal Government, the Hon. Sir John Fuller said, "Some people would sell their souls. We have principles." I find it difficult to understand the principles of people who can so change their attitude in four months. That is not my type of principle.

The Hon. F. M. MacDiarmid: What about the irrigation water charges? The Government took them off and put them straight on again. Where is the principle in that?

The Hon. J. S. THOMPSON: The honourable member has a problem because the only time he can join in a debate now is when another bill is introduced. Looking at the real problem and not trying to score off people, but trying to do the best I can for the State and the people, I would say the prime problem in this State is its public transport system.

I said in this Chamber that if the former Government could not solve the problem of public transport it would go out of office. It is a most serious matter about which one should not try to score off another but should attempt to solve the problem. Apparently the loss on public transport is over \$300 million. My information is that next year the loss could go as high as \$350 million.

The Hon. F. M. MacDiarmid: Then you go out of office.

The Hon. J. S. THOMPSON: No, we will be doing something about it. The current loss on public transport represents almost one-tenth of the amount collected by way of taxes in New South Wales—an incredible proportion. Unless a government can do something about it, it would be enough to put it down. Any government that cannot reduce the deficit has a serious problem.

The Hon. R. B. Rowland Smith: How does the honourable member reconcile the fact that he thought it was bad that the previous Government increased freight rates by a certain amount with the fact that the honourable member said nothing about the 7 per cent increase by the Government?

The Hon. J. S. THOMPSON: I shall endeavour to answer that. Public transport must be considered in a way **different** from many businesses. One must look at the way major airline **companies** run their operations. They contend **that** the most important thing is to keep their aircraft in the air as much as possible. During the time aircraft are on the ground revenue is lost. One of the problems with public transport, including the **cartage** of freight, is that it is used for relatively minor periods. Goods and passenger vehicles spend **most** of their time on railway sidings. The prime task in public transport is to have those vehicles rolling as much as possible. To achieve this requires innovation.

I was pleased that **the** Government saw fit to reduce passenger fares by 20 per cent. I know that some people by using a **slide rule** can say that certain revenue was lost. I wonder whether it is really lost. The long term will show that the Government has taken steps to arrest the loss. When the former Government increased fares by 5 per cent in January there was an immediate fall-off in patronage, which meant greater problems. The name of the game is to use public transport services. When fares are increased to such an extent that people do not use the services, wages and overhead **expenses** remain the **same**; they are permanent and continuing. As overhead is a fixed sum, business must be kept flowing.

I have **to** be honest and admit that I have no real answer to the transport problem. I suggest that for a **start** there is a **need** to modernize completely or transport **will** sink deeper into the mire. I am well aware that **modernization** would require borrowing additional money with its attendant increased interest bill. Also there is the prospect of further deficits. One could **turn to** mechanization and automation. From my talking with the Minister for Transport and Minister for Highways I have learned that a large amount of money will be spent on modernization. Already preliminary talks have been held with the unions. It may mean **a** drop in the number of **staff** employed by the Public Transport Commission.

The Hon. F. M. MacDiarmid: Do you agree with modernization of every aspect of industry?

The Hon. J. S. THOMPSON: Yes.

The Hon. F. M. **MacDiarmid**: Good. Then we can get the unions to agree?

The Hon. J. S. THOMPSON: Yes. At no time has an honourable member heard me say that I am opposed to modernization if it does away with the work force, I have said quite the reverse.

The Hon. Sir John Fuller: You should have a talk with the **Fairfax** group.

The Hon. J. S. THOMPSON: I am glad that the honourable member has mentioned them. The problem there is that the company wants to make massive cuts in the staff by turning people out of the gate. **Fairfax** are saying that if they dismiss people they will try and get them a job. That is not the answer.

The Hon. F. J. Darling: It is not a bad start.

The Hon. J. S. THOMPSON: I think it is a bad start.

The Hon. F. J. Darling: You just sack a person?

The Hon. J. S. THOMPSON: No, you do not do that either. The honourable member knows that both his statements are wrong.

The Hon. F. J. Darling: They are both correct. Industry has a responsibility to assist.

The Hon. J. S. THOMPSON: **If** one wants to retrench or dismiss **staff** one softens the blow as much as possible. The **first** thing to do is to buy people out. That is the accepted practice **throughout the world**.

The Hon. F. J. Darling: What about the wool bale weights dispute? Where does the honourable member stand with that?

The Hon. R. B. Rowland Smith: That is out of his domain.

The Hon. J. S. THOMPSON: It is not. These things can be worked out sensibly. One of the most sensible pay-off schemes was in the United States of America when there was massive automation on the wharves. The longshoremen were paid vast amounts of money in an effort to reduce the work force. That is the way to go about it. The procedure adopted by Fairfax is not the way. While ever they go about it in the way they are there will be serious problems. New South Wales has a serious problem with many industries leaving the State. I have referred to this problem before and I still hold the same opinion. Great assistance has been given by the governments of Victoria and South Australia to take industry from New South Wales. Much of their efforts has been extremely successful. If a State government of any political colour has a large part of its revenue taken up by massive losses on public transport it cannot afford to give industry sufficient assistance. The money is not available.

South Australia is in a tremendously advantageous position because it got rid of part of its railways to the Commonwealth. The real reason that Government has a surplus is that it does not have a massive public transport debt; it is now the responsibility of the federal Government. Victoria has a similar position, but not the same amount of surplus is involved. Victoria is a smaller State with not the same difficult terrain as New South Wales. Although it has a population not much different in number from New South Wales its loss on public transport amounted to \$140 million. That represents a little more than half the loss incurred in New South Wales. That State is in a better position with its finances.

The Hon. H. J. A. Sullivan: What about the short length of its railways?

The Hon. J. S. THOMPSON: That is what I have been saying. Victoria and South Australia have surplus money with which the governments can encourage industry. However, New South Wales is being permanently starved of money, primarily through losses on public transport. The Hon. F. M. MacDiarmid mentioned that tariffs in Australia were past of our problem. I remind honourable members that according to newspaper reports today Japan has made a huge cut in the purchase of Australian beef. From the long-term point of view the most wise thing that Australia can do is realize how important it is to have local markets. At the stroke of a pen a country such as Japan can cut in half our beef export market. I do not know where the nation can go unless it takes steps to preserve its industries. I know that certain products may be conveniently purchased overseas but we must appreciate that if purchases by oversea countries are stopped, as occurred with Japan this morning, everybody suffers. We must protect our own industries.

The Hon. R. B. Rowland Smith: The honourable member missed the point when we were talking about assistance. We are concerned about the level of assistance, not just across-the-board assistance.

The Hon. J. S. THOMPSON: Over the years the farming **community** has received tremendous assistance. The Country Party was established for the express purpose of assisting farmers and for no other reason.

The Hon. L. P. Connellan: What about your own industry?

The Hon. J. S. THOMPSON: It still makes the best product in Australia.

The Hon. Sir John Fuller: How much is the industry subsidized?

The Hon. J. S. THOMPSON: Not to the extent that some farming industries are subsidized. This interjection is interesting. Members of the Opposition mislead the House. They make public statements about what great Australians they are. They say that we should have good secondary industries because if Australia becomes involved in trouble overseas it is important that we have strong and viable secondary industries in order to be able to defend ourselves, but they are ridiculing Australian industry tonight. They should look in the mirror at themselves. If the Labor Government continues to bring down budgets of this type—innocuous in the words of the Hon. Sir John Fuller—it is assured of office for many years and I shall be happy to remain on the Government side of the Chamber.

The Hon. P. S. M. PHILIPS [10.31]: May I at the outset of my maiden speech to this ancient and honourable House express my thanks to members for electing me to membership unopposed in place of the Hon. Mac Hewitt who has retired, and for making me feel welcome here. Although I did not know him well, I have the highest regard for the Hon. Mac Hewitt's pragmatic and earthy private-enterprise philosophies and activities. One of my tasks in this House, as I see it, will be to attempt to follow in his footsteps to some degree. I also take this opportunity to thank you, Mr President, the Clerk of the Parliaments, the Clerk Assistant, the Usher of the Black Rod, the librarians and staff generally for their courteous assistance and help during my short time here.

I have noted that over the years honourable members have dealt with a wide variety of subjects in their maiden speeches. In my case, however, it has been represented to me that I should speak on the Stock Exchange because of my association with that institution. With the greatest of respect to my colleagues, my view is that this is an inappropriate subject on which to speak at this time, but the subject of the stock market sector of the capital market is in a very different category and I shall therefore devote a major part of my remarks to this aspect. Initially I seek the indulgence of the House in permitting me to explain to the best of my ability the role of the Stock Exchange in a free enterprise or mixed economy. I seek this indulgence because I am absolutely convinced that this role is not well enough understood by members on either side of this House or by the community generally. To quote the Hon. J. W. Howard, federal Minister for Business and Consumer Affairs, speaking at Monash University on 30th August, 1976, he said:

Frankly I believe there has been insufficient recognition in Australia of the importance of the markets maintained by the Stock Exchanges to this country's economic life.

That is all very well, members may think, but what is this to do with governments? Again I quote Mr Howard at Monash:

A government's interest in the mechanism of the capital market must not only be seen in terms of investor protection although this is an undoubted element.

It must also be seen in terms of a government's responsibility to assist in improving the performance of the capital market.

We shall do an important economic institution a great disservice if government regulation and involvement is only seen in the punitive sense of curbing and punishing the dishonest and deceitful.

The initial reaction of honourable members to the two important quotations above may be to think in terms of this responsibility being a federal rather than a State matter. This is, of course, emphatically not the case. It is a joint and several responsibility, as is the responsibility for creating conditions favourable for private investment and hence economic and employment growth. This was recognized by the Premier of New South Wales when he was reported as saying on 10th November in the *Australian*:

I feel that the State's job at the moment is to do everything to promote investment incentive. We are a free-enterprise community.

An essential ingredient in any investment decision is confidence, and although it may sound trite to say this, the simple fact is that every investor who puts his capital into any form of investment medium, whether he pays a premium on an insurance policy, a contribution to a superannuation fund, or buys a water board debenture, a Commonwealth bond, a building society deposit or a Broken Hill Proprietary Company Limited share, is giving up the alternative of immediate consumption in return for some benefit in the future. And in doing so, he needs a lot of faith and a lot of confidence: confidence that his capital will be returned to him, confidence or hope that the benefit he receives in the future, both in capital and in income, will be sufficient to compensate him for foregoing current consumption and to maintain the purchasing power of his capital. That confidence is a fragile flower, difficult to nurture and all too easy to destroy, has been amply demonstrated in the past. For example, honourable members will recall when statements made apparently in all sincerity and good faith in one context produced sharp losses of confidence in building societies in another, and only prompt action by State governments avoided serious financial difficulties. Honourable members will remember that the Hon. W. J. Sandwith referred to this matter in his maiden speech last week.

I do not for one moment suggest that critical appraisal of any sector of our community should be muzzled, but I do urge that people in public life should give careful consideration to the possible effect of statements they might make. The temptation to make purely destructive criticisms without regard for the damage that can be done has not always been resisted. So much for the moment for governments and stock markets. I now turn to a description of the role of stock markets in the capital market and in the economy. The basic and unchallengeable reason for the existence of a stock market in a free enterprise or mixed economy is that it enables the temporary capital represented by the savings of individuals and institutions to be transferred into permanent capital without which governments, semi-government authorities and public companies could not finance their capital works programme. This major public benefit is brought about because a stock market provides the simple mechanism for the negotiability of securities. Without this mechanism savings could not be committed to the subscription of permanent capital because the subscriber would not have a quick, convenient and certain method of restoring his savings to a liquid form to be put to other uses as his needs change. This argument can be sustained regardless of whether the term permanent capital refers to capital retained by the issuer of the underlying securities in perpetuity, that is, share capital, or capital which at same future time will become repayable by the issuer of the underlying securities—debentures.

It has been suggested that the logic of this argument has been downgraded, if not destroyed, because during the past two decades capital accumulation has been dominated by the retention of earnings and borrowings from institutions rather than by the public issue of new securities. In my opinion the proponents of this view exhibit a lack of understanding of the market mechanism. Certainly, public companies have effectively increased capital through retained earnings with the result that their net assets have increased and the earnings generated by these assets have also increased.

The Hon. P. S. M. Philips]

Security holders in the companies—savers—have not complained unduly because the value of their securities on the stock market has, over a period, reflected the benefits derived from the retention of earnings by companies. Most important, the existence of a market place gives the investor the facility to liquidate his securities if so desired. If this were not so, security holders would demand that a greater share of profits be appropriated to increase their cash benefits with the result that the companies, if they wished to increase their capacity to produce, would have to increase their direct capital raisings from the temporary savings of individuals and institutions. Thus the very existence of a stock market has materially assisted the practice of retaining earnings as a means of acquiring the capital goods and working capital to maintain or expand business operations with consequent benefits to employment opportunities and community prosperity. The same reasoning can be applied to show that institutions are prepared to provide capital to companies because they know that if the need arises they can fund the capital subscribed or loaned through the mechanism of the stock market.

Having established the absolute need for a stock market, it is desirable to discuss the underlying reasons for conducting that stock market on the auction system as is now done in Australia. Nothing has an intrinsic or immutable value. The only value that anything has is what a willing but not anxious purchaser will pay a willing but not anxious seller. This interaction of buyer and seller will produce the fairest price at any particular time when all interested and informed buyers and sellers can participate in the process of arriving at the price. The whole purpose of the auction system is to provide this facility, but it only works properly if there are sufficient participants in the auction on a regular basis. As the stock market auction is conducted on every business day this effectively means that the auction market will not adequately perform its function unless there are sufficient stockbrokers, the agents of the buyers and sellers, participating in the auction.

The economic disadvantage of having too few participants in an auction stock market system can be illustrated by reference to developments that have taken place on most European bourses. Because there are few participants they tend to be large and institutionalized with the result that they are averse to taking risks; the markets are dangerously lacking in liquidity and prices fluctuate very materially when large blocks of securities are offered for sale. Because the institutional members are averse to risk taking, preferring instead to deal in the securities of large established corporations, smaller or recently floated European companies experience considerable difficulty in raising risk capital. In order to increase their productive capacity, European companies, which are not first-tier companies, have no alternative but to gear their borrowing at levels that make their survival problematical in periods of recession.

That the stock market reflects fair prices and therefore an acceptable means of valuation of securities is a matter of considerable public benefit. These prices are the basis of valuation for the operation of several taxing statutes but of greater significance is their importance to life assurance companies and superannuation funds. Perhaps this latter comment is deserving of further elaboration. Life assurance companies and superannuation funds represent in their totality by far the greatest concentration of the savings of hundreds of thousands of ordinary Australians that are available for investment in the non-government sector of the national economy. At the same time these savings represent security, in old age or in the event of untimely death, for hundreds of thousands of Australian families. The financial stability of life assurance companies and superannuation funds is measured by calculating their liabilities in accordance with actuarial formulae based on expectancy statistics and then comparing these liabilities with the value of the assets accumulating to meet them. The value of the assets is of critical importance and because a very material portion of these assets are in the form of securities it is essential that the value of these securities can be

ascertained by reference to prices on a fair and liquid market. In Australia only a market conducted on an auction basis with a sufficient number of participants can reflect prices that can reasonably be used as an acceptable basis for these valuations.

I have demonstrated objectively how the system works. I now comment on the vital importance of the stock market to corporations of adequate size. Such corporations, to be able to carry on their activities, must have funds available for investment in plant, equipment and other facilities. This investment capital is raised in the first instance through the placement or sale of equity shares in the business or by **loans** often in the form of debentures. Shares and debentures are in the main only attractive as an avenue of investment if means to buy and sell them in a market are available. In this area stock exchanges play their all-important role by providing a continuous market for these securities, which reflects the composite judgment of a variety of investors about the worth of an undertaking. Clearly an enterprise with the best prospects should find it easier to raise funds since investors can foresee surer returns. In this way the market performs a vital function in allocating **scarce** capital **resources** among the nation's business enterprises. The Hon. John Howard made this point also in a speech at Monash University on 30th August last:

The efficiency and vitality of private enterprise is closely linked with the ease of access to and cost of funds and the competitive element of the market helps to keep the cost of capital raising within limits.

The securities market also performs a central role in economic rationalisation by encouraging funds away from the inefficient and obsolescent to the efficient or modern producers. Equally the market acts as an arbiter of corporate management performance.

Later he made two other relevant observations:

The market provides the discipline necessary for the most effective use of available capital and thereby advances economic growth, rising productivity and improved living standards.

Another activity performed by our stock markets which should not pass without a mention is that it provides a mechanism for a large number of people—investors—to participate in the process of economic growth and share in its benefits.

I believe I have demonstrated the vital importance of the stock market to the workings of our mixed economy. I think that it has been amply demonstrated over the past few years, that one prime requirement for the adequate working of the stock market system is that both public and institutional investors must be encouraged to understand how the system works and be encouraged to have confidence in the system. This, I think, is axiomatic. I have dealt with the subject to some extent earlier in this speech where I demonstrated **that** it is essential that people prominent in public life should give consideration to the possible effect of statements they might make when these statements, even indirectly, deal with matters where public confidence is of essential importance. With **respect** to the capital market and the stock exchange, I quote, more in sorrow than in anger, a number of statements made over the past year or so which either hit at **confidence** or caused confusion. Professor Wheelwright on 21st August, 1974, for example, had this to say on an Australian Broadcasting Commission programme:

Why have **shareholders?** What contribution do they make, which entitles them to **half** the profits of the industrial system? **Some** of **which** they get in profits, and some in capital gains—the latter, as yet, untaxed, in Australia. On this view shareholders are parasites; as Berle and Means expressed
The Hon. P. S. M. Philips]

it: 'Shareholders toil not, neither do they spin . . .'. If that were true, then stockbrokers and others similarly involved would have to be regarded as being parasitic on parasites, **shuffling** around pieces of paper in the air-conditioned temples of Mammon, **constructed** at great expense (and profit), by inner-city developers, some of which are now going **bankrupt**.

Our own Premier, as reported in the *Australian* on the 8th September, 1975, when he was Leader of **the** Opposition, said, "A future State **Labor** Government would take over the Sydney Stock Exchange if it did not put its house in order". I hasten to concede that I would be first to agree that erring stockbrokers should **be** dealt with appropriately at all times. However, it is hard **to** understand what good would flow from taking over the stock exchange. On 7th August, 1975, the Hon. R. J. Mulock was reported **by the Daily Telegraph** as describing the Sydney Stock Exchange as a tame cat. Although I do not quite **know** what this means, I imagine that it was not supposed to inspire confidence in it. However, it is to the honourable member for Campbelltown, Mr **Mallam**, that we look for the most extreme **comments**, some of which I quote from a letter that he wrote to the *Australian Financial Review* on 11th June, 1974. He said:

It is well known that many directors of public companies **in** this city are only guinea pig directors who lend their names to any **company** flotation as long as they get a big fee. Some directors are **on** the boards of so many companies **that** they could not possibly be capable of **knowing** what is being done by the management.

On the subject of insurance companies, which I have indicated earlier represent in their totality by far **the** greatest concentration of savings of hundreds of thousands of ordinary Australians, Mr **Mallam** said—in the same **letter**:

Many shrewd investors have given insurance companies away in favour of **buying** diamonds or land, so that they can be masters of their own cash.

Poor bonuses paid by greedy insurance companies in **times** of inflation have chased clients away. If it had not been for the tax **allowances** being made, they would have had very **few** investors.

Having heard those quotations, honourable members I trust will agree that each statement would have been better **left** unsaid, and that each statement flies in the face of the Premier's objective **as** stated on 10th November in the *Australian*: "But to the extent that the States can do it, I'm not going to do anything that can discourage people from investing—because more investment means more jobs". Put another way, statements such **as** that strike at confidence and indirectly at the living standards of all **of** us in the community by adversely affecting security prices and market participation and, hence, vital market liquidity. Again, the Premier has noted that while we are going through an economic trough "we are also going through a psychological trough in which you just can't dig money out of the local investor". In view of such statements, is it any wonder?

Public participation in the equity stock market has been declining and this development is most worrying. Quite recently Broken Hill **Proprietary** Company Limited, Australia's largest company, disclosed that in the past year or so its public shareholders had fallen by **10 000** and in the most recent full year by **6 000**. Similarly, the percentage of shares held by individuals in the CSR company had fallen from 48.3 per cent in 1971 to **39.9** per cent in October, 1976. During the same period the percentage of shares held by companies rose from **51.7** per cent to **60.1** per cent. Company boards are well aware of the adverse implications of this trend on their future equity fund

raising and some are actively **thinking** about how this situation may be remedied. That these are not isolated cases is evidenced by two tables annexed to an article by Mr John Wilson published in the October issue of *The Securities Institute Journal*. Because of the intricacy and length of those tables, Mr President, I seek leave of the House to have them **incorporated** in *Hansard*.

Leave granted. [*See Addendum.*]

Clearly, if this trend were to continue it would jeopardize market liquidity and ultimately the proper **working** of the stock market itself. Yet at this point, neither companies, stock exchanges in general, nor governments seem prepared to do much about the problem. There has been one notable exception to this, however, in that for some time Mr John Valder, the former chairman of the Sydney Stock Exchange, has been attempting to publicize this particular trend. I should like to take this opportunity to pay a most sincere tribute to Mr Valder's efforts to educate the public as to the place **of** a stock market in a mixed economy. Not only is declining public equity participation in the stock market evidenced by the tables to which I referred earlier, but also the growing importance of investment by financial institutions is clearly shown. Thus we are moving towards the same situation as the people of Europe have experienced, with all the attendant risks not only to market liquidity, but also to the survival of the free enterprise system itself.

There is another aspect of declining public participation in the stock market which is of vital importance. This is the fact that **financial** institutions are tending more and more to invest only in the top listed companies and hence companies below, say, the top 100 listed companies—the vast majority of Australian companies—will **have** more and more trouble funding themselves on satisfactory terms. This is already starting to become a serious problem. It has always been a serious problem in Europe for the reasons I gave earlier in my speech. I submit that the time has come when companies, stock exchanges and governments must combine to do something to encourage individuals to become investors. Companies can encourage their own employees to become investors at least in their own companies per medium of special reports to their employees which are additional to their annual reports to shareholders. In addition, companies should, of course, continue to improve their relations with their shareholders generally.

Stock exchanges clearly must do more to market themselves more effectively to individual investors and generally to attempt to make it easier and cheaper for individuals to invest in the market. What particular measures can the New South Wales Government take to do everything it can to promote investment incentive, which is the Premier's stated aim? Clearly this Government will be **making** a significant contribution if it takes steps to promote both direct investment and investment through the stock market and to assist in improving the performance of the capital market—to use the words of Mr Howard on this subject.

The stock market, as I believe I have fully demonstrated, is an integral part of the capital market. The Government should do all in its power to ensure that at all times its representatives and others talk constructively on the subject rather than irresponsibly, and its representatives work **constructively** with other governments and the stock exchange for an improved securities transfer system. The present transfer system inhibits the performance of the market. In addition, I would suggest two minor measures involving stamp duty adjustments, particularly in the light of this statement by the Premier on 10th November:

And what I would really like to do is to give business a shot in the arm at some time in our first term by actually reducing a tax for a change.

The Hon. P. S. M. Philips]

Addendum

LISTED COMPANIES AMOUNT + SOURCE OF NEW(a) MONEY RAISED (\$M) FROM AUSTRALIAN INVESTORS(b)

Year Ended June	SHARE ISSUES											DEBENTURES(g)				TOTAL SHARES + DEBENTURES						
	(1)	(2)	(3)	(4)	(5)	(6)	(6A)	(6B)	(6C)	(7)	(8)	(9)	(10)	(11)	(12)	(13)						
Pro's(c) Amount	Public(d) Amount	Total (1) + (2)	SSE All Index	Ordinary 363-100	In- terest Rate(f)	Div.(h) Yield	P.E.(i)	Div. Cover (j)	C.P.I. 1967= 100	Pro's Amount	Public Amount	Total	Pro's Amount	Public Amount	Grand Total							
1967	12.4	11.0	100.0	89.0	112.4	363	100	5.25	6.59	12.0	1.6	100	53.4	26.6	147.1	73.4	200.5	65.8	21.0	247.1	79.0	312.9
1968	8.7	7.1	114.0	92.9	122.7	601	166	5.25	5.71	14.9	1.6	103	66.4	19.0	282.3	81.0	348.7	75.1	15.9	396.3	84.1	471.4
1969	44.7	13.2	293.9	86.8	338.6	579	160	5.87	5.24	13.9	1.7	106	53.0	11.8	395.1	88.2	448.1	97.7	12.4	689.0	87.6	786.7
1970	27.4	6.0	249.2	94.0	456.6	561	155	6.99	6.23	10.9	1.7	110	82.8	17.2	398.8	82.8	481.6	110.2	11.7	828.0	88.3	938.2
1971	30.7	8.5	330.5	91.5	361.2	494	136	6.99	6.60	10.5	1.7	116	62.2	12.0	454.1	88.0	516.3	92.9	10.6	784.6	89.4	877.5
1972	48.0	18.8	206.9	81.2	254.9	601	166	5.99	5.34	15.0	1.7	123	73.5	10.1	651.4	89.9	724.9	121.5	12.4	858.3	87.6	979.8
1973	36.6	18.0	166.5	82.0	203.1	557	153	6.99	4.96	14.0	1.6	135	88.3	14.6	515.3	85.4	603.6	124.9	15.5	681.8	84.5	806.7
1974	72.7	27.4	193.0	72.6	265.7	387	107	9.49	7.33	8.7	1.7	155	64.9	5.0	1,224.0	95.0	1,288.9	137.6	8.9	1,417.0	91.1	1,554.6
1975	51.0	29.8	120.1	70.2	171.1	370(e) (JUNE 11)	102	9.5	9.34	7.2	1.9	177 Mch qtr. 197	233.5	24.6	715.1	75.4	948.6	284.5	25.4	835.2	74.6	1,119.7
1976					(145.5) End 468 Mch.	129	10.2	Mch.7.38	10.6	1.6												
TOTALS	332.2	14.5	1,954.1	85.5	2,286.3								778.0	14.0	4,783.2	86.0	5,561.2	1,110.2	14.0	6,737.3	86.0	7,847.5

(a) New Money —Net transfer of Cash from 'Investing Public' (includes the Public, Life Companies, Government & Private Superannuation Funds but not Company Subscriptions) to the Corporate Sector.

(b) Australian Investors —'Investing Public'. Overseas Subscriptions are excluded as far as possible.

(c) Pro's. —Banks, Life Companies, Superannuation Funds but not Unit Trusts.

(d) Public —You + I.

(e) Low SSE All Ordinary Index 257 on 30-9-74.

(f) Debentures includes Notes, Loans & Deposits but not Bank Finance.

(g) Yield of Long Term Commonwealth Government Securities.

(h) Average Dividend Yield, June Months. All Companies from 1-1-72, prior years National Listings on SSE.

(i) Price Earnings, June Months. Melbourne 50 Leaders.

(j) Notional Dividend Cover Melbourne, 50 Leaders, i.e. Earnings, Yield : Dividend Yield.

SOURCES: Australian Bureau of Statistics, Sydney Stock Exchange Annual Reports, Australian Stock Exchange Journals, Reserve Bank of Australia Statistical Bulletins.

SELECTED ASSETS OF SOME INSTITUTIONAL GROUPS \$M

Year Ended June	LIFE COMPANIES				PUBLIC PENSION FUNDS(3)					PRIVATE PENSION FUNDS(4)					Total Assets	Average Trading Bank Loans Outstanding	Finance Company Loans Outstanding	Principal Owning To Building Societies		
	Fixed Assets Amount	% Total Assets	Debs & Notes Amount	% Total Assets	Shares % Total Assets	Total(1) Assets	Debs & Notes	Company % Total Assets	Shares Total Assets	Land & Bldgs Amount	%	Company Debt Amount	%	Shares Amount					%	
1971	869	14.8	594	10.1	950	16.2	5,859	122	6.5%	1,883	26	1.8	321	22.6	401	28.3	1,419	5,028	4,054	
1972	1,059	16.5	635	9.9	1,018	15.8	6,434	158	7.3%	2,170	34	2.2	345	22.0	450	28.6	1,573	5,490	4,899	
1973	1,315	18.1	714	9.8	1,284	17.7	7,259	218	8.8%	2,470	44	2.5	371	21.2	507	29.0	1,748	6,618	5,664	
1974	1,627	20.5	773	9.7	1,403	17.7	7,936	245	9.6%	2,562	53	2.7	393	20.3	569	29.3	1,940	8,970	7,856	
1975	1,818	21.3	846	9.9	1,407	16.5	8,520											10,630	8,105	3,194
1976																				
C.G.R.(2)	20.2%		9.2%		10.3%		9.7%	12.6%		10.8%	26.8%		6.9%		12.4%		11.1%	20.5%	18.9%	

(1) TOTAL ASSETS—For Practical Purposes.

(2) COMPOUND GROWTH RATE.

(3) Government, etc., Pension and Superannuation Schemes. Source 1974 Australian Year Book.

4) Selected Private Funds, which Funds in 62/63 accounted for some 1/3 of Net Assets of all Funds.

Both measures are likely to improve the Government's overall tax take because, if implemented, each should result in higher turnover and hence higher stamp duty in other areas. At the same time the measures would encourage stock market activity back to New South Wales from Victoria and elsewhere.

The first measure I would suggest is concerned with reducing delays to the investor and the cost and time spent in processing documents of transfers by public companies' share registries, and in providing enhanced protection to all shareholders. A number of sophisticated systems have been evolved which would achieve much of what is desired. However, in the State of New South Wales it is apparently proving difficult if not impossible to reduce the volume of documents to be handled and the cost of handling because of the incidence of a stamp duty of \$6 per transfer document for the **nomineeing** of securities, such a duty being not applicable in, for example, Victoria or the Australian Capital Territory. Because of the absence of the impost these systems appear to be viable propositions in Victoria and the Australian Capital Territory thus providing a good reason for business to leave New South Wales and flow to other States. Duty is avoidable by the simple process of ensuring that securities are recorded on the Victorian companies' register or the register of the Australian Capital Territory. Obviously this property has **left** New South Wales.

The second measure I would **put** forward relates to the new Sydney Stock Exchange options market. In February of this year the stock exchange commenced an options market. By the end of September dealings in this market alone had resulted in more than \$40,000 in stamp duty being collected and paid to the Treasury. The options market has had the effect of producing a more active equities market in the underlying securities, thus increasing the amount of stamp duty paid. However, the cost of processing security documents by companies continues to increase, and this inhibits the **financial** growth of the State through an active securities market. It could be a viable proposition to introduce into New South Wales a computer-oriented central transfer corporation unencumbered by a high rate of stamp duty and in particular the **\$6** a transfer nominee duty. **This** would result in **costs** to the investor and to companies falling dramatically; business would then cease flowing from New South Wales; and market activity **would** increase, resulting in more revenue to the Treasury.

The Duke of Wellington urged some sound advice upon a new parliamentarian. He said to him: "Do not quote Latin. Say what you have to say and then sit down." I have not quoted any Latin; I have only one more thing to say and then I shall sit down. That one thing is that I desire to thank the House for the tolerant hearing which I have had today, symptomatic of the kindness and courtesy which I have received from members on both sides since entering the House.

The Hon. W. C. PETERS [10.57]: I extend my congratulations to all the new members who have taken the opportunity during **this** debate to deliver a maiden speech in this House. I hope that they will enjoy **themselves** in this House as much as I have over the many years I have been a member. I congratulate the Government and in particular the Treasurer for the Budget recently brought down. The Budget is something of which the Treasurer may be justifiably proud. It is certainly one of which I am proud. At times one becomes a little embarrassed at the attitude adopted by certain members who sit on the Opposition side of the House and indulge in what is termed union-bashing.

The Hon. F. M. MacDiarmid: Come off it; that is going out of fashion.

The Hon. W. C. PETERS: Never mind about coming off it or coming on it. I happen **to** be the oldest and longest-serving member **of** a trade union. In January of this year I completed fifty-eight years as a member of my union, the Federated Felt

Hatting and Allied Trades Employees Union of Australia. I have a right and a duty to defend my members and members of other trade unions against violent attacks made upon them by some members who sit on the Opposition benches in this House. I do not care whether members opposite say I am extremely left or extremely right. To me there is no difference between communism and fascism. The attitude of some members opposite verges almost on fascism; there can be no argument about that. Honourable members may laugh and say what they like. The innuendoes against workers and attacks upon decent unionists by certain members opposite do not go down well with me or with other members on the Government side of the House. It is degrading for honourable members to talk about this sort of thing. Half the members of this House would not be here if it were not for the fact that my father and his colleagues fought hard to give them an education. Also, had it not been for the actions of trade unions more than half the members of this House would not be **here**.

About half the Opposition would not be sitting there if it had not been for the fact that my father and others of his time fought for free education. Many Opposition members would not have had the opportunity to do what they have done if it had not been for the fight by unionists in days gone by. Sometimes we have to sit here and listen to some members, whom I would call intellectual idiots, condemning people who fought for them to get the education they have received. Tonight honourable members had to listen to the Hon. **C. J. Cahill** make his contribution to this debate. On behalf of the thousands of shire and municipal members of New South Wales, I say shame on the honourable member for the attack he has made upon them. It is no good him trying to say that his remarks were directed at only certain councils; they were directed at every one of them.

A number of honourable members have served a lifetime in local government and have contributed plenty to assist this nation. Parts of the Hon. **C. J. Cahill's** attack were ridiculous. Some of what he said was only for the benefit of newspaper reporters who have never been able to get a handout from any council. The first thing that these **people** want to do is attack a local council. The Hon. **L. P. Connellan**, the Hon. **J. W. Kennedy** and some other members of this House have given a lifetime of service to local government and they share my feelings in regard to this matter.

The Hon. **W. J. Holt**: It still takes half an hour to drive through Ashfield.

The Hon. **W. C. PETERS**: I am not concerned whether it takes half an hour to drive through Ashfield or how long it takes to drive through your illustrious suburb. I reside in a little old street in Ashfield and I am proud to live there. Some Opposition members talk about workers not pulling their weight. If some of them got paid for the amount of time they spent in this House they would owe the Government money. Some of them attack workers for not pulling their weight. If the average worker did as much work as some Opposition members he would not be paid at all—and **many** workers do not get the benefit of sickies. People in glass houses should not throw stones. If some Opposition members spent half the amount of **time** that I spend in this House they might earn their money. Since the House resumed after the dinner adjournment tonight I have not left the Chamber. How many members opposite can make that claim?

The Hon. **W. J. Holt**: Some of us were here at 9 o'clock this morning.

The Hon. **W. C. PETERS**: That may be so, but I did more work from 9 a.m. to 11.15 than some of you have done all day. Opposition members should talk about free enterprise. All I could get from the Hon. **P. S. M. Phillips'** speech was some reference to monopolies. Opposition members indicate their support for monopolies.

Recently they complained about the fact that the Government introduced a measure to fix the price of bread. I wonder whether any Opposition members took the trouble to find out who is gobbling up the little bakers of this State. I wonder whether somebody told them who owns the Tip Top bakery.

The Hon. W. J. Holt: Is a union not a monopoly?

The Hon. W. C. PETERS: Yes, a monopoly of workers. One has only to look at Woolworths to see the effect of monopolies. The Hon. F. J. Darling ought to know what the manufacturing industry in this State is going through at the present time. If one buys an article from Woolworths or Coles, one can see where they have bought it. They send buyers overseas to buy anything cheap; then they bring it back to Australia and sell it to Australians. We can all see little corner shops closing up in every part of the State.

The Hon. L. P. Connellan: Who is putting them out of business?

The Hon. W. C. PETERS: The monopolies are putting them out of business. Any little corner shop proprietor will tell you that if you go to Woolworths or Coles you can buy an article up to six cents cheaper than he can buy it wholesale. That is why they are being forced out of business.

The Hon. F. M. MacDiarmid: When Labor was in office previously it would not let small shopkeepers open at weekends.

The Hon. W. C. PETERS: I am not concerned about that. The time has now arrived when there are hardly any small corner stores left to open—let alone on Sundays. The former Government made a monopoly of the beef industry for many years and we can all see what has happened to it—the Country Party butchered it. I would not be surprised if my grandfather brought your ancestors out to this country. I bless my old mum and dad for leaving the country and bringing their family to the city so that the kids could get some sort of a living. People should be prepared to stand up and be counted. Members of this House—and I am directing my remarks to members on both sides of the House—should do more for our nation.

The Hon. R. B. Rowland Smith: Then you agree with me.

The Hon. W. C. PETERS: I agree with anybody who is prepared to stand up and fight for Australia—the only country I know and love. I do not want to go outside Australia. Plenty of people who go overseas return with big ideas, but they all admit that Australia is the best country in the world. In this country we are short of—

The Hon. L. P. Connellan: Hours of work.

The Hon. W. C. PETERS: If you did a fair dinkum eight hours' work in this Chamber it would be the first time you have ever done it. Do not talk to me about work; work and you fell out a long time ago. I did not go to a school that had an old school tie tradition; I was at work when I was 13. The sooner the fair dinkum farmer gets control of the Country Party, the sooner it will go ahead. The Country Party has too many Pitt Street farmers in its ranks; it has too many members who do not do any work.

The Hon. L. P. Connellan: I was shearing, and a member of a union, before you were.

The Hon. W. C. PETERS: That may be so. However, it is probable that you would not have your land holding if it had not been for the moratorium legislation introduced by a Labor government. Do not kid yourself about that. Any cow cocky

who remembers **the** 1930's will tell you what **Labor** did to keep them on their land. Opposition members who can recall the Lang regime will **admit** that. When the Hon. Sir John Fuller was speaking in a debate in this House and I said that somebody must have been pulling his leg, he referred to me as the mayor of Petersville. I wish to correct him on that point: I am an **ex-mayor** of Ashfield, **and** the only Petersville I know of is the whole length and breadth of this great nation—and that is what I stand up for.

The Hon. Sir John Fuller said that every time some members on this side of the House open their mouths they put their foot in it. When I look at some particular figures to which the Hon. Sir John Fuller referred, I realize just **how** far the honourable member and his government had their hands in the coffers of the registered clubs. In 1964–65 poker machine taxation amounted to \$13,667,000; in 1965–66—the first year of the Liberal-Country party Government—that figure jumped to \$15,760,000 and in 1966–67 it jumped to \$19,650,000. The figure rose to \$23,063,000 in 1967–68. It went to \$26,294,000 in 1968–69. In 1969–70 it went to \$30,294,000. In 1970–71 the figure was \$34,803,000. In 1971–72 it was \$38,324,000. In 1972–73 it was \$42,585,000. In 1973–74 it rose to \$46,400,000. In 1974–75 it took a decided jump to \$61,800,000. In 1975–76 there was an extraordinary jump to \$89,500,000. This year the amount has gone to \$90 million. In thirteen years more **than** \$532,271,000 was collected from this source. That amount was taken from the club industry by way of taxation on poker machines and supplementary tax. If one adds to that the tax that has been paid by employees in the club industry one realizes how close the industry was to being on its knees. The Government of the day nearly ruined the Queanbeyan Leagues Club. The clubs at North Sydney and Cronulla were on their knees.

The Hon. Sir John Fuller said that the club movement would be paying more taxation this year than it was last year. Unfortunately Sir John is not on the inside looking out; he is on the outside **looking** in. **As** a person with a total of twenty-one years as president of a club, on three occasions, and at present president of a leagues club, I consulted with the secretary-manager of the club and the accountant and ascertained that if the club earns the same amount of money as it earned last year from poker machines it will be \$30,000 better off. The only possible way that the club can pay any more by way of taxation would be to have a really decent year. There would not be a club throughout the length and breadth of New South Wales that would not be happy to pay extra tax to the Government because of extra money it earned. God knows what the former Government would have done if it had not had that \$532 million from taxation on clubs. That is coming to an end. I congratulate the newly formed **Labor** Government on making a reduction of one-sixth of the supplementary taxation that the Liberal-Country party Government imposed last year. It was a crippling tax. The **Opposition** at that time told the Government that it was one of the most disgusting and disgraceful taxes ever imposed. Much as the Opposition might disagree with bookmakers, crippling taxation has nearly ruined not only the racing fraternity but also the club industry. The Government gained nothing. That was why it was defeated at the election.

What will Australians do? Will they fight as men and women of Australia to get Australia out of the mess it is in? It is no good talking about inflation or what the Government is doing. The Prime Minister's wife spent more on a dinner set than the average worker would get in a year's wages. Talk about inflation—what does the worker get out **of** inflation? Only plenty of trouble. The only thing that the worker has to sell is his labour. Members of the Opposition believe in free enterprise but because the worker has only his **labour** to sell he is prevented from selling it to the highest bidder. The worker is regarded as a villain and a scoundrel if he wants more money though he is justly entitled to more. I do not stand behind the unionist, I stand

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in front of him. I do not take the coward's place. In wartime the unionists are **the** ones who fight and die for Australia. I do not say that men in the parties **represented** by the Opposition do not do that but the majority come from this side of the House.

The Hon. F. J. Darling: Rubbish!

The Hon. W. C. PETERS: You can say **rubbish** if you like.

The Hon. F. J. Darling: I do. **Man** for man, proportion for proportion, there are as many.

The Hon. W. C. PETERS: If Australia had to rely on them, it would not have enough to defend us. You have to rely on the unionists who have the **numbers**. Those people do not get positions as major-generals—they get the **jobs** of the poor fellow walking around with a gun on his shoulder. The unionist and the worker pays the price ninety-nine **times** out of one hundred. The greatest number **of** casualties is in their ranks. What is wrong today?

The Hon. F. J. Darling: We cannot get petrol.

The Hon. W. C. PETERS: The honourable member should be big enough to fight for the widows who are not getting any repatriation benefits. If he has **any** courage or guts, he should be fighting for them. He is on the side where he can **do** that. If he does not have the courage and decency to try to do something for those unfortunate women who have had all their rights taken away from them—the **T.P.I.** widows—who do not get half fare rail travel—that has been taken away from **them**—the wives of the people on this side of the House who paid the supreme **sacrifice**—

The Hon. F. J. Darling: This does not **help** the State.

The Hon. W. C. PETERS: During wartime they are told that they will be helped after the war but when the war is over members of the political persuasions of the Opposition cut their throats. The day is fast approaching, whether the Opposition likes it or **not**, when there will be employer and employee representation in factory management. When that comes there will be sense, decency and encouragement both for investment and the workers. Today free enterprise people play golf. One does **not** see workers playing golf but one sees a bundle of bosses on the golf courses.

The Hon. F. J. Darling: About your age—they have retired.

The Hon. W. C. PETERS: If **the** Hon. F. J. Darling is doing as much **as** I do for the community when he is my age he will be doing a hell of a lot. If he has a name **that** is as good as mine he will have a good name. He might be the secretary of the **asso-**ciation to which he belongs—I did not rise that high. I rose high in the estimation of many people and I am still held in high esteem. Despite my age I am still connected with the mobile nursing service, meals on wheels, and the Ashfield infants home. My wife and I are still doing plenty (though I have retired. I still do plenty in industry. **I** happen to be the president of my union. I could never be condemned as a worker, because I was paid by results. If I sat down and had a smoke I was not paid for **that** time. I was paid for when I worked on the bench. When people have a crack at me they are not having a crack at someone who could be called a **com.** in any circumstances.

So far as I am concerned there is no difference between the extreme left and the extreme right. The extreme left gives a bit back but the extreme right wants to take the lot. Its supporters **could** not care whether people starved. Those who support free enterprise should consider what they have done to black countries. They should look

at the conditions under which the coolies work on boats and the wages that they are paid. That is typical of the capitalistic system. Whether a person is black, white or brown he is a human being and entitled to live.

The Hon. L. P. Connellan: Tell us a little bit about Idi Amin.

The Hon. W. C. PETERS: I do not know much about him, probably not as much as the honourable member knows. I ask him to tell me about some of the unfortunate farm labourers who might receive as fringe benefits half a sheep every six months. Even in the honourable member's community, unless there is decentralization there will be no progress. Unless there is decentralization there is nothing to maintain a family in the area. On most farms a family cannot be maintained and some of its members become city dwellers.

An example of decentralized industry is a hat factory at Kempsey. The workers there are proud to teach young people the industry. Although the country boy might be a good worker on a farm and is willing to work laboriously, when he comes to perform work that needs quick movements he has problems. I am not running down young country people; they have never been used to working in that particular manner. Unless industry is spread out into country areas they must decline. The sons of farmers seek amusement and some of the pleasures in life. Often they cannot get a job on a farm as it will not support a whole family. One must look at these problems from a national point of view. I ask the honourable members to tell me of what commodity is Australia short. It has all the meat in the world. Farmers have stated on television programmes that they are shooting beasts because ~~they~~ they could not obtain feed for them and the cost of sending them to the meatworks was too high. Wives of honourable members would be in a position to know that a pound of good rump steak cannot be bought for under \$1.

The Hon. O. M. Falkiner: It costs \$37 to kill a beast.

The Hon. W. C. PETERS: I am not suggesting otherwise. I am not speaking about meat that it as tough as leather. Meat that is enjoyable to eat cannot be bought retail for under \$1 a pound. Australia has ample wheat and other food produce. Only one woollen factory is still operating in New South Wales. The Honourable F. J. Darling would know as much about the manufacturing side. Manufacturers are now going to Taiwan. The Bisley shirts that I wear are made in Taiwan. They do not fit properly. That did not happen when they were made in New South Wales. The Taiwanese make them for little fellows. You would have no show at all——

[Interruption]

The PRESIDENT: Order! The honourable member will address the Chair and members will cease interjecting.

The Hon. W. C. PETERS: I was only remarking about the industry that is leaving New South Wales. Free enterprise is taking the business into the Asian countries. They are getting cheaper but inferior materials. I did not intend it to be a laughing matter. Honourable members who attended the Parliamentary Bowling Association function, at Perth will remember that I tried on two shirts and could not button them up. I had to give them away. I said to myself: "This does not look like a Bisley, although it has the Bisley name on it." When I looked I found that it was made in Taiwan. Then I woke up to the fact that they are not made for fellows my size or the Hon. L. P. Connellan's size. They are of inferior quality. They are being foisted on to us. The same thing is happening in the fur felt industry. Hats are being brought in from Czechoslovakia to Queensland. They are supposed to have the country of origin on them. All that happens to them after they are brought in is that

they are trimmed. In most cases the hat is made entirely in **Czechoslovakia** or Taiwan or wherever it may be. If Australians worked for nothing they could not match the price. Articles are imported cheaper than Australians can buy the raw materials to manufacture them. In the felt **hatting** industry rabbit fur is being used to make hats. The price of rabbit fur today is shocking even in Australia, where rabbits are a pest. My time has just about run out. I thank honourable members for their hearing. I support the Budget.

Debate adjourned on **motion** by the Hon. O. M. **Falkiner**.

ENERGY AUTHORITY BILL

Message

The President reported the receipt of the following message from the Legislative Assembly:

Mr President—

The Legislative Assembly having had under consideration the Legislative Council's Message, dated 16 November, 1976, in reference to the Energy Authority Bill, does not insist upon its disagreement from the Council's amendment insisted upon by the Council in the Bill.

*Legislative Assembly Chamber,
Sydney, 16 November, 1976.*

L. B. KELLY,
Speaker.

ADJOURNMENT

Business of the House

The Hon. D. P. LANDA (**Vice-President** of the Executive Council and Minister for Planning and Environment) [11.30]: I move:

That this House do now adjourn.

I advise honourable members that it is expected that the House will sit after dinner tomorrow evening.

Motion agreed to.

House adjourned at 11.31 p.m.
