

Legislative Assembly

Thursday, 26 January, 1978

Petition—Interim Report of Review of N.S.W. Government Administration (Ministerial Statement)—Questions without Notice—Constitution and Parliamentary Electorates and Elections (Amendment) Bill (Message)—Special Adjournment—Electricity Commission (Financial Accommodation) Amendment Bill (second reading)—World Petroleum Reserves—Bill Returned—Printing Committee (Thirty-third Report)—Questions upon Notice.

Mr Speaker (The Hon. Lawrence Borthwick Kelly) took the chair at 10.30 a.m.

Mr Speaker offered the Prayer.

PETITION

The Clerk announced that the following petition had been lodged for presentation by the honourable member for Gordon and that a copy would be referred to the appropriate Minister:

Domestic Animals

The Petition of the following citizens of the State of New South Wales respectfully sheweth:

That there is at present no legislation to prevent the use of pelts of domestic animals in the fur trade in this State and that this trade has resulted in the theft and destruction of many such animals to the considerable mental anguish of their owners.

Your Petitioners therefore humbly pray that your honourable House will enact legislation to prohibit the commercial exploitation of domestic animals in general and the trade in cat furs in particular.

And your Petitioners, as in duty bound, will ever pray.

Petition received.

INTERIM REPORT OF REVIEW OF NEW SOUTH WALES GOVERNMENT ADMINISTRATION

Ministerial Statement

Mr WRAN: The Government has received the interim report of the Review of New South Wales Government Administration. This is an important document. It is the first review of the New South Wales public service for almost sixty years. However, it goes beyond the public service itself and reviews all aspects of administration, some of which have never before been subject to external scrutiny.

Mr SPEAKER: Order! Is the Premier making a ministerial statement?

Mr WRAN: Yes. I had already informed the Leader of the Opposition.

Mr Coleman: No, you had not.

Mr SPEAKER: Order!

Mr WRAN: The Government instituted this review in accordance with its determination to establish in New South Wales the best possible administrative structure to serve the people of this State. In announcing the establishment of the review almost exactly one year ago, I said that the Government aimed at introducing changes that would improve services to the public, streamline and modernize machinery of government and provide a working environment in which the capabilities of every public servant could be fully utilized. I believe that the directions for change outlined in this report will go a long way towards achieving these objectives.

The report is in fact entitled "Directions for Change". It is an interim report but it goes beyond the type of interim report that was originally envisaged when the review was established. It not only identifies key issues and problem areas; it also lays down proposed changes to improve the machinery of government. Some of these changes still require further elaboration after discussion between the commissioner and the affected parties. In other areas final recommendations have been put forward. The Government will give prompt and serious consideration to these recommendations over the next few months. I shall be announcing decisions on the recommendations as the Government makes them and shall ask the commissioner, Professor Wilenski of the Australian Graduate School of Management, to assist in their implementation.

This procedure is an illustration of the unique nature of this review. The Government did not wish to commission a report that would be a large and indigestible, if erudite, volume with little impact on the conduct of administration. The aim of this review is not an addition to the public administration literature, although the interim report has been produced in an attractive format to encourage a wide circulation. The aim rather is to permit purposive and beneficial change in the way in which the administration operates. Some changes are already under way as a result of the review's inquiries. The review has produced a Directory of Administration and Services which provides, for the first time to the people of New South Wales, a guide through the maze of government agencies and the services they provide.

I cannot attempt to summarize a report of this breadth and scope. There are however five principles underlying the report which are set out in the preface, and which I shall mention. They are, first, the decision-making processes of New South Wales government should be so ordered that it is the elected politicians who make the most important decisions. The report recommends changes in methods of policy analysis and budgetary processes to bolster this principle. Second, the report states that the predominant structures of New South Wales government are excessively hierarchical and rigid, and points to the need for flexible management and structures in the administration so that it can respond to changing needs and attitudes in society. Third, the review has uncovered serious anomalies in systems of recruitment and promotion, especially in the statutory authorities, and recommends that appointment and promotion within the administration should be solely on the basis of merit. The fourth theme of the report is that services should be provided to the public in a way that ensures that those who are entitled to a particular service know about it and have ready access to it. A number of recommendations to improve services are made.

Finally, the report points to a wide range of decisions taken at all levels of the administration over which Ministers can have only general influence, and mechanisms must be developed to increase the accountability of public servants for these actions. It is essential that knowledge of the actions taken by officials be available to the public and that those affected by them be encouraged to participate in the decision-making process. If I may quote one paragraph from the report which summarizes a number of its concerns, it is the following:

A common element among many of the issues raised by this Report is the need to reinforce the responsibility and responsiveness of the administration to the people. It is to that end that the Report proposes structures that will expose rather than obscure central priority-setting questions and present them to Ministers so that they can reach decisions on them. At the same time, as public servants will continue to take hundreds of daily decisions, interpreting as best they can ministerial policies and the public interest, it is important that all groups in the community be represented in the bureaucracy, that the decision-making processes be open to public scrutiny, that structures and staffing respond to changing community priorities, that humanity as well as efficiency is recognised as a virtue in public administration and that the administration be as close as possible to the community it serves.

The report follows an intensive eight months of investigation and study. Following a public call for submissions, supplemented by a written invitation to a large number of organizations, over 300 submissions were received. Organizations within the administration have completed numerous questionnaires and provided background papers and statements of policy.

Surveys both of public opinion and of the attitudes of employees within the administration were undertaken with the assistance of a professional survey organization. Extensive statistical surveys and studies on recruitment, promotion and occupational mobility within government administration were completed. Details of these procedures are set out in the appendices to the report. Finally, studies of practices elsewhere in Australia and overseas were made and this whole process was supplemented by personal interviews, both individually and in groups, with hundreds of persons within the administration, and Parliament, and in the community they serve.

The report covers many areas. Its twenty-two chapters are divided into six parts: Ministers and public servants; policies and priorities; management of the public sector; staffing the administration; the working environment; equal employment opportunity; and the administration and the public. I mentioned previously that there are some changes already under way as a result of the report, and that the Government has already taken some of these decisions. One of them is to establish in the western suburbs of Sydney a pilot project encouraging community participation in the health services. It will provide an opportunity for any interested member of the local community to work in co-operation with the Health Commission in examining the health care needs of this socially disadvantaged region. Initially, the Government will support the project for a period of eighteen months, with the aim of encouraging much greater involvement of medical consumers in decisions about the health services to be provided to them.

The review, with the assistance of professional management consultants, is conducting management and strategy studies of the Department of Main Roads and the Metropolitan Water Sewerage and Drainage Board. The review considers that no mechanism currently exists to enable the Government to assess whether the objectives for which statutory bodies were originally established remain relevant and whether

Mr Wran

they are meeting these objectives in an effective way. These studies will assist the bodies concerned to be more effective in their operations, and assist the review to set out a blueprint for the assessment of other statutory bodies.

Equal employment opportunity is considered in detail in this report. This is the first time that the unequal status of women and ethnic minorities has been fully documented in any State government administration. Despite encouraging advances in equal employment opportunity since the Government has come into power—I am referring to the anti-discrimination legislation, the Ethnic Affairs Commission and the Women's Co-ordination Unit—still many barriers persist. This report documents the continuing inequalities. It recommends an action programme aimed at ensuring the right of all citizens of this State to enter government service with equality of opportunity.

The review will continue throughout the coming year. In addition to conducting pilot projects of the nature I have just outlined and assisting in the implementation of approved recommendations, the review will be producing further reports on specific topics such as the regionalization of government administration, departmental self-management and the management of statutory authorities. The Government is determined to proceed along the path of administrative reform. Such reform, as has been demonstrated in other countries, is not an easy task and progress is sometimes slow. Some people are reluctant to change their longstanding habits and procedures; others do not want to give up the small areas of power that the existing systems provide them with. All change is resisted by those who fear that they will lose by it. However, the directions for change outlined in this report will in the long term benefit governments, public servants and, most important, the public itself.

I commend to honourable members that they read the report themselves. The purpose of tabling the report is to provide opportunity for the interim report to be digested and for further comment from all interested parties, both within the government administration and within the community. It is our intention to consult with those parties affected by the review's recommendations, particularly the Public Service Association and other unions of government employees, before acting upon those recommendations. Finally, on behalf of the Government, I should like to express our thanks to Dr Peter Wilenski for his well-presented and comprehensive interim report. I now lay a copy of the report on the table of the House.

Mr COLEMAN: The Premier, in keeping with his characteristic courtesy, has this minute provided me with what I assume is a copy of the report he has mentioned; indeed, I see now that it is a report by Professor Wilenski. I thank the Premier for his courtesy, but of course it would have assisted this debate and would have been in the interests of this House had he made a copy available to me a little earlier than ten second ago. Neither I nor any other honourable member on this side was provided with a copy of this report, and I received no notice of the Premier's intention to deal with this matter by way of ministerial statement. This is an extraordinary way to handle such a matter. I see that the report comprises twenty-two chapters—and the Premier expects it to be discussed at two seconds notice.

This conduct is characteristic of the Government, which on Tuesday night had its business collapse, and yesterday had to amend its own list of managers for the free conference because it had included an honourable member who would not be available. Apparently the Government had not discussed including the name of that honourable member. It was left to the Opposition to invite to the attention of the Government the fact that he would not be available. This is typical of the ineptitude of the Government when it comes to dealing with matters like free conferences, and now this report by

Professor Wilenski. In his closing sentences the Premier outlined the importance of the report, but now he expects a proper discussion immediately after I have received it. That is ridiculous.

Despite what I have said, the Opposition welcomes the publication of this report, which continues the work done by the former Government. In particular, when the honourable member for Wollondilly was Premier of this State he instituted the committee to review the machinery of government and various subcommittees were set up under that committee. This form of inquiry and enterprise, which was established during that period, was absorbed and accepted by the present Government. The results are now becoming apparent. However, there is one significant difference. In the processes that were established by the former Government to consider the reorganization of government and the machinery of government, provision was made for wide public consultation and public representation on the committees. There was a wide involvement of the community, and not the appointment of just one man to talk as best he could to various people. There is no doubt that Professor Wilenski's recommendations will be of great importance, but the better way would have been to follow the course set by the former Government, involving the establishment of committees on which the public was represented.

Professor Wilenski, in continuing the initiatives of the former Government, has unfortunately abandoned the Liberal-Country party style of going about the task. This has handicapped his research on the subject. Nevertheless, the Opposition parties will examine the report with great interest. We have a task force on efficiency in government. It is chaired by the honourable member for Davidson.

Mr Ferguson: He can tell the Opposition about Health Commission cars.

Mr COLEMAN: It is extraordinary that a Government that has presided over the systematic demoralization of the public service, department by department, should expect the public service to co-operate with it in the interests of efficiency in government. The Premier, in his entirely unjustified attacks on Health Commission officers, represented that whatever anomalies there were in the commission's activities were the responsibility of everybody in it. One sees from today's *Questions and Answers* paper that the cars complained of, about which the Premier was so political, were sold, as they would have been in the routine way, for roughly the same amount as was paid for them. The Premier talked in smearing fashion about the former Government's wasteful administration; and he besmirched the reputation of public servants in the Health Commission generally. So whatever recommendations are made about efficiency in that department, it is unlikely that the Premier will get much support from officers in the Health Commission upon whom he will have to depend.

What about the Premier's treatment of the Police Department? He had the gall—and he has a surfeit of that—to say yesterday that his relations with the Police Association were extremely good. This was the same man who had just received a letter from the Police Association saying that it was disgusted with **him** because of his double-dealing. The Police Association does not write letters like that every day, but it is getting the habit of writing them to this Government and the Premier. It said further that if the Premier persists in his double-dealing and going back on his undertakings, the association will advise its members to engage in what amounts to some sort of strike, that is, not enforcing the law in some respects.

Mr Crabtree: The association was talking about another matter.

Mr COLEMAN: The association was talking about the Premier. It wrote to the Premier expressing disgust.

Mr SPEAKER: Order! The practice of this House is to permit the Leader of the Opposition to reply to a ministerial statement. In that reply he may announce agreement or propose a different policy. It is fair to the Leader of the Opposition that any ministerial statement be within the rule, as he has the responsibility of replying. However, some of the matters to which the Leader of the Opposition has been referring were not mentioned in the Premier's ministerial statement. Though they concern departments within the proposed reform arrangements, the Leader of the Opposition should confine his remarks to matters dealt with in the ministerial statement.

Mr COLEMAN: The point I am attempting to make is that the report is concerned with reform of the public service, or a large part of the public service. Though I am anxious to abide by your ruling, I must say that one cannot expect to reform the public service without the co-operation and goodwill of that service. In the Health Commission, the Police Department and the Department of Corrective Services, to mention but three, the staff are demoralized; they despise the Government and are disgusted with the Premier. The Police Association has expressed that disgust in writing because of the Premier's double-dealing. The leaders of the prison officers have said that they are disgusted with their Minister; they are in a demoralized state. Urgent action is needed to rectify the position. When public servants express their disgust to the Premier, how can one expect to find new directions for change and co-operation? It is impossible to do so.

I should imagine that Professor Wilenski, too, is disgusted with the Premier's handling of the matter, but members of the Opposition did not have copies of the report. I received a copy of it only after the Premier had sat down. It is an important report; Professor Wilenski put a lot of effort into it. I have a good opinion of the professor. The Premier raised the matter in the House by way of ministerial statement. In the circumstances, it was impossible to have a sensible debate on it. The Premier made sure of that. I should imagine that Professor Wilenski would be disgusted with the Premier in relation to this matter; I should be surprised if he were not.

The Premier referred also to new initiatives in which he was interested relating to ethnic communities and the problems of women. Of course, it will be welcome if the Government takes significant initiatives following those taken by the former Government, which was the first government in Australia to establish a ministry of ethnic affairs. If the Premier, on the advice of Professor Wilenski, develops that form of initiative, and if this is done rationally and set out properly in legislation, it will be welcomed as a development of the initiative of the former Government. Similarly, the Opposition would take the same view with regard to women's affairs. The former Government established the Women's Advisory Board. It is grossly misleading of the Premier to purport that these developments are significant new initiatives when in fact they were put in train by the former Government. The Opposition looks forward to further debate on this topic when sufficient copies of the report are available. When the Opposition examines it closely, it will be able to debate this important report in the way that Professor Wilenski would expect.

QUESTIONS WITHOUT NOTICE

RADIUM AND RADON GAS

Mr COLEMAN: My question without notice is directed to the Minister for Health. Will the Minister table in this House all Health Commission files on radium and radon gas relating to Hunters Hill—not merely the ones that have been leaked out—so that the public, the residents of the area and members of this House may assess the facts of the situation and the adequacy of any measures proposed?

Mr STEWART: I congratulate the Leader of the Opposition on realizing at last that he has a problem in his own electorate——

Mr Coleman: Just table the papers.

Mr SPEAKER: Order!

Mr STEWART: ——that has existed for many years.

[Interruption]

Mr SPEAKER: Order! The Leader of the Opposition has asked a question. I ask him to be patient and listen to the answer.

Mr STEWART: I congratulate the Leader of the Opposition also on not referring once again in a jocular manner to this area as "Radium Hill". As the local member, he has done nothing about any of the radiation problems in that locality. In fact, he said: "It has been there for sixty years. Everyone knows the place as Radium Hill, and I do not know why everybody is getting excited." I had not received any representations from the Leader of the Opposition as the local member until one of his constituents, who wanted to auction his property, asked for his help in the matter. Apparently that was the first time the Leader of the Opposition had been alerted to the fact that there is a real problem.

[Interruption]

Mr SPEAKER: Order! I ask honourable members on the Opposition benches to desist from interjecting.

Mr STEWART: The New South Wales Government has acted with integrity in relation to this matter. We are having discussions with representatives of the federal Government about the removal and disposal of contaminated radioactive waste from this area.

[Interruption]

Mr SPEAKER: Order! I call the honourable member for Hornsby to order.

Mr STEWART: Until about fifteen minutes ago I had the report, to which the Leader of the Opposition has referred, on my desk but I have sent it back to the Health Commission. My officers needed to obtain some details from it in order to prepare a report for me and the Premier and for use at a meeting of State and federal officers. There is nothing secret in the report; it contains details of all the measurements of radioactivity. That report certainly contains nothing about which I and the Government are ashamed. Indeed, the papers to which the Leader of the Opposition has referred are, in the main, dated between 1966 and 1968, when New South Wales had a Liberal–Country party government.

[Interruption]

Mr SPEAKER: Order! I draw the attention of honourable members to Standing Order 166 which relates to honourable members who interject or interrupt another member while he is addressing the House. If they are called to order but do not desist, their actions can be dealt with as disorderly conduct. I ask Opposition members to desist from interjecting while the Minister is replying to the question asked by the Leader of the Opposition. If honourable members do not do so, I shall have to take other measures.

Mr STEWART: It is obvious that all the information contained in that file was made available to Ministers for Health in Liberal–Country party governments between 1965 and 1976. At this stage I am not disposed to table the file because it contains some personal matters concerning some residents of Hunters Hill, and at

this stage I do not think I should invade their privacy. I thank the Leader of the Opposition, who represents the Fuller electorate, for his interest in the matter even though that interest is somewhat belated.

KYEEMAGH—CHULLORA ROAD

Mr BANNON: My question without notice is directed to the Minister for Transport and Minister for Highways. For some time has the Minister been considering proposals relating to the provision of roads to service future activities at Botany Bay? Is the Minister in a position to inform the House whether the Kyeemagh—Chullora Road is to be constructed as a first priority, notwithstanding that it may also be necessary to build other roads for the same purpose?

Mr COX: I thank the honourable member for Rockdale for asking this question. The honourable member has shown a great deal of concern about the need for a road between Kyeemagh and Chullora. I am pleased to advise the honourable member that the Government has made a decision that the road from Kyeemagh to Chullora will be built and will receive priority over the Johnson Creek road proposal. The Government intends to keep the corridor for the Johnson Creek road proposal as part of its long-term planning. The original estimate of the cost of constructing the Kyeemagh—Chullora Road link was in the vicinity of \$90 million.

Mr Punch: Have you changed your mind again?

Mr COX: The Leader of the Country Party is attempting to interject. This morning, when I again examined the URTAC report, I was interested to note a statement to the effect that no planning had taken place in relation to the Kyeemagh—Chullora Road. Honourable members will recall that the URTAC report was the basis for the transport policy of the former Government. The Department of Main Roads has been advised to carry out an extensive investigation of a number of alternative proposals for a major arterial road within the road corridor with a view to reducing costs. This study is now proceeding. The Department of Main Roads is working in close co-operation with the Planning and Environment Commission. As the local councils are divided on the road link issue, the whole purpose of the exercise is to produce a proposal that will cater for the traffic needs of the area and will overcome also local opposition to the project based on environmental grounds. I assure the honourable member for Rockdale and the House that I am monitoring the situation closely to ensure that no unnecessary delays occur and that a proper balance is struck between road needs and environmental considerations.

GAMBLING CASINOS

Mr PUNCH: My question without notice is directed to the Premier. Did he advise Parliament prior to the Christmas recess that all illegal casinos would be closed by 31st December and would remain closed? Is it a fact that operators of illegal gambling establishments that previously operated at Albury have moved to new quarters and these gambling activities remain open to the public? Is it a fact, also, that the media reported this morning that illegal gambling establishments are continuing to operate in Sydney—at the 14 Club opposite the police station in Darling Street, Balmain; in Macquarie Street, Liverpool; in St Mary's Street, St Marys, and in Darcy Street, Parramatta? Will the Premier advise the House whether any of these establishments have been granted immunity from the law similar to that extended previously to a number of illegal gambling establishments?

Mr WRAN: It has been brought to my notice that a reporter attached to a broadcasting station has asserted what he describes as casinos were open last night at Balmain, Parramatta, Liverpool and St Marys. Needless to say, I have asked the Commissioner of Police to give me a report as quickly as possible on these allegations. The so-called casino at St Marys is said to be located in Queen Street. The commissioner has already informed me that on 21st January premises in Queen Street were raided. A number of people were charged with playing a card game and a small poker machine was seized. He also informed me that for many years in Darling Street, Balmain, another address referred to by the reporter, a club has been frequented by members of ethnic communities, mainly people of Greek origin. The police have visited those premises from time to time. Members of 21 division were there as recently as 8.45 p.m. last night but they did not find any evidence that any illegal games were being played.

The commissioner has not as yet supplied me with a report on the position at Parramatta and Liverpool. The allegation that came from the lips of the Leader of the Country Party in respect of a casino at Albury is the first suggestion that has come to my ears in respect of the matter. Last year I gave a direction that illegal casinos were to be closed and kept closed. The fact is that all the long-established casinos—the ones that were promoted, and prospered, during eleven years of Liberal and Country party government—are closed. One can make gambling illegal but one cannot make it unpopular. It is to be expected that the void created by the closure of the established illegal casinos will tempt some operators to cater from time to time for the needs of gamblers by conducting illegal gambling games. That is inevitable. The job of the police is to do what they can, as effectively and quickly as possible, to close down any such place.

The whole thing must be put in perspective. A casino is one thing and a card game is another thing. I cannot have hundreds or thousands of policemen trotting round Sydney every night worrying about the playing of card games and the like, any more than I want to have large numbers of police deployed to deal with charity games nights organized by community service clubs, games nights or the playing of housie-housie—the sort of gambling functions that the Liberal Party runs to raise funds—or the playing of harmless games in ethnic clubs and similar places. At that rate it would not be long before a full-blooded campaign would be conducted by the police against the raffling of a chook in a pub or the running of a charity chocolate wheel. I assure honourable members that as soon as I receive further information from the Commissioner of Police I shall follow it up. At this stage I tend to think that what was reported is somewhat exaggerated. In the light of past experience, it is predictable that illegal gambling will take place however intense police vigilance might be.

LIVERPOOL TRAFFIC

Mr PACIULLO: I direct my question without notice to the Minister for Transport and Minister for Highways. Is the Minister aware of the continuing massive build-up of motor traffic on the Liverpool bridge and at Liverpool generally? Will the Minister indicate the Government's priorities in regard to the continuation of the south-western freeway from the Cross Roads, over Georges River south of Liverpool and through the southwestern suburbs to Tempe?

Mr COX: The Government regards the roadworks mentioned by the honourable member for Liverpool as very desirable works. To provide relief it would be necessary to construct one carriageway from the Hume Highway near the Cross Roads to Fairford Road, Padstow. At the present time that would cost \$30 million. There

is a need for a bridge to be built over the river at Liverpool. Planning of this bridge-work is under way. I am fairly confident that a start on work on the bridge and on this general programme can commence in the 1979–80 budget year.

ERARING POINT POWER STATION

Mr WEBSTER: My question without notice, which is directed to the Minister for Industrial Relations, Minister for Mines and Minister for Energy, relates to the new boilers—and I stress boilers and not turbines—at the Eraring Point power station. Is the Minister aware that the new boilers are the first coal-fired boilers of that size to be built by the successful Japanese tenderer? Are there Australian companies experienced in building boilers of the type and size in question and are they continuing to tender successfully in other States of Australia? What were the technical criteria for accepting the Japanese tender? Further, how much lower than its nearest competitor was the Japanese tender? Does the difference in price make up for the loss of Australian jobs and unused Australian technology, and does it remove the question mark that hangs over the future operation and maintenance of the boilers?

Mr HILLS: Recently the honourable member asked a question about this matter in the Parliament. My recollection is that something of the order of \$18 million was saved by the New South Wales Government in accepting the Japanese tender—

Mr Webster: You did not know that they had never made one.

Mr SPEAKER: Order!

Mr HILLS: —~~as~~ against the Australian tender. At least 80 per cent of the work is being carried out in Australia by Australian contractors under the main contract. While I was in Japan recently I visited the works where that part of the boiler construction is being carried out. As I was formerly the managing director of a small toolmaking engineering business in this State I do know something about engineering. I say quite emphatically that the Japanese plant was one of the most efficient that I have ever visited. It employed in the order of 8 000 **workers**.

No workers in New South Wales have been put out of work by the Government's decision. As I have said already, 80 per cent of the work is being carried out in Australia by Australian contractors. I refute completely the suggestion by the honourable member for Pittwater that the Government's decision **will affect** in any way people's jobs in New South Wales. As I have said also, as a result of negotiations with the Japanese company the Government has been successful in securing a price \$18 million less than that which would have been paid if it had accepted the Australian contractor. I inform the honourable member for Pittwater that the Australian contractor is a subsidiary of an American company and it is a question of an American company versus a Japanese company in the letting of the tender.

SHELLHARBOUR HOSPITAL

Mr PETERSEN: My question is directed to the Minister for Health and concerns the Shellharbour hospital in my electorate. Its construction was announced by the Minister in Wollongong on 13th August, 1976. Have there been undue delays in the construction of this hospital? Has the Health Commission reneged on any of its promises, as alleged in certain publications? Will the Minister advise me and the House of the current position regarding this matter?

Mr STEWART: I assure the honourable member for Illawarra that the Government has not reneged in any way on its promise to construct a hospital at Shellharbour. Indeed, the Government made a promise that construction would commence during

this financial year. It is true that there have been some delays in moving on with the detailed planning of the hospital but those delays are not attributable in any way to the officers of the Health Commission of New South Wales but are due entirely to the procrastination by the Shellharbour municipal council. Not only is the Health Commission being frustrated in this way by the Shellharbour municipal council; that council is also frustrating the Planning and Environment Commission, the Land Commission and the Metropolitan Water Sewerage and Drainage Board. Shellharbour council will not come to a resolution concerning the planning of the area on which the hospital is to be constructed. Some time ago the Shellharbour council gave approval for the overall scheme but it has since rescinded that approval. Protracted negotiations are now taking place between the various government departments and the Shellharbour council.

Yesterday I asked the regional director of health for a report on the present position. He advised me that if the Shellharbour council continues to refuse the rezoning of the Land Commission site, of which the hospital is part, it appears that adequate building services cannot be planned in the surrounding areas and the hospital's detailed planning, involving working drawings and specifications, will be delayed until the site can be clearly defined, along with access to it, and transferred to the Health Commission.

The regional director said also that he wished to stress that as the Health Commission does not yet own the hospital site and as the Land Commission, the Housing Commission, the Metropolitan Water Sewerage and Drainage Board and the Planning and Environment Commission are still deeply involved in a variety of negotiations with the Shellharbour council over broader issues of development, he would be pleased to have the general matter resolved. Until this is achieved further progress on the hospital's construction will be prejudiced, if not made impossible.

I have discussed the matter with my colleague the Minister of Justice and Minister for Housing. I have written to the Minister for Planning and Environment drawing his attention to the delays and placing the blame for them squarely at the feet of the Shellharbour municipal council. I have asked the Minister for Planning and Environment whether he can have the land released immediately and, if the Shellharbour council is not willing to negotiate in a co-operative way, take the land out of the control of the local council and thus permit planning for the new hospital to go ahead.

To keep the Government's promise to the honourable member for Illawarra and to his constituents, construction has started on portion of residential buildings that are required for the hospital. That is not an area in dispute. Therefore some construction was commenced on the site. For the benefit of the honourable member for Illawarra and certainly for his constituents, who have read misleading articles in the newspapers circulating in that area, I reiterate that the hospital will proceed as planned. As soon as the Shellharbour municipal council stops playing politics in the matter, comprehensive and adequate health and hospital facilities will be provided for the people of Shellharbour and the electorate of Illawarra.

LESLIE HOMES (AUST) PTY LIMITED

Mr BROWN: My question without notice is directed to the Minister for Consumer Affairs and Minister for Co-operative Societies. Have substantial sums of money amounting to some millions of dollars been made available from the home builders account to Leslie Homes for project building? Has this company been taken over by Oceanic Equity Limited? Is the Minister aware that the stock exchange has asked a series of detailed questions of Oceanic Equity Limited following its preliminary statement and annual report? Will the Minister have inquiries made to ensure that

prospective borrowers dealing with this firm who have qualified under the home builders account conditions, are protected, especially in view of the recent allocation of \$1.6 million?

Mr EINFELD: It is true that the Leslie Homes company is one of the contractors that have been allowed to build homes under the Government's project housing scheme. As a result of the homes being built the terminating building societies to whom the money has been apportioned is able to lend money to purchasers at 5% per cent. I say at the outset that no money has been given to Leslie Homes or to any other building contractors. Money is made available to terminating building societies. Under the project builders agreement, project builders construct homes at less than the normal price. This provides employment for those who have been previously unemployed. Providing the purchaser of a home is considered to be satisfactory, the terminating building societies can advance money to that purchaser to help him acquire a home and to pay it off. The money is not advanced to any of the building contractors.

I do not know that Leslie Homes has been taken over by Oceanic Equity Limited, although there has been a rumour that Mr Ken Thomas, previously of Thomas National Transport, has been interested in a company that is about to take over Leslie Homes. Not long ago I received a visit from two of the directors of Leslie Homes, Mr Peter Ward and Mr Bill Parkin, who wanted to find out whether there was any possibility of getting continuity of contract homes being built by them under the present Government's scheme.

As the honourable member for Raleigh suggests, I shall make further inquiries as quickly as I can. I have received no report from officers of my department to suggest that anything untoward has happened. There have been no complaints by purchasers. No money is advanced by a terminating building society until contracts are signed by the purchaser and the contractor and the house is built and ready to be handed over, so no money could have gone to Leslie Homes without its handing over a home and without the terminating building society being satisfied that contracts have been exchanged. The registrar and officers of the co-operative building societies and, in this case, those who watch over the contract situation, will be careful to follow up the matters raised by the honourable member for Raleigh.

Since the present Government came to office \$30.7 million has been spent by it on project homes. In October, 1976, the amount spent was \$8.2 million; in March, 1977, \$6.5 million; in May, 1977, \$6 million; and in October, 1977, \$10 million. The scheme has provided loans for about 1435 homes and jobs for about 2150 workers who would otherwise have been unemployed for at least three months. That does not take into account secondary employment created by the production of materials and goods used in home construction, as well as fittings and furniture bought for the new homes. Of the \$30.7 million, which is quite unprecedented, \$17.5 million was provided at the instigation of and because of the enthusiasm of the Premier and the Treasurer out of State funds, and \$13.2 million was provided out of revolving funds. Money has been spent in Sydney, Wollongong, Newcastle, the Central Coast and country areas. As I said before, more than 1400 homes have been built and 2151 jobs provided. It should create excitement even in the dumb minds of members of the Opposition that this sort of scheme, instigated by the New South Wales Government for the first time, has been so successful. I shall make inquiries for the honourable member for Raleigh and report to him and to the House as soon as I can.

OPEN SPACE LAND

Mr DEGEN: My question without notice is directed to the Premier. Is it the Government's intention to purchase land for open space purposes in the inner city areas of Sydney? Has the Government's attention been drawn to suitable land in Fitzroy

Avenue, Balmain, adjoining Elkington Park, and the Dawn Fraser swimming pool, which is currently owned by Parkes Developments Pty Limited, and which I understand is for sale? Will the Premier advise the House of the Government's intention in **this matter?**

Mr WRAN: The State Government is committed to improving the availability of land as open space for community enjoyment in the inner urban area of Sydney, to greening the inner suburbs and to revitalizing neglected urban areas. On studying the previous Government's space purchasing policy, the Minister for Planning and Environment found that in certain inner city urban areas there had been virtually no attempt to provide open space—yet these areas are most in need, being industrialized, congested and polluted. The areas most deficient in open space are South Sydney, Marrickville, Ashfield, Burwood and Leichhardt. Parts of Drummoyne, Hurstville, Botany and Canterbury are also deficient. They are all well below average for Sydney.

All of these councils had been contributing to the Cumberland development fund since its inception more than twenty years ago, with little or no return. Total contributions to the Cumberland development fund since 1969 were: South Sydney, \$467,125; Marrickville, \$702,110; Ashfield, \$379,211; Burwood, \$348,201; Leichhardt, \$579,850. Yet nothing was spent by the previous Government in South Sydney or Marrickville. Only \$6,500 was spent on 1 acre in Ashfield. But let us make some comparisons. It spent \$1,000,000 in Ryde, \$850,000 in Ku-ring-gai and \$850,000 in Warringah.

Nobody denies that all people are entitled to access to open space but this Government believes that the provision of open space in areas that have traditionally been deficient should be a priority. The listed councils were requested by the Government last year to identify appropriate sites for open space and forward details to the Planning and Environment Commission. These suggestions are now being assessed and the first acquisition in a continuing programme to relieve deficiency has been made. The Government has purchased waterfront land at Balmain to help alleviate the lack of open space within the inner urban municipality of Leichhardt. As the honourable member for Balmain said, the land was owned by Parkes Developments Pty Limited and the purchase price was \$390,000. The land, in Fitzroy Avenue, Balmain, adjoins Elkington Park and the Dawn Fraser swimming pool. There is a significant local population in need of recreation facilities. The land will be a useful addition to Elkington Park and will improve access to the Dawn Fraser pool. It will be suitable for passive recreational use, preserving views of and from the harbour and is readily accessible to local residents. As part of the purchase agreement, the owners have agreed to clear the land of all waste material.

I congratulate the member for Balmain, who has been tireless in his efforts on behalf of his constituents to obtain more recreational space for their use in one of the oldest suburbs of Sydney—a suburb which, I regret to say, under the previous Government's policies, was sadly neglected. The people of Balmain owe an enduring debt to their local member because of his interest in this matter and the assistance he has rendered in relation to the first acquisition under the Government's programme.

LAND VENDORS ACT

Mr MASON: I address my question without notice to the Minister for Lands. Has the Government prepared and circulated amendments that it proposes to make to the Land Vendors Act that will require all deposits on sales of land and property in New South Wales to be deposited with the rental bonds board? Would such action by

the Government involve annually approximately \$400 million of funds belonging to purchasers? Will the Minister indicate to what purposes these funds, which belong to private individuals and companies, will be applied?

Mr CRABTREE: For the first time in the history of this State the Wran Government decided to establish a sharp practices committee. In fact, we resurrected it. It was one of the rubber-stamp committees that the Leader of the Opposition knows so much about. It is true that legislation has been prepared. The Government is conferring with various authorities at the moment and before the legislation is brought into the House the Government will do something that the previous Government never did—it will confer with all people who are affected by the legislation. It will even confer with members of the Opposition if they have enough intelligence to discuss it. The Government will examine the legislation and bring it forward in this House. At that stage I shall inform the honourable member and the House of the Government's policy in relation to removing sharp practices, which are quite evident in this State.

NEWCASTLE STATE DOCKYARD

Mr WADE: My question without notice is directed to the Deputy Premier, Minister for Public Works and Minister for Ports. Has the contract for the construction of a new floating dock purchased by the Government for the State Dockyard, Newcastle, without federal Government assistance, been completed to the satisfaction of the Government? Has the initiative taken by the Government in this regard received the support of the unions and people of Newcastle? When will the dock be commissioned for general service and has the dock management been successful in obtaining work for the new dock?

Mr FERGUSON: I congratulate the honourable member for Newcastle on his keen and untiring interest in the problems of Newcastle, and particularly the people who work at the State Dockyard. The floating dock has been built in Japan and has arrived in Australia. It will be commissioned on 11th February and I am pleased to announce that the dockyard has a number of orders that will keep it going for a considerable time. The honourable member for Newcastle asked whether the State Government purchased and financed the floating dock without federal assistance. The answer is yes. I was interested to read in a newspaper—and after all it was the federal Government of Mr Fraser that killed shipbuilding in Australia——

Mr Punch: Rubbish.

Mr SPEAKER: Order!

Mr FERGUSON: The Leader of the Country Party says rubbish. I retract a little that statement that the federal Government killed shipbuilding in Australia because I notice in today's *Financial Review* that it has not exactly killed shipbuilding in Australia. There is an article headed "Brisbane's subsidised gin palace". That means that the federal Government and Mr Lynch—another Lynch affair—have subsidized a floating gin palace to the extent of \$158,000. These were the people that took part in a decision, at a time when the Newcastle State Dockyard had 2 200 employees, by which they refused financial assistance for the construction of ships in Australia, resulting in this State Government's terminating the employment of——

Mr Punch: What about——

Mr SPEAKER: Order! I call the Leader of the Country Party to order.

Mr FERGUSON: The Government asked the Prime Minister for financial assistance to build a new floating dock because for eleven years the former Government allowed the floating dock at Newcastle to rot and be destroyed. That was its priority in regard to subsidizing shipbuilding in Australia. This ship, the building of

which the federal Government is subsidizing to the extent of \$158,000, contains, among other things, a king-sized bed. When Mr Davies, the managing director of the organization building the vessel, was asked how big it was he replied, "Bigger than I could handle". This is a million-dollar vessel that has been subsidized by the federal Fraser—Anthony Government. They were not prepared to help us finance the floating dock to provide employment in a distressed employment area of New South Wales, but here we find that Mr Lynch not only looks after himself but apparently looks after his friends as well. It has been indicated that what is known as a floating gin palace is being subsidized to the extent of \$158,000. I am pleased to say that the floating dock will be commissioned on 11th February and we have orders for it. This indicates the State Government's confidence in Newcastle and its determination to see as many people as possible employed in spite of the Fraser Government.

MEDIBANK

Mr KEANE: I direct my question to the Minister for Health. Is he aware that Medibank basic contribution rates in New South Wales will rise to \$9.60 in March, an increase of \$1.95 a week? Is this increase an example of the competition between health funds to keep rates down, promised by the federal Liberal Government when it destroyed the original Labor Medibank scheme?

Mr STEWART: What I can tell the honourable member for Woronora is that it is very much a broken promise, virtually smashed a matter of four weeks after the federal elections, during the campaign for which the Prime Minister and the federal Minister for Health gave an assurance that private health insurance rates would not rise. Anybody with any association with health or hospital care in Australia knew how specious this promise, given by the Prime Minister and his Minister for Health, was at that time. Consequently, we now have a state of disarray concerning the private health funds, not only here in New South Wales but throughout Australia. The federal authorities knew that if they refused the Hospitals Contribution Fund in this State permission to increase its contribution rates it would undoubtedly be successful in an application before the appeals tribunal, but it was the opportunity that the federal Government sought in order to pass the buck. It could say that it had tried to honour its promise by keeping the contribution rates at the same level but had been overruled by the appeals mechanism. Everyone knew that, because of previous experience in the pegging of contribution rates, the application to the appeals tribunal would have to be successful.

We now have the spectacle of a multiplicity of different rates throughout Australia for private health insurance. The most important impact that will have is that the basic Medibank levy is now much more attractive to people who wish to insure themselves. Consequently, after 30th June next we shall see a large increase in the basic Medibank levy so that the Government's Medibank levy will not remain more attractive to the contributors of Australia than the private health insurance rates, because the Liberal—Country party Government in Canberra is committed to supporting the private health insurance funds throughout Australia. I wish to make another point. Some criticism has been made on the basis that it was a charge for outpatient services placed by this Government in October, 1977, that caused the increase in the rates. That is not correct. All the health funds had built into their contribution rates in October, 1976, an amount to cover outpatient services from public hospitals.

I have here guidelines that were established by the Commonwealth Department of Health set out in a pamphlet entitled, *How to choose the health insurance cover that's right for you*". This brochure was available at the time of Medibank No. 2. It is dated August, 1976, and reads: "Choice 3: Basic private health insurance. . . . It will also cover charges which are made by some States for medical services given in

hospitals and for outpatient services." So for twelve months in New South Wales the funds were collecting the contribution rate to pay for outpatient services because the Government was unable to come to any sort of agreement to apply that charge which it was able to apply as a result of the changed rules of the Medibank No. 2 agreement. The funds were collecting that amount of money from the contributors for twelve months and they should have been placing it in reserves. Any claim by health insurance funds in New South Wales that it was the application of the outpatient fee in hospitals of this State that caused them to put up the contributors' rates is misleading. The charge is \$5 an occasional service. It is charged only to those people who are completely covered for private health insurance—in other words, people who join a private health fund for medical benefits and for hospital benefits. It does not apply to people who pay the basic medibank levy and take any other form of hospital insurance. That is under the express terms of the National Health Act.

I said that there was a \$5 charge. The actual cost for an occasional service in New South Wales hospitals last year was \$20.90 in a teaching hospital; \$17.20 in the peripheral hospitals; and \$12.40 in the smaller hospitals throughout New South Wales. However, this Government applied a charge of only \$5 for that occasional service. The health funds, and Medibank, too, are in complete chaos. The federal Government is endeavouring to do something to get itself out of the mess it has created. I certainly object to accusations and criticisms that there have been incursions into the health funds in Australia as a result of some greed by contributors. If there is any overuse of services, the people concerned are reacting to orders from the medical practitioners. I join with other State health Ministers in expressing alarm at the high cost of health services and the high cost of belonging to health funds. I certainly recommend to the people of New South Wales to do as I do and pay the basic Medibank levy.

SUPERANNUATION

Mr J. A. CLOUGH: I ask the Minister of Justice and Minister for Housing whether and when pensions will be increased for public servants who retired before 1971. Also, can the Minister say whether and when the consumer price index factor will be applied to the pensions payable to that class of pensioner?

Mr MULOCK: Some time ago I raised the question of improving the position of long-retired persons covered by the local government superannuation scheme. Subsequently there has been a full investigation into the railway superannuation account, the State superannuation fund, and the police superannuation fund, particularly in relation to former public servants who retired before 1971. As the question of whether and when those people will be provided with some additional sustenance is a matter for consideration by Cabinet, I am unable to give a positive answer to the two matters that have been raised. However, what the honourable member said in the final part of his question does not reflect the true position, for every one of the superannuees under the State superannuation fund, the railways superannuation account and the police superannuation fund are the beneficiaries of indexation in accordance with the consumer price index. In fact, it has been this Government that has provided consumer price index indexation for a whole range of people.

As to people who retired before 1971, although since that date their pensions have been subject to indexation they were on very low salary ranges when they retired, and some were unable to take up maximum contributions to units. Above all, inflation over a period of twenty or thirty years has greatly reduced the comparative value of money they receive from the superannuation fund. Although their pensions have been increased by a revaluation of units from time to time, and although indexation has been applied to their pensions since 1971, nevertheless they have been substantially

disadvantaged in monetary terms compared with subsequent pensioners. This matter is the subject of consideration, and I have intimated to the interested parties that I would place it before the Government. That action has been taken.

CONSTITUTION AND PARLIAMENTARY ELECTORATES AND ELECTIONS
(AMENDMENT) BILL

Message

Mr Speaker reported receipt of the following message from the Legislative Council:

Mr Speaker—

The Legislative Council agrees to the Free Conference requested pursuant to section 5B of the Constitution Act, 1902, by the Legislative Assembly in its Message dated 25 January, 1978, in reference to the Constitution and Parliamentary Electorates and Elections (Amendment) Bill, and appoints that the same be held in the Legislative Council Committee Room, No. C255, Parliament House, on Tuesday, 31 January, 1978, at 2.15 p.m., and that Sir John Fuller, Mr Willis, Dr Freeman, Mrs Lloyd, Mr Holt, Mr Solomons, Mr Rowland Smith, Mr McKay, Dr Bryon-Faes and Sir Asher Joel be Managers thereof on its behalf.

Legislative Council Chamber,
Sydney, 25 January, 1978.

HARRY BUDD,
President.

Motion (by Mr Wran) agreed to:

That the following Message be sent to the Legislative Council:

The Legislative Assembly agrees to the time and place appointed by the Legislative Council in its Message, dated 25 January, 1978, for a Free Conference with the Legislative Council on the subject of the Constitution and Parliamentary Electorates and Elections (Amendment) Bill.

SPECIAL ADJOURNMENT

Mr F. J. WALKER (Georges River), Attorney-General [11.481: I move:

That the House at its rising today adjourn until Tuesday, 31 January, 1978, at 2 o'clock, p.m.

I shall explain to honourable members the reason for moving a motion in these terms. The House must meet before the free conference is held on Tuesday next so that the managers can be sent to the free conference. As the conference is to be held at 2.15 p.m. in another place, it will be necessary for the House to meet somewhat earlier so that the procedural requirements can be observed.

I might indicate to honourable members that while the free conference is in session the proceedings of this House will be suspended. Undoubtedly, on Tuesday Mr Speaker will give some indication of the time at which the House will resume. However, we do not know when the conference will be completed and when the managers will be ready to report back to this Chamber the results of the free conference. If the conference continues from day to day, other arrangements will have

to be made. In those circumstances, undoubtedly Mr Speaker will inform honourable members when the House might continue with its work. But until the managers have agreed or agreed to disagree, I am afraid there is some uncertainty about the time when the House will resume. I hope the matter will be resolved quickly.

Motion agreed to.

ELECTRICITY COMMISSION (FINANCIAL ACCOMMODATION)
AMENDMENT BILL

Second Reading

Mr HILLS (Phillip), Minister for Industrial Relations, Minister for Mines and Minister for Energy [11.50]: I move:

That this bill be now read a second time.

Mr Mason: On a point of order. The business paper for today, which has been displayed on the notice board and circulated to honourable members, shows that three notices of motion are to be dealt with. I ask that they be dealt with now.

Mr SPEAKER: Order! No point of order is involved.

Mr Mason: In that case, what is wrong **with** the business paper?

Mr SPEAKER: Order!

Mr Mason: Is this another Government bungle?

Mr SPEAKER: Order! The Deputy Leader of the Opposition is continuing to interject after I have ruled on his point of order. I understand the Deputy Leader of the Opposition to be referring to a programme that was given to him. If he reads the notes on the bottom of the programme, the position will be clarified.

Mr HILLS: The primary purpose of the bill is to enact a new section 38A in the Electricity Commission Act, as provided for in clause 2 of the bill. The Electricity Commission Act, 1950, provides for the commission to obtain its financial accommodation in four ways. These are by bank overdraft to the extent approved by the Governor, by advances from the Treasury as approved by the Governor, by receipt of money at short call or on fixed deposit as prescribed by the by-laws, or by borrowing money with the approval of the Governor. When the commission was formed these were the accepted ways by which all statutory authorities obtained the finance they required additional to funds that the authorities themselves generated from their internal cash flows. The additional demand for finance for the commission's works programme, arising both from normal growth of the interconnected generating and transmission systems and from the effect of high rates of inflation on the cost of works, makes it necessary for the commission to have access to financial resources and to financing methods additional to those prescribed in the Act.

An example of such a financing method is the supplier-credit arrangement. For plant of oversea origin—turbogenerators being a case in point—finance is normally available on a deferred-payment basis, and the primary purpose of the amendment is to allow the commission to enter into such arrangements. By entering into such deferred-payment arrangements it is possible to get lower interest rates than can be obtained on normal borrowing in Australia. Interest rates under such arrangements are low by current Australian standards because the financing of such exports is encouraged or subsidized by the government of the exporting country. There are considerable advantages to be gained by being able to enter into such arrangements. The immediate reason for the introduction of the bill at this time is that an opportunity exists for the

commission to enter into a deferred-payment arrangement with an **oversea** company that will be supplying turbogenerators for the commission's new power station at **Eraring**. Finance for the arrangement will be provided by the Export-Import Bank of Japan at a favourable rate of interest. *[Quorum formed.]*

The main difference between normal contract terms and the **proposed** arrangement is that instead of paying up to 90 per cent on shipment, 5 per cent on takeover, and 5 per cent at the end of the maintenance period, the offer provides for 15 per cent by shipment date with the balance of 85 per cent payable over a period of five years commencing six months after the individual takeover dates. The total amount involved is expected to be of the order of \$100 million. The commission's capital works programme will increase substantially over the next few years to meet essential power needs, and acceptance of the trade credit proposal will materially assist in the financing of this expansion. The Treasurer and I have examined the terms of the proposal and are of the opinion that the arrangement will be very advantageous to New South Wales. It will help the Electricity Commission to finance its major programme of capital works and will thus ensure that this State maintains its pre-eminent position in being able to offer a reliable and economic power supply as a base for future economic development.

Proceeding now to the bill itself, I point out that the first subsection of the proposed new section 38A provides for the commission to enter into arrangements additional to those at present prescribed in the Act for financial accommodation, in such manner and on such terms as are approved. Approval is defined later in the bill. The clause has been drafted in broad terms to permit the commission flexibility in the choice of methods of financing available to it. Financing methods and forms of security have changed substantially in recent years and it is probable that there will be other changes in the future. The commission should be placed in a position to take advantage of any acceptable method of financing that becomes available.

The second proposed subsection provides that payments due by the commission under such approved financial arrangements will be guaranteed by the Government. That is consistent with the guarantee given under the Act in respect of loan raisings by the commission. Guarantees are required by **oversea** suppliers where **deferred**-payment arrangements are entered into. Where government-sponsored organizations such as export-import banks are concerned, which offer concessional interest rates to encourage exports, guarantees are required, preferably by the government of the purchasing body.

The third proposed subsection will limit the operation of the succeeding sections of the Electricity Commission Act so far as the new section is concerned. The succeeding sections deal with loan raisings, the establishment of reserves for loan repayment, the method of operating such reserves, and forms of securities to be issued in respect of loans. Those sections are not appropriate for the sorts of financial accommodation intended to be covered by the new section. The only provision that it is desired should still apply is that concerned with the right of the commission to raise a loan to discharge liabilities to a party with which it has entered into a financial accommodation arrangement. It might, for example, be in the commission's interest to discharge an **oversea** commitment if the effect of an expected adverse movement in exchange rates could be avoided by raising a domestic loan to repay the liability, in effect repatriating the commitment.

Proposed subsection (4) of new section 38A provides that proposals for financial accommodation arrangements proposed by the commission will be submitted for the approval of the Governor on the recommendations of the Minister and the Treasurer. It is desirable in considering proposals for financial accommodation that aspects that

Mr Hills]

bear on the State's financial position and policies be given due weight. It is for this reason that submissions for the Governor's approval will require the Minister and the Treasurer to agree on the recommendation. The subsection also defines financial accommodation. The term is intended to include deferred payment arrangements on contracts but does not extend to contracts that contain normal commercial clauses providing for payment by instalments where the commission does not obtain credit. Virtually the whole of the commission's works programme is carried out under contract. The normal terms of such contracts provide either for progress payment in the course of the work or for a payment on shipment or delivery; a further payment on takeover and a final payment on the completion of a maintenance period. It is not intended that such contracts shall be subject to the operation of the new section.

The bill proposes also as a consequence of the application of subsection (3) of that new section an amendment to section 39 (e) of the Act. This amendment will extend the purposes for which loans may be raised by the commission to include the discharge of any commitment entered into under a financial accommodation arrangement. The intention of the bill is to increase flexibility in the means by which the Electricity Commission may obtain finance. On occasions it may be economical to obtain finance from sources and by means other than those at present permitted under the Act. It may, of course, be a matter of necessity for the commission to use the proposed powers, dependant on the adequacy of the annual borrowing allocations imposed on the State by the Commonwealth Government.

At the introductory stage, the honourable member for Young raised several matters on which I should like to reassure the House. The honourable member referred to this Government having filched \$98 million from the electricity users of the State. Let me make the position quite clear. Nothing has been filched from electricity users in this State. This year the commission's works programme totals \$168 million. Of this, the commission's borrowing programme and Treasury advances will total \$70 million, an increase of almost 13 per cent on last year's total. This leaves \$98 million of the commission's works programme to be financed from the commission's own resources. It would be quite improper if the commission, with \$98 million available to finance capital expenditure, sought from the Treasurer an allocation of that amount. That would be taking money away from important projects involving education, hospitals and other essential services. Obviously if the commission has its own resources for capital expenditure it is proper and prudent to use them. The commission sought from the Treasurer a total of \$70 million, which represents an increase of a little less than 13 per cent on last year's programme.

Of the \$98 million to which I referred earlier, all except \$19.5 million will be produced from the commission's normal cash flow this year, being derived mainly from the commission's provision for depreciation. The remaining \$19.5 million will be drawn from the commission's reserve funds. That is coming out of funds provided for depreciation. It is proper that the commission provide for depreciation and increase the value of its plant. Nothing has been filched from electricity users in this State. What has happened is that part of the commission's liquidity reserves will have been converted from investment in securities to investment in plant and equipment.

The second matter raised by the honourable member was what he described as the socialization of the coal industry of the State. That is a most extraordinary statement. The honourable member for Upper Hunter represents an area of the State which has in its midst Liddel power station and the Ravensworth open-cut mine, both of which are owned by the Electricity Commission of New South Wales. At Ravensworth mining is carried out under contract. Does the honourable member for Young suggest that that is socialization? Does the fact that the State owns a power station

and an open-cut mine amount to socialization in his view? I remind the honourable member that the Ravensworth mine was developed when the coalition Government was in office.

Mr Fisher: By a private company.

Mr HILLS: That is not so.

Mr Fisher: It was developed by Costain.

Mr HILLS: It is owned by the Crown. Costain Australia Limited are contractors on behalf of the State Government. They have a contract to extract coal from a mine owned by the Electricity Commission of New South Wales. Therefore there is no difference between what is happening at Ravensworth mine and what is proposed in other projects with which the Government is involved. I make no apology for the steps the Government has taken to ensure that the development of resources owned by the people of this State provide benefits for the people of this State. The coal is owned by the people and should be utilized to provide benefits for the people. The coal resources of New South Wales are a major public asset. Much of the wealth of the State lies in these resources. The Government proposes that the people of New South Wales through a State instrumentality will maintain a majority interest—a bare majority interest—in the development of certain coal resources. I am referring to one mine on the western coalfields, not to all the coal resources of the State. This approach is not unfair to investors. It should not drive away investors who seek a reasonable return on their investments. Negotiations for a joint venture agreement with Taiheiyo have proved that some organizations will join in development projects with the host country maintaining a majority interest.

Mr Webster: This is at the expense of Australian companies.

Mr HILLS: That is not so. The Government, in conjunction with a private company, has set up a joint organization to mine resources owned by the people of this State. It is not a question of taking over some coal deposits that belong to a private company. The problem is that Australian companies could not guarantee that they could sell the product.

Mr Webster: Can the Minister?

Mr HILLS: The Taiheiyo organization can. That is why the New South Wales Government has entered into the arrangement. This company supplies 30 per cent of the steaming coal used in Japan. The Government has entered into an arrangement with this company to mine coal in New South Wales.

Mr Webster: At the expense of the previous suppliers.

Mr HILLS: What previous suppliers? The Taiheiyo organization is a Japanese company. Its own coalmines are running down and it cannot win sufficient coal for its needs in Japan. It looked to New South Wales for supplies. The Government said that resources of coal were available here and that it would enter into a joint venture with the Taiheiyo organization to win the coal that Taiheiyo will supply to its Japanese consumers. If the honourable member for Fittwater can tell me what is wrong with that arrangement, I should like to hear about it. Under the arrangement that company is guaranteed 49 per cent of the production of the mine. If the Electricity Commission wants to use the other 51 per cent for its own power stations, it will be able to do so. If the commission has a surplus of coal the Taiheiyo company will act as its agent in disposing of it.

Mr Webster: At the expense of the other producers.

Mr HILLS: What other producers? The other producers are not involved in the arrangement in regard to the disposal of coal in Japan. The honourable member for Pittwater is unable to offer any criticism of that arrangement. I have not advocated, as the honourable member for Young suggests, socialization of the coal industry. A private company in Japan approached the Government and asked it to enter into a joint arrangement with it. That is not my idea of socialization. The honourable member for Young also expressed an interest in safeguards being written into the bill. I assure the honourable member that the bill proposes adequate safeguards. All aspects of the proposed arrangement, including the identity of the person or body proposed to provide the accommodation and the extent, security and term of the arrangement require approval. On approval by the Governor the matter will be gazetted in the usual way. Before the matter is submitted to the Governor, it will require the approval of both the Treasurer and the Minister for Industrial Relations, Minister for Mines and Minister for Energy. Both Ministers will have to make a recommendation to the Governor to ensure that the proposal by which credit arrangements are to be entered into shall be the subject of a joint submission to the Government.

It will be appreciated that such financial arrangement would have to comply with Loan Council guidelines. Honourable members will remember that recently the Loan Council approved of this new arrangement being entered into. It will be of interest to honourable members to compare the safeguards written into the bill with the position in Victoria. Last year similar legislation in respect of the State Electricity Commission of Victoria was enacted by the Victorian Parliament. Under that Act approval of financial accommodation arrangements rests with the Treasurer alone. This bill goes far beyond the Victorian legislation in providing safeguards in the public interest. When the bill is passed, the Electricity Commission will be empowered to take advantage of modern financing facilities that are not now available to it. The public interest will be adequately protected by the safeguards that are written into the bill.

Any reasonable person would not criticize this arrangement whereby the Government can get credit at a lower rate of interest than it is getting now. The Government will be able to make lower cash payments on delivery of goods into this country, thus reversing the present position. It is now necessary to pay for up to 90 per cent of the value of goods on their arrival here. Under the new arrangement only 15 per cent will be paid. Tremendous advantage will flow to the Government and the Electricity Commission from the enactment of the bill. I commend it to the House.

Mr FREUDENSTEIN (Young) [12.14]: Despite the Minister's statement that new funds are needed by the Electricity Commission to enable it to play the new role that the Government has planned for it, the first purpose of the bill appears to be the nationalization or socialization of the coal industry. So that the Electricity Commission can fulfil its obligations and be able to borrow the massive sums required to develop power stations and generating plants, the Government has found it necessary to introduce this bill. Except for the fact that it is a recognition of the role of the commission in the generation of power and its importance in this State, one might wish to oppose the bill because of its socialist nature. However, as we need more power and more generating stations, the Opposition will support the bill.

When I was the responsible Minister, the plan prepared for the development of power stations involved a ten-year programme and called for a massive infusion of capital and a large borrowing programme. At that time it was recognized that the Electricity Commission Act of 1950 was too restrictive in respect of the commission entering into certain arrangements, one of which the Minister referred to today. The deferred payment arrangement is one in respect of which the Government and

the Electricity Commission should be commended for it will save the State a considerable sum of money. It might be timely at this stage to mention that there is some ignorance in regard to the financing of the Electricity Commission. It may be worth while to give some explanation as to how this money will be repaid from the commission's income. Before dealing with that aspect, I should like to thank the Minister for his brief explanation of the bill. About three or four months ago the Premier intimated that the Government would soon make a policy announcement on the role that the Electricity Commission would play—indeed the role that the Government would play—in the coal industry. However, both the Opposition and the coal industry have waited in vain for that announcement. I know of several mining leases in the Hunter Valley that have not been made the subject of any major development. The mining industry is looking for a statement of policy from the Government on its intentions in regard to the coal industry. Does the Government intend to go ahead with its socialization or nationalization programme or does it propose to allow private enterprise to play a full role in the industry? There is some ignorance in the industry about the financing of the activities of the Electricity Commission. As the bill will empower the commission to borrow large sums of money it is only right that I should examine how the money will be repaid.

Electricity generated by the Electricity Commission is sold in bulk to the thirty-nine electricity county councils throughout New South Wales. These councils operate as distributors of electricity to consumers. One might ask how this electricity is purchased. This money will be used to repay these loans. A 2-tariff arrangement is used to determine bulk electricity charges. First an energy charge is made against each unit—or kWh—of electricity sold. At 31st December last the charge for each unit of electricity was .9705c. This charge is subject to automatic increases. In the seventeen or eighteen months that this Government has been in office that charge has increased by 36 per cent although the consumer price index has advanced by only 25.4 per cent. Let us consider the effect of nationalization or socialization of the coal industry on electricity charges. The second part of the tariff arrangement is a demand charge, that is, a charge made for each kVA of maximum demand recorded for a council each month. At 1st January that charge was \$4.01 a kilowatt a month for electricity at a voltage of 33 000 and above, and \$4.40 a kilowatt a month for up to 22 000 volts.

The term kVA denotes a measure of electricity capacity. The maximum demand charge works this way: at each bulk supply metering point there is a recording device which shows the maximum amount of electricity used at any instant in time on the distribution system served from that supply point. That is measured in kVA. It is an additional charge to the charge made for actual energy. That charge has increased by 23 per cent. The broad concept of the two-part tariff is the demand charge is designed to recoup costs of providing the commission's generating stations and substations and to repay the loans that the House is considering. It also provides for transmission lines throughout the State. The energy charge is designed to recoup the cost of the power actually generated. Does the Minister agree?

Mr Hills: Yes.

Mr FREUDENSTEIN: The reason for a different rate applying to the demand charge at high voltage is that it takes into consideration that supply authorities which receive electricity at high voltages have additional capital costs in providing sub-transmission and so on. The Minister mentioned that the requirements of the State Government budget for 1978, presented in September last, made it necessary to use \$98 million of reserves rather than borrow further moneys this year. The same policy was applied to several other public bodies but to a far lesser extent than to the Electricity Commission of New South Wales. Does government policy mean that the commission will lose valuable income of about \$10 million? Will this ultimately lead

to a further increase in bulk supply charges? **All** increases in bulk charges are passed on to the distributing bodies, the electricity county councils and, in turn, to consumers. Electricity county **councils** are facing a difficult time with costs running as they are. An increase in the energy charge of 36 per cent has been made by the commission in the past two years, with **an** increase of 23 per cent in the demand charge. That is most unreasonable. A further burden will be inflicted on the commission by the Government's **direction that it** agree to a **reduction in working hours** at power stations.

Mr Fisher: A sweetheart deal.

Mr FREUDENSTEIN: Another sweetheart deal which will possibly cost electricity consumers in New South Wales 8 per cent more in the not-too-distant future.

Mr Hills: Are you opposed to that?

Mr FREUDENSTEIN: Yes, I am opposed to it.

Mr Hills: What will the constituents of the honourable member for Upper Hunter think about that? Have you made **m** application to the court?

Mr FREUDENSTEIN: Would the Minister like to take over?

Mr Hills: I am talking about the constituents of the honourable member for Upper Hunter.

Mr SPEAKER: Order! The honourable member for Young has the call.

Mr FREUDENSTEIN: **A** reduction in working hours in power stations is intolerable not only because it will increase the cost of power production but also because the added cost **will** flow on throughout the distributing area.

Mr Hills: On a point of order. **An** application dealing with the question of hours is before the Industrial Commission of New South Wales. It is within the jurisdiction of the commission to decide whether a reduction will be made in the hours worked by employees of the Electricity Commission of New South Wales or the employees of any other establishment. To suggest that a sweetheart deal has been made with the commission or anyone else about the granting of a 374-hour week to commission employees is, in my view, a reflection on the Industrial Commission of New South Wales. Sir Alexander **Beattie** will be chairman of the court dealing with the matter. I do not think it is proper for that aspect to be canvassed further. The matter has been set down for hearing on, I think, 2nd or 3rd February. Therefore it is in the jurisdiction of the court.

Mr Freudenstein: On the point of order. The bill is a money bill; it has reference to financial accommodation for the Electricity Commission of New South Wales. How well the commission is able to manage its financial affairs will depend upon the repayment of money to be borrowed under the provisions of this bill. The working hours case will be heard on 1st February by the full bench of the Industrial Commission of New South Wales. I am endeavouring to persuade the Government to oppose the application. I believe that is justified.

Mr Webster: On the point of order. The Minister has raised the question of *sub judice*. Learned counsel have repeatedly said that the *sub judice* rule applies only when a matter will be heard before a jury. This issue is before the Industrial Commission of New South Wales. Anything said here, in the press or in any form of discussion will not have any effect on the judgment which will be **finally** handed down by Sir Alexander **Beattie**. It is nonsense to take a point about *sub judice* in this matter. It is merely a protective device that is used by some members who do not want certain

matters to be raised. They use the *sub judice* rule as a cloak of protection. Sir Alexander Beattie will not be affected by anything that is said by anyone either inside or outside the Parliament. In this House there is a tendency to over-use the *sub judice* rule.

Mr SPEAKER: Order! What the honourable member for Young says may have some substance. He may make passing reference to the fact that a decision given by the Industrial Commission may have an effect on the ability of the Electricity Commission of New South Wales to do further work. At this stage honourable members do not know what the result of the hours case will be. I do not think that the honourable member for Young should canvass that matter too far. If in his speech he has cast a reflection on the Industrial Commission of New South Wales by referring to sweetheart deals, he is out of order. I ask the honourable member for Young to come back to the order of leave of the bill. He must not dwell too long on the matter that will be determined by the Industrial Commission of New South Wales.

As to the point taken by the honourable member for Pittwater, it is not a fact, as he submitted, that matters before the Industrial Commission of New South Wales cannot be considered *sub judice*. He said that persons of some acumen who have been appointed to the Industrial Commission would not be unduly affected by what is said in Parliament. Whether the statement made in the House would have any effect on the Industrial Commission depends on the nature of the matter that was discussed in this Chamber and on what the Industrial Commission is setting out to do at that hearing. I do not think that point is in any way to be considered here. The honourable member for Young has made his point. I ask him to come back to the bill.

Mr FREUDENSTEIN: Mr Speaker, I shall obey your ruling. At this late stage I beg the Government to move to block a decision that could well be upset in the court. I did not use the expression sweetheart agreement; it was contained in an interjection with which I agreed. I shall have to ask for the interjection to be withdrawn before I can withdraw my statement.

Mr Hills: You used it.

Mr SPEAKER: The honourable member did make reference to it.

Mr FREUDENSTEIN: That is how it happened. New section 38A contained in clause 2 of the bill will give the commission power to borrow and to make the financial arrangements outlined by the Minister. At the introductory stage of the bill I sought a guarantee from the Minister that safeguards would be available as the Government would be guaranteeing these borrowings, whether raised in Australia or overseas. Thus electricity consumers and taxpayers generally will be committed to finding the money if the financial arrangements go bad. The Government's decision to allow the Electricity Commission to make different fund-raising arrangements is sound and the Opposition supports the measure.

Mr WEBSTER (Pittwater) [12.32]: I support the statement made by the honourable member for Young that the Opposition supports the bill. However, it is the sort of measure that I would prefer to see brought before the House during a more healthy economic climate, with the State on the march and with people having confidence in the future. Then the kind of investment contemplated by the Minister could be made in more confidence. The Minister in his second-reading speech and when responding to an interjection referred to the deal that has been done between the State Government and the Japanese Taiheiyo company. Ever since the Minister has occupied the portfolio responsible for electricity generation in New South Wales the House has heard from him about proposals that will lead to an escalation of the cost

of electricity to consumers in New South Wales. According to the figures available in the industry, it would seem that the proposed amalgamation will add something in the order of \$50 million to the cost of electricity in New South Wales.

The highway lighting subsidy formula has been **rearranged**. I appreciate that someone has to meet the bill, but why should it always be the electricity consumer? This represents the Minister's thinking. The shorter working week, which was discussed during the points of order, will further add to production costs. The Minister's actions will increase the charge for electricity to the State's consumers and the demand and energy charges. On his return from Japan the Premier said that the deal made with Taiheiyo is designed to reduce electricity charges in New South Wales, now and in the near future. At all events, he has asserted that electricity charges would not rise. Nevertheless, within a few weeks of his return from Japan, measures were announced that will lead to an increase in electricity charges.

By way of interjection the Minister asked whether it is socialism for a Japanese company that is a big consumer of steaming coal, to enter into a \$49 million deal with a State instrumentality. What right has the Minister or the Government to tell the electricity consumers of New South Wales that an investment of their money has been made? What guarantee can the Government give about the future including freedom of choice and freedom in placing investments? It is pure socialism for the Minister to tell the electricity consumers of New South Wales that their funds are to be invested in a coalmining venture in which the Government is engaged.

The lease entered into under the **Taiheiyo-State** Government agreement is in relation to a mountain in the Blue Mountains about 10 kilometres from Newnes. It is not merely a matter of saying to the coal, "Come with me, you are going for a walk to a port and then on to a ship for transportation to Japan." Millions of dollars of consumers' money is involved in preparing for the extraction of coal. The local coalmining industry is trying to do battle for sales on an oversupplied world market for coal. Coal producers already established in the southern, western or northern coalfields in New South Wales would have welcomed the opportunity to supply coal to this Japanese company. They would have welcomed the opportunity to add to their orders the amount of coal that will be required by this company. I noted with interest the arrangement that the Minister has made with the Japanese import-export bank, which ranks fourth in the sources from which money would be sought to finance the purchase of certain equipment for the **Eraring** Point power station.

I am sure the Japanese would welcome a monthly visit to their country by the Minister. He has been hoodwinked by these oriental gentlemen, for whom I have the greatest respect as traders and merchants. I acknowledge that many Australians drive Japanese motor vehicles but in this instance the Japanese have taken the Minister for a ride. The Government has entered into a deal at the expense of the electricity consumers of New South Wales and to the advantage of the Japanese. The means by which money will be raised under this measure is related directly to the question I asked this morning about the supply of boilers for the **Eraring** Point power station. In the past the Australian companies that have successfully tendered for contracts and manufactured boilers for power stations in Australia have always looked to one, two or three major world manufacturers for the supply of certain components that economically are not worth manufacturing in Australia. I refer specifically to valves and certain control gear. Remember, Australia is looking for work for its unemployed. These companies have developed a certain technology but, as a consequence of the Minister's decision, it will be stultified. The Minister is not fair **dinkum** about reducing unemployment in New South Wales when he takes this action to advantage the people of another nation, in this case the Japanese. The Minister's actions will have a long-term effect on the boilermaking industry in Australia.

Mr SPEAKER: Order! The honourable member should return to the bill before the House. There is no reference in the bill to some of the matters about which he has been talking for some five minutes. Certainly there is no mention of boilers. The bill is concerned mainly with seeking approval for the Electricity Commission to borrow money or obtain advances or other financial accommodation from approved persons or bodies, in addition to the existing methods of raising money. The honourable member should confine his remarks to the leave sought.

Mr WEBSTER: With regard to your ruling, Mr Speaker, before I started on this subject I made the point that the Minister in describing the four sources of finance, which are the subject of the bill, referred to the Japanese export and import bank. He referred also to the turbines and equipment needed at the Eraring Point power station. I am giving to the House a little of the background which it was denied when the Minister did not answer a question I asked of him. The Minister criticized Australian companies for their inability to lodge competitive tenders for various installations including those at Eraring Point. The Japanese looked at the specifications and followed a technique they have used worldwide. They undercut the nearest competitor by up to 25 per cent. The Japanese are producing the boilers for the Eraring Point power station in accordance with precisely the same formula that would be followed by an Australian company if it were the successful tender. They are approaching **oversea** manufacturers for certain components.

The reply the Minister gave to a question that I asked of him without notice was virtually nonsensical. He said that 80 per cent of the boilers for Eraring Point will be made in Australia. For the reasons I have just given, he knows as well as I do that 20 per cent of the material to be used in the boilers has to be imported. The point I am trying to make is that irrespective of whether the boilers are fabricated by an Australian company or a Japanese company, these essential components have to be imported. In this climate of unemployment and wasted technology we have made the position worse for the sake of a 25 per cent lower quote from a Japanese company. What is now happening—and this must be considered in relation to future borrowing programmes—is that the Japanese have done a deal with a United States company that supplies valves to meet the specification laid down for boilers that may be required in future power stations. The Japanese company will be able further to undercut Australian manufacturers of boilers. If this trend continues it will mean the death of an Australian company that makes a good contribution to Australian industry, to the advantage of the Japanese.

The Minister said that coal is a valued mineral. The honourable member for Blue Mountains ought to be right behind me in what I am saying on this point, for his own electorate has been seriously disadvantaged by the Minister's decision. I would rather see the Minister ensure that the sterilized coal—something on which obviously the Government cannot agree—is taken out of the ground. If we had a coal loader in Botany Bay the problem would be solved. My colleague the honourable member for Young described what we have seen today as pure socialism. So it is. The Government is now moving into the area of finance. It has already moved into the marketing of coal and, through amalgamation, it is trying to take over electricity generation in New South Wales. The result will be control by the Minister and added cost to the people of New South Wales.

Mr HILLS (Phillip), Minister for Industrial Relations, Minister for Mines and Minister for Energy [11.38], in reply: As pointed out by the honourable member for Pittwater, a substantial amount of plant and equipment must be imported from overseas because it cannot be manufactured here. For example, boiler tubes, which are an integral part of a boiler, are imported from Japan. I think the company that manufactures them is Sumitomo. Nippon Steel is trying to get into the market

but that company manufactures a different sort of boiler tube. We insisted that the boiler tubes be bent and the necessary adjustments made to them in Australia, thus providing work for Australians. That is what has happened. If it had been an Australian company, the boiler tubes would have been bought from the same company and imported into Australia. In fact, the tubes are being bent by the same Australian company that is carrying out the work on behalf of the Japanese manufacturer. In asking his question, the honourable member implied that the company was inexperienced in the manufacture of boilers.

Mr Webster: Of that size.

Mr HILLS: I have seen drums being manufactured by this company and boiler tubes being bent by it too. All of that work is being carried out by an Australian company. The Minister for Services and Minister Assisting the Premier is a former employee of Bunnerong power station. He would laugh at the stupidity of the honourable member for Pittwater, who obviously does not know what he is talking about. These people are efficient and competent. The Government entered into discussions with them about mills. I am sure the honourable member knows that power stations have mills. They are used to grind the coal and pulverize it so that it can be force-fed into the furnace that fires the boiler. Recently the Government was able to come to an arrangement that these mills would also be manufactured in Australia by local manufacturers, provided they could supply them to the required specification. Although the Japanese were successful on this occasion, I hope that when next contracts are being considered a local company will be awarded the contract.

The Electricity Commission of New South Wales is authorized to let tenders for the materials it requires. The honourable member for Young would be aware of that. I do not know of any occasion when he interfered when contracts were being considered. Ministers stay out of that area, even though they have an overriding power to say to the commission, "I override your decision and the contract will be let to another company". Before the contract was let I heard that it might be let to a Japanese company. I summoned the chairman of the Electricity Commission to my office to ensure that this would not mean a diminution of work for Australian workmen. I am sure that the honourable member for Young would have done the same thing if he had been Minister. I should be surprised if he did not. I had to ensure the preservation of work for the people of this country. The Government has succeeded in entering into a contract for \$18 million less than the next best tender and at the same time it has preserved employment opportunities for Australians. If anyone says that that is a wrong thing to do, I shall be astounded.

Some comments were made about the increase in the unit charge for electricity. The percentage rise has been no more during the present Government's term of office than it was during the term of the previous Government, and it is nonsense to suggest otherwise. I leave to the Industrial Commission of New South Wales the decision on what should be done about a 374-hour week for certain employees of the Electricity Commission of New South Wales. By resolution and by Act, this Parliament decided that the matter should be dealt with by the Industrial Commission and the decision should be left to that tribunal.

Mr Webster: Are you proposing to intervene in that matter?

Mr SPEAKER: Order! I call the honourable member for Pittwater to order.

Mr HILLS: The Government will not enter an appearance in that case either for or against the application. The unions and the Electricity Commission, which are the two bodies concerned, have made a joint study on how work can be rearranged in the power stations and in the transmission system so as to ensure that there will be

no cost increase for consumers. The applicant's case will have to be proved to the satisfaction of three senior judges of the Industrial Commission of New South Wales. I commend the bill to the House.

Motion agreed to.

Bill read a second time.

Third Reading

By leave, bill read a third time, on motion by Mr Hills.

[Mr Speaker left the chair at 12.49 p.m. The House resumed at 2.15 p.m.]

WORLD PETROLEUM RESERVES

Mr MAHER (Drummoyne) [2.15]: I move:

That this House condemns the decision of the Commonwealth Government to lift Australian oil prices towards import parity without adequate safeguards to prevent cost and price inflation.

The increase in world fuel prices in 1974 shocked the western nations, particularly the United States of America, into realizing that the world's precious fuel reserves are limited. It also made the western nations take stock of their known fuel reserves. All countries in the world, perhaps for the first time, realized that they had only thirty-three years of known reserves of oil. Previously the reserves were estimated to be about thirty-one years, but a thorough review proved in 1974 that the world then had thirty-three years of known oil reserves.

I believe—and I hope I have the support of the House in this regard—that the known reserves of oil are too precious to be frittered away. They are important in the manufacture of **drugs** and chemicals, and are vital to many aspects of human life. Therefore, they should not be burned up by faster and faster aircraft, or wasted by motor vehicles on expressways and in other ways. The world energy crisis was the linchpin that caused many western nations to review their attitude towards expressways, public transport and all forms of energy consumption. West Germany is bringing the steam locomotive back into service and the United States of America has launched an enormous energy-saving programme as well as a programme to develop alternatives for oil. Everything possible must be done to conserve our precious supplies of oil.

I do not for a moment criticize the Commonwealth Government for raising the price of Australian oil towards world parity, so long as a good case can be made out to show that a saving of oil will ensue. However, many authorities doubt that there will be such a saving. I believe that oil is one of those commodities which, no matter how much the price rises, the demand for it will not slacken. This already has happened following price rises. Economists apply the term inelastic to describe this phenomena of the demand for oil continuing despite price increases. *Per se*, the Commonwealth Government's intention to increase the price of Australian crude oil until ultimately it reaches world parity has been done without an effort at establishing that it is part of a long-term energy conservation programme. That is to say, it has not shown that our supplies of oil will be conserved as a consequence of increasing the price of Australian crude to world parity.

I shall elaborate on that matter as I develop my argument in order to establish to the House that the federal Government's energy policy is bankrupt of ideas and that that Government has not grappled with a problem that will affect all of us, our children, and our children's children.

At present the world uses 50 million barrels of oil a day. We have all been excited to hear of the discoveries of oil in the North Sea and the new oil finds in Mexico, Indonesia and Prudhoe Bay. Nevertheless, 50 per cent of the oil used in the world comes from the Persian Gulf. I have been informed that every ten minutes of the day a tanker passes through the straits of Hormuz carrying oil to the western nations. The Middle East remains as the place to which the western nations look for most of their oil supplies. The Organization of Petroleum Exporting Countries control the production of 60 per cent of the world's oil needs, and it was this body that in 1974 pushed up the price of crude oil and caused the energy crisis that has so frightened the world and has so shaken nations like the United States of America and Great Britain as well as the other members of the European Economic Community.

I am sure that the local scene is known to honourable members, especially the fact that in his last budget the federal Treasurer announced that the price paid for Australian crude is substantially below world parity. He drew a number of facts from the celebrated IAC report on crude oil pricing, which was presented to the Parliament in September, 1976. It is a matter of record that the Whitlam Government did what it could to expand and encourage oil exploration in this country. The honourable member for Young might seek to interject when I say that, but I remind him that any rise in oil prices has a significant effect on farm production, especially wheat and wool. The Whitlam Government decreed that all oil found after 14th September, 1975, was to be purchased from the producers on an import parity basis. In a sense, this debate relates only to oil produced as a consequence of old discoveries. The Gippsland field produces about 90 per cent of local crude oil needs, and the price paid for it is \$2.33 a barrel compared with the oversea price of \$11. To the price of \$2.33 a barrel must be added the \$3 a barrel for which the recent federal Budget provides.

The celebrated Industries Assistance Commission report, which I am sure many honourable members have read, contained bad news for Australia. The report concluded by saying that the Australian proportion of the demand for petroleum products would fall over the next five to ten years and by 1985 the demand for imported crude would rise from 30 per cent to 60 per cent or perhaps even to 80 per cent of the fuel used in Australia. The report went on to point out that all new discoveries would be paid for at world parity prices and as the imported crude would have to be purchased at world parity prices, petrol prices would rise irrespective of whether the Government did anything about it or not. The facts cannot be ignored. Irrespective of the Government's decision on the price to be paid for old oil, that is for reserves that were discovered before September, 1975, the price for crude oil will rise steadily over the years.

The Industries Assistance Commission report talks about the current level of prices limiting the return to the local producer and working, in effect, as a subsidy for users of petroleum products. The consumer was deemed to be receiving a subsidy. The report goes on to elaborate a number of undesirable consequences attached to the existing low price for the old crude. The first major point made in the report, and I am sure that honourable members are aware of it, is that the low price encourages greater use of a scarce resource. That bland one-line statement has no evidence to back it up. All research on the use of petroleum has shown that as the price goes up the demand rises correspondingly. There is little evidence to show that any reduction in demand for petroleum occurs when a price increase is granted. An alternative is to develop different types of motor vehicle engines. Merely putting up the price of petroleum does not mean that the demand for it will decline substantially or, for that matter, to any significant extent.

The second major point made in the Industries Assistance Commission report on crude oil pricing is that investment in projects to expand the supply of indigenous crude oil is discouraged by a low price structure. As we all know, the federal Government has announced a policy of equating the price of local oil with that of imported oil but nowhere in that Government's policy is there any provision to ensure that oil companies shall continue to explore for oil. There is absolutely no government control. The whole policy is open-ended and provides the oil companies with a windfall. Even the conservative daily newspapers and finance magazines talk about the large increase in revenue to the oil companies, which means really a large increase in profit.

Nowhere has anyone explained to the Australian people what requirements have been placed upon oil companies to undertake further exploration. This is a great gap in the federal Government's policy, which was adopted by the Liberal-Country party coalition and announced by the Deputy Prime Minister, the Hon. J. D. Anthony, at around the time of the last federal budget. The Deputy Prime Minister has been pushing for the price of Australian domestic oil to be brought up to parity with the price of imported crude. But, nowhere is there a requirement that there must be a certain amount of exploration or drilling. The move towards parity with imported oil really means bigger profits for the oil companies. That is the federal Government's policy. It has put up the price allegedly to reduce demand but the extra profit will go to the oil companies.

The consumer is bearing the brunt of this policy without any guarantee that oil reserves will be maintained for the future manufacture of essential minerals or drugs. Regrettably, it will be our children's children who will have to resolve this tragic problem. I do not wish to dwell on the profit element but it is as well to emphasize that in the Middle Eastern countries the huge increases in oil prices have not gone to the people of those countries; rather they have gone to the various potentates. Under the federal Government's policy the extra sums paid for oil will go straight to the oil companies.

Mr J. A. Clough: In turn they will pay more tax.

Mr MAHER: Nevertheless, there is a profit element in taxation and the honourable member for Eastwood, an accountant, would be well aware of that. That point was succinctly made in a pamphlet issued by the Mosman branch of the Australian Labor Party. The profit really goes to the sovereign power, the taxing power. All the profits that flowed from the 1974 increase in crude prices did not go to the oil companies; they went to the various Eastern potentates, to the kingdoms or governments that have also raised extra money by increasing taxes. The third point in the Industries Assistance Commission report is that investment in projects to expand the supply of substitute energy sources can be delayed. That means that unless the price of local petrol and oil goes up there will be no rush to work out a substitute for that product.

Honourable members know that that is nonsense. No government policy had been laid down and there is no legislative programme to force oil companies or anyone else to endeavour to find substitutes. It is the role of the federal Government to launch a programme for finding alternative energy resources, but that is something about which it has done nothing. This issue is of vital importance to the people of Australia. I am pleased that I have had the opportunity to raise the matter in the House today by way of a private member's motion. Very few matters have come before the House of greater importance than the long-term energy problems of this country. In Australia, with vast distances to be travelled and so much transportation by road, we must look to the future of our reserves of oil and other sources of energy.

The celebrated report of the Industries Assistance Commission talked about the indirect impact of higher crude oil prices. It dealt with the problem of wheat and sheep farmers. The honourable member for Young knows something about that. I am sure that he knows far more about the subject than I do, but I have a close knowledge of a number of farms run by my relatives in his electorate. I am well aware of the problems faced by wheat and sheep farmers. The report quoted a study that shows that petroleum products accounted for 13.2 per cent of the total costs of these sheep farmers in 1973–1974. Doubtless the honourable member for Monaro will be concerned at that because he is a country member who does a marvellous job for his constituents.

People in the country areas will be hit by the federal Government's policy of increasing oil prices to world parity. It is to the eternal condemnation of that Government that despite depressed markets, drought, unemployment and all the problems of the bush, which we in the cities hear about and know exist, the federal Government went ahead with its move to world parity for oil prices, without taking any action to help consumers in the cities or the country areas. No action was taken to cushion the terrible blow, as was done in other countries. The report went on to mention that an increase in the price of petroleum would affect different industries in various ways. For the cereal grain producers it accounts for 3.3 per cent of their costs. For non-ferrous metal basic products it accounts for only 0.5 per cent of the cost of production. One should bear in mind that Australian sales of steel will now largely disappear. The market for the export of steel has gone, so we must rely more on wheat, sheep and cereals. However, those areas of production will be badly affected by the federal Government's policy of imposing world parity on the price of our oil. At the time of the report it was not known that the steel export industry was to disappear. Now we know that steel from Australia is not being allowed into the United States of America. The wheat and sheep areas will have to carry the burden of the balance of payments, yet these areas are seriously affected by the increase in oil prices.

The report to which I have referred is lengthy and I shall not labour it further. I want to come to the American situation and discuss how the Carter administration has taken firm action to remove the burden of oil prices from consumers. The report talked about the impact of the oil prices on the increases in the consumer price index and on rural industries. I am sure the honourable member for Young will be familiar with those aspects of the report. Following the issuing of the report, Mr Jim Greenwood, president of the Australian Automobile Association, pleaded with the federal Government not to increase crude oil prices to world parity. He talked about the destruction of the automobile industry and the trucking industry. I point out again the vast distances and inadequacy of alternative modes of transport in many parts of Australia, as well as the running down of the railways. The pleas of industry were ignored by the federal Government.

Mr J. A. Clough: What about the balance of payments?

Mr MAHER: The balance of payments was wrecked before Christmas when the oil companies took out their money from Australia. They really rocked the boat at Christmas. The federal Treasurer, for good reason on the face of it, raised the price of oil. The Commonwealth Government wants to see oil conserved and if honourable members on this side of the House really believed that an increase in the price would do that I would move a motion today supporting such a move. But there is no evidence that an increase in price will reduce demand. No policy has emanated from federal Government proposals to guarantee any type of exploration or other action to boost the reserves of the nation or to require oil companies to do anything at all. These companies just take their windfalls in profits and go home.

The effect of the federal Government's policy was that Bass Strait crude oil, including the \$2 a barrel levy, was less than \$4.33 a barrel last year, but it will eventually rise to import parity at \$13.34 a barrel. That is a considerable rise. It could be phased in over a number of years. Movements were put at six-monthly intervals but a rather extraordinary situation has arisen in the past month. The world now has an oversupply of oil. When the Americans owned the Middle East supplies of oil, if there was a world glut they left the oil in the ground. However, the present owners adopt a different approach. Even if there is an enormous glut they continue to supply oil to America and other countries throughout the world. The so-called policy of the federal Government seems to be in tatters. No one knows what is happening. Instead of the price of oil going up, a few weeks ago it went down. No one can understand why. Only a small item on the drop in price appeared in the newspapers.

Mr J. A. Clough: The honourable member for Drummoyne said that there is an oversupply.

Mr MAHER: The party that the honourable member for Eastwood supports in Canberra has a policy of increasing oil prices up to world parity. Instead of going up, as was announced solemnly in the federal Budget last August, oil prices, though they rose initially, have now come down. Fortunately, this State has an enlightened Minister for Consumer Affairs and Minister for Co-operative Societies, and in New South Wales the price of petrol was frozen. The Minister himself thought of the idea one morning. I have heard him recount the story. No one suggested it to him. As a result of the Minister's actions the price of oil in New South Wales was frozen until February.

The only increase was as a result of the extra levy of \$1 a barrel which was imposed in the last budget. The Minister had to make allowance for that and, of course, it had to be passed on to the consumer—the public of New South Wales. This State is fortunate in having a courageous Minister who has been willing to take on the oil companies. Some people may say that we should increase prices to world parity because it will reduce supply, but there is no evidence of that. At present there is a world surplus of oil and enormous discounting is going on throughout the world in order to sell it. The poor consumer has to carry the burden and struggle along as best he can.

In the United States of America President Carter is increasing oil prices, but ultimately the consumer will not be disadvantaged. His proposal, which is still before Congress, is that price for all old oil—that is, oil discovered before certain dates, which comprises about two-thirds of the American supply—should be \$5.25 a barrel. The world parity price is over \$13. It will be increased in three years to world parity. The profit from this proposal will not go to the oil companies. It will go to the State and be returned to consumers as a taxation credit. It will not go into State revenue but will be returned to taxpayers as a credit. Citizens who do not pay tax will receive direct cash benefits.

That is in marked contrast to the scheme of the Australian Government, which is to increase the price of oil to world parity. The Government might get a bit more in extra taxes, but most of the money—which comes from the consumer, the man and woman in the street—will go to the oil companies. The Canadian Government has taken similar action, yet in Australia, a country that is wracked by unemployment and appalling drought problems in many rural areas, this totally heartless policy of the federal Government has been proposed. It is a naive and dangerous one. The wealthier sections of the community—the oil companies—will be the recipients of enormous profits and a large amount of spending money will be taken out of the economy,

added to the profits of these companies and remitted overseas. That is a tragic situation that this House must debate. Honourable members should know what is happening in North America and in Europe. As I have explained, in North America the situation is totally different from what it is here. The consumer will receive a credit in respect of his income tax. People who do not pay tax will receive a cash benefit. But in Australia the additional revenue taken out of the economy will go straight to overseas companies.

The Labor Party initiated the Collins Royal commission on petroleum products, which was hastily brought to an end by the present federal Government. That Royal commission unearthed an enormous amount of material and for the first time had a good look into the whole question of marketing and organization in the petroleum industry. The Labor Party spokesman on petroleum in the federal Parliament, Mr Paul Keating, has given an undertaking that Labor will implement the recommendations in the report of the Royal commission when it regains office in the federal sphere. That will do much to reduce the price of petroleum. Unfortunately, a Liberal-Country party government is now in control of the purse-strings in Canberra and it is leading this country on a disastrous course of action. In theory, that Government is carrying out a desirable object—the conservation of this country's petroleum, crude oil and energy resources—but when its policy of conservation is examined it is found to be a shallow and one incapable of achieving the aims that it so loftily espouses.

The federal Government's policy could not possibly result in a great saving of petroleum. Instead, it will harm the consumer—the family man with his motor car and the farmer, particularly the wheat and sheep farmer. It is a shame that only one member of the Country Party is present in the Chamber to take part in this debate, for these matters vitally affect all country members. It is good to see on the Government side at least two honourable members representing country seats ready to debate these important issues that affect primary producers and other people in country areas. I hope I obtain the support of all honourable members on this vital motion. I sincerely believe the Australian Government has not thought its policy through and has not provided adequate safeguards—or, indeed, any safeguards—against inflation. It has done nothing to ensure that additional sources of petroleum will be discovered, and alternative fuels found. It has done nothing to avert the world catastrophe that looms ahead. Our oil reserves are needed for drugs, chemicals and the necessities of life. They should not be frittered away as they will be by the present Government's policy. There is no inbuilt guarantee—no safeguards. I bring this subject to the attention of honourable members so that there can be an enlightened debate on this vital issue.

Mr FREUDENSTEIN (Young) [2.45]: At the outset I inform the honourable member for Drummoyne that the Opposition will not be supporting his motion. Indeed, I think my colleagues and I will be joining the huge group of people who last December forcefully expressed themselves on this issue. That is why this afternoon the honourable member for Drummoyne made such heavy weather when he was presenting his case on a motion that he brought forward last November in an effort to make political capital during the last federal election campaign. He must now realize that the people saw the hypocrisy of the former Labor Government in Canberra and the State Labor Government here and rejected the whole business.

I am amazed that the honourable member for Drummoyne, who could be regarded as coming from the extreme right wing of the Labor Party, which I thought controlled the Labor Party in this State, is now being dictated to and led by the left-wing forces. I say that because the policy he has enunciated today is the policy of Mr Tom Uren, who was the Deputy Leader of the federal Labor Party when it was in government in Canberra. Mr Uren proposed a policy that all Australian resources.

should be left in the ground, thus creating unemployment and giving rise to great difficulties in this country because Australia would have to go on the world market and beg countries to sell oil to it at prices that constantly increased. On this occasion the right-wing member for Drummoyne has come in with a piece of socialist or Communist Party policy—

Mr Maher: On a point of order. Mr Acting-Speaker, the honourable member for Young has accused me of advocating Communist Party policies. I find the word communist objectionable, and I ask that he be required to withdraw it.

Mr ACTING-SPEAKER (Mr O'Connell): I recall the honourable member for Young referring to the extreme right-wing of the **Labor** Party, but if the honourable member for **Drummoyne** finds the word communist offensive to **him**, I ask the honourable member for Young to be more temperate in his language.

Mr FREUDENSTEIN: I withdraw. I said that I thought the honourable member for Drummoyne was a member of the right-wing of the **Labor** Party.

Mr Maher: I ask that the honourable member for Young withdraw the word communist.

Mr ACTING-SPEAKER: I believe that he has already withdrawn the offensive remark.

Mr FREUDENSTEIN: I find it rather strange that the **Labor** Party in this State, and the honourable member for Drummoyne in particular, make great noises about unemployment, yet in this motion they are encouraging a policy that will create more unemployment. A great number of people have been arguing that energy in Australia is unrealistically priced. The price of petrol here is less than half the price of petrol in countries such as Japan, France and Italy. Perhaps I know that more than anyone else, because I live in the country and am one of the wheat farmers mentioned by the honourable member for Drummoyne. The country people know that consumers would welcome a continuation of the present position, with petrol being half the price paid for it in the rest of the world. In **1973-74**, when the world price of petrol was quadrupled, a completely new era was ushered in, and everyone was stirred to a realization of the enormous role that oil plays in living standards throughout the world and **how** those standards can be placed in jeopardy. Oil plays a key role in transport, on which the modern world depends. It is also an energy source of which Australia is critically short.

President Carter of the United States of America was quoted at length by the honourable member for Drummoyne. In an energy policy statement last year the President said that he believed, on current trends, the world oil demand would overhaul supply by **1980**. No one but the honourable member for Cessnock, who seeks to interject, would question that statement. If that is to occur, the market price of oil will increase to astronomical levels. Should the local price of oil be left as it is until it has to be increased suddenly when the crisis arises, or should the rise be effected gradually, by the Commonwealth Government taking immediate steps, and so guaranteeing this country an adequate supply of oil?

Oil provides 45 per cent of the world's energy needs and 47 per cent of Australia's needs. This country must have a comprehensive policy, and it has been announced clearly by the federal Leader of the Country Party and the Prime Minister what objectives of our energy policy must be. They are threefold. First, we must encourage oil exploration and development, which will be done by an increase in price; second, we must encourage greater economies in the use of energy, and encourage people to use other fuels in preference to oil; third, we must foster a more intensive search for alternatives to oil. Each of these objectives is related to a price increase.

That is why the federal **Government** constantly argued over a number of years, and gave **full** warning to the public, that there must be a gradual and predictable move towards higher prices. This was not something done overnight—the **public** had due warning and accepted the idea at two federal elections. A higher price **will** do something else for New South Wales. **If I** had still been Minister for Mines and Minister for Energy, at this stage there would have been in this State a great development in the process of converting **coal** to **fuel**. At present people are frightened to invest money in this State to achieve that purpose, because they know that the Government does not have an energy policy, and hanging over their heads is the spectre of **socialization** of **industry**.

Let me analyse what happened in August last year. **On** 17th August the federal Treasurer gave a general outline of the arrangements that were quoted by the honourable member for Drummoyne. However, greater details need to be given. The federal Government decided to implement a scheme that would take the price of indigenous crude oil from the known fields in the direction of import parity—not in the direction indicated by the **IAC** report, as was suggested by the honourable member for Drummoyne. The proposal was to take the price towards import parity, and to achieve a uniform method of price determination. Producers will get the import parity price determined by the Government every six months, but in respect of only a specified part of their production. Import parity will **be** received in respect of the first six million barrels produced from each field each year. That is called the basic allowance, which is a proportion of production, and it will be raised over a period of time in accordance with specified schedules. There will be an adjustment of 10 per cent from 17th August, 1977, to the end of the present financial year. It will rise to 20 per cent for the financial year 1978–79, to 35 per cent in 1979–80, and to 50 per cent in 1980–81.

That was the decision taken on 17th August last year, and it was published widely throughout Australia. Yet we have seen the hypocrisy of the honourable member for Drummoyne who left it until November last year to set down his motion that we are now debating. Was it a political gimmick to be used as federal election propaganda? I say it was. Under the present policy, crude oil produced in Australia is required to be processed in Australian refineries. That will continue. Implicit in this action is encouragement for refineries to be operating and creating employment for the people in this great country, rather than seeing money going from our shores to other countries.

The Commonwealth Government will settle the import parity price every six months. It **will** be calculated on the basis of the price of Arabian light oil at the nearest refinery port, adjusted to allow for an appropriate quality differential. This differential will take account of the suitability of indigenous crude oil for the local market. For the period ended 31st December, 1977, the import parity price was set at \$13 a barrel. I understand it has been increased to \$13.40 a barrel. It can be seen that the arrangements are definite. A consistent set of ground rules is applicable to all pricing and future development in existing fields. Additionally, any anomalies inherent in the old scheme have been removed. It was suggested by the honourable member for Drummoyne that this amounts to an increase of \$1 a barrel.

After the Prices Justification Tribunal had looked at the federal Government's decision there was an increase of 2c a litre, bringing the price of petrol in Sydney to approximately 19c a litre. Any government would be reluctant to increase the price of petrol or, for that matter, any other commodity. The Wran Government is the exception. It has increased electricity costs by something like 36 per cent in two years. What is he doing about that? Let us compare this new price of 19c a litre with the prices for petrol elsewhere in the world. The French motorist pays 39c for a

litre of petrol. The Japanese motorist pays 38c, whereas German, Swedish and British motorists all pay about 30c a litre. That is considerably more than the price charged in Australia. The United States of America is the only major country that can sell petrol cheaper than it is sold in Australia but I understand that the thrust of President Carter's new energy policies will increase that price far in excess of the Australian price. The honourable member for Drummoyne said that extra money put on to the price of petrol should be given back to the people. Only a misinformed economist could think of such an absurd situation involving subsidizing petrol to that extent.

The Australian primary producer might well be the only person who suffers greatly from the increase. In fact, this is reflected in the consumer price index. The primary producer is unable to pass on this impost and has not been able to pass on the increased freight rates with which he has been burdened by this State Government. The Australian primary producer, including the wheatgrower, pays heavily for freights. An ever-increasing burden is placed upon the primary producer. The honourable member for Monaro, who is attempting to interject, would not be aware of this as not much wheat is grown in his area. It is a fact that 25 per cent of the wheatgrower's first wheat cheque goes to pay freight. It is pitiful to hear the honourable member for Drummoyne crying crocodile tears over what this increase of 2c a litre in the price of petrol will do to the primary producer. It has been the increases imposed by this Government that have loaded the major burden upon primary producers. I ask the Minister, who is known to have a soft heart, to look at what the Government is doing to primary producers in this State.

Another criticism that has been levelled is that no binding agreement was reached with the oil companies that they would continue to search for oil in Australia. That is not correct. It was, and this is established by reference to the report of a speech by the Hon. J. D. Anthony in the House of Representatives on this most important subject. The agreements exist, quite unlike what happened when the Hon. R. F. X. Connor introduced his petrol price structure and dictated to the oil companies what they should do. In recent years twenty major oil drilling rigs have been taken from the shores of Australia and relocated in foreign waters. When the Fraser–Anthony Government attained office only one drilling rig was operating in Australia. In a mere two years, Whitlam, Connor and company had got rid of the lot.

These people must be assured that a reasonable price will be paid for their product. Australia must give full recognition to the fact that these people need a guaranteed market for a specific quantity of their product. The reward for all of this will go to the children of whom the honourable member for Drummoyne spoke earlier in the form of fuller employment, greater discovery of oil resources and, I believe, greater recovery of crude oil. We have in Australia oil resources and oil discoveries that the oil companies have been unable to tap because of the huge cost that must be outlaid before a return comes to hand. It is known that more than 400 million barrels of oil, or about two years' supply for the whole of Australia, are locked away in the belief that it is not economic to process it. A fairer price for that crude would result in the extraction of these resources. Even the honourable member for Drummoyne would recognize this to be most desirable.

Many other countries in a less fortunate position than Australia had to face up to hard reality and have had to adjust their oil prices in the form of rapid adjustments. It is far better for Australia to adjust oil prices gradually. Our own oil resources will will allow us to do this so long as they are properly exploited. We cannot afford to leave them in the ground. If those resources are properly exploited we can adjust our home price by using to the fullest our home production and thus offset the higher cost of necessary imported crudes.

Mr Freudenstein]

The federal Government never envisaged a sudden jump of crude oil prices to world parity. That would create extreme economic problems. The gradual increase will give greater stability to the Australian economy. Australia's own oil reserves will allow the nation to adjust gradually, and, consequently, with less disturbance to the community. We must take advantage of that breathing space. Our oil reserves will allow us to adjust, to examine methods of reducing oil consumption and to devise substitutes for oil. Greater encouragement must be given to people to use alternative fuels. When building houses people should be encouraged to take action to ensure that they do not have to use large quantities of oil for heating. These things can be done, instead of just sitting on our tails whingeing about what someone else has done, as the honourable member for Drummoyne does. The Opposition will oppose the resolution strongly. It actively supports what the Liberal and Country party federal Government has done to give Australia a guaranteed future in the oil and energy field, and to give it a place in the world negotiations on fuel reserves and prices. I trust that the House will throw the resolution where it belongs.

Mr BRERETON (Heffron) [3.12]: Characteristically the honourable member for Young dealt with everything but the terms of the motion before the House. For the past twenty-five minutes honourable members have heard no real answer to the most important matters contained in the motion. To refresh the mind of the honourable member for Young on the terms of the motion moved by the honourable member for Drummoyne I shall read **it**:

That this House condemns the decision of the Commonwealth Government to lift Australian oil prices towards import parity without adequate safeguards to prevent cost and price inflation.

The question of adequate safeguards to prevent cost and price inflation certainly was not dealt with by the honourable member for Young when he addressed the House. I compliment the honourable member for Drummoyne on bringing this most important matter before the House. It would have had more relevance had it been debated at the time of the last federal election campaign. There is no doubt that the people of Australia had the wool pulled over their eyes by policies enunciated by the Rt Hon. J. M. Fraser. Honourable members on this side of the House have known for many years that the Liberal Party and Country Party, particularly the Country Party, have been in league with the major oil companies for many a long year. That has been a profitable arrangement for both sides and everyone has done well out of it.

If one looks at the ledger book for the last federal election one will realize that there is no way in the world that, without financial help, the Liberal Party could have afforded the costly campaign it ran. A massive amount was spent on it. The Liberal Party could not have afforded to do it without the enormous assistance it received from the oil producers. The oil companies have indeed done well out of Australia. A press report of the Esso company's trading position in Australia less than twelve months ago caught my eye. Esso is one of the famed seven sisters of the oil industry, the international companies that control the oil reserves of the world. Esso took out \$82.1 million in dividends from Bass Strait oil in 1976. These are the people who in all the years from 1969 to the present time completely ignored the need to explore for **new** oil fields in Australia. They did quite nicely in the meantime, but the money flowed out of Australia. Those companies had no commitment to seek to discover the further oil resources that are desperately needed in order to save Australia a massive balance-of-payments problem over the importing of crude oil.

Australia is not the only nation that has had difficulty with the oil producers. I was interested to read comments made by President Carter, who was quoted today by the honourable member for Young. President Carter had some nice things to say about oil cartels in October last year at a televised news conference. On that occasion

he described their activities as the biggest **ripoff** in history. He said that in **1973**, before the Arab oil embargo, the income of the large oil companies was estimated at **\$US18,000** million annually. Under the proposal introduced by President Carter by way of an energy policy for the United States they stood to make **\$US100,000 million** but they were not satisfied with that. According to President Carter they wanted **\$US150,000** million. When they did not get it they went **all** out to try to sabotage President Carter's proposals on energy conservation. I was interested in the **comments** of the honourable member for Young. It was significant that he led for the Opposition, not the honourable member for Pittwater, who is the shadow minister for the Opposition on energy matters but has not yet spoken in the **debate**.

Mr Webster: You have it back to front. I am the Liberal Party spokesman and the honourable member for Young is the shadow minister.

Mr BRERETON: I stand corrected. One thing that seems to have been forgotten by the Opposition in championing the cause **of the** oil companies is that the increase in the price of oil is reflected in the price of all commodities in Australia. For that reason the Minister for Consumer **Affairs** and Minister for Co-operative Societies most responsibly and with the overwhelming support of the electorate, saw fit to control the price of petroleum products for a period of **a** year. With one or two exceptions his move was welcomed by everyone in the State. They are the same **people** I mentioned earlier—the oil companies. **Ampol** representatives were outspoken in their attacks on the Minister. They said that because of his efforts they were deprived of **\$1** million. On the same day as they made that charge **Ampol** announced happily that the company's net profit for the year was higher than in the **previous** year and that it was doing better than ever.

With the characteristic greed that has always been associated with their activities in Australia, in the oilfields of the East and in the United States of America, the oil companies have been flat out to get every last buck at the expense of the consumer. These organizations are not interested in the welfare of the Australian. Their interest is maximum profits. It is clear where the profits go. They are all expatriated. They leave Australia and **find** their way into the hands of the multinationals. For many years a responsible energy policy has been needed in Australia. It was significant that in the two years prior to the last federal elections when there was a Fraser Government in Canberra, no policy on energy was announced until the eve of those elections when the grab-back was witnessed. It did not make a lot of sense but it was said that inflation would receive a **terrific** boost in Australia if world parity prices for crude oil were implemented here. The honourable member for Drummoyne said that such a move should have been tied to a procedure for controlling **windfall** profits and in order to prevent massive profits being received by the oil companies.

That remark was repeated disparagingly by the honourable member for Young. He did not think there was any merit in it at all. He said that only an economist would propose the subsidizing of petrol prices. I put it to honourable members that a lot of people other than economists have thought of it. In fact, it is the basis of the policy adopted in the United States of America. It was one of the cornerstones of that nation's decision to increase prices to world parity. I do not intend to deal with the allegations of the honourable member for Young as to whether the honourable member for Drummoyne is a rightwinger or is influenced by communists. That is the usual sort of tripe we hear from him. The essence of what the honourable member for Drummoyne has been about today is to impress upon members of the Opposition that we should do everything we can to formulate a responsible policy aimed at combating inflation and not aimed at making **millions** of dollars for the oil companies. Their profits are sent out of the country—except for that portion that they put into the coffers of the Liberal Party at election time.

The honourable member for Young spoke about the increase in unemployment. He expects this House to believe that unemployment is not associated with inflation. Nothing could be more inflationary than this policy of increasing oil prices to world parity without creating a subsidy to lessen the impact on the consumer. The honourable member spoke also about what should be done. He said that we should encourage exploration for oil reserves and the use of alternative fuels. It is worth putting on record the position in regard to liquefaction. That may be the answer to a number of long-term problems, but all the experts say that it is some ten years away. **During** the next ten years we shall not have that process available to us.

As to alternatives, it is worth having a look at the record of the Liberal-Country party Government over a period of eleven long years. It did nothing to encourage any of these processes. Not one single, solitary step was taken by the honourable member for Young when he was Minister responsible for energy matters or by any of his colleagues, including the honourable member for Sturt. Nothing was done to assist in the search for alternative fuels. The federal Government has done nothing about exploration. It has simply said to the oil companies: "Here it is. Here is your windfall. You can all get rich." There were no controls and there was no exploration programme. One could perhaps see some reason in the increase in the price of **oil** to world parity if the extra money—that massive amount of profit that is going to the oil companies—were committed to exploration. But that is not the case. It is committed to one thing only—the coffers of the multinational companies.

The honourable member for Young mentioned the former federal Minister for Energy, the late Hon. R. F. X. **Connor**. He seems to have forgotten that when it came to energy policies the Hon. R. F. X. **Connor** was the saviour of a number of people whom the honourable member for Young pretends to represent, the coal producers. At a stage when all the coal producers had their fingers burnt because of their contracts with Japan, Rex **Connor** went to that country, renegotiated the contracts and got the Australian coal producers out of trouble. Now they sit back in their ivory towers and revile **him**, but there **was** a time not many years ago when the coal producers were on bended knee praying for his assistance, and they received a good deal of it.

In relation to city-country price parity the people of this and other States were told during the federal election campaign in 1975 that a federal Liberal-Country party government would guarantee petrol price parity in the city and the country. Nothing has been done about that. Not a single, solitary step has been taken. The oil companies that run the Liberal Party, and to a greater extent the Country Party, did not want it. The companies that were getting rich were not anxious to bring prices into line. As a result, country residents are being treated unfairly over the price of petroleum products. Members of the Country Party—who seem to have deserted the Chamber, never having been really committed to the people they pretend to represent—have been completely silent about the failure of the Fraser **Government** to live up to the promise it made two years ago.

The New South Wales Government has done a great deal in the short time that it has been in office to protect consumers from exploitation and to cut down the effects of **inflation**. New South Wales has always had a bad deal in relation to petrol. Last year it was estimated that over the past ten years residents of New South Wales had paid out \$1,000 million more for petroleum products than Victorians.

Mr Webster: We used 48 per cent more petrol.

Mr BRERETON: The figure is based on a similar quantity. It was not until this State had a **Labor** government that positive action **was** taken to introduce petrol discounting and to place New South Wales residents on an equal footing with Victorians

in the purchase of petrol. That was greeted with enormous **enthusiasm** by the electors, who were justifiably proud of the efforts of the Minister for Consumer Affairs and Minister for Co-operative Societies to stop the rip-offs that have occurred in the past. In effect New South Wales motorists were subsidizing their Victorian counterparts. **Our** motorists had always got the rough end of the stick but, for the first time, the Minister attempted to ensure that they would receive a fair deal. I am pleased to have had the opportunity of being associated with this motion, which was so ably moved by the honourable member for Drummoyne. I sincerely hope that the member who speaks next for the Opposition will do a better job of staying within the bounds of the motion than did the honourable member for Young.

Mr WEBSTER (Pittwater) [3.29]: When I first saw this motion, having a measure of **affection** and regard for the mover, the honourable member for **Drummoyne**, I thought that it would provide an opportunity to exchange intelligent ideas and perhaps to assist the Minister for Industrial Relations, Minister for Mines and Minister for Energy—and perhaps even the Prime Minister—in coping with one of the most difficult problems facing Australia today. But the debate has become a bit of a joke. The mover of the motion, having moved it, then told the House, "Well, frankly I agree with that". The motion contains the words "condemns the decision of the Commonwealth Government". The honourable member's first words were, "Really, I support the Commonwealth Government in the stand it is taking on crude oil prices". Then the honourable member for Heffron rose and said that no member who had contributed to the debate had dealt with that all-important part of it—that is, safeguards to prevent cost and price inflation. The honourable member for Heffron did not utter one solitary word as to how he would grapple with petrol price increases and inflation.

[Interruption]

Mr DEPUTY-SPEAKER: Order!

Mr WEBSTER: There is a song called "Lo, hear the gentle lark". Some famous sopranos have sung it. An integral part of the performance is the flute obligato. I find myself always better able to perform with the obligato, so I take no exception to the honourable member for Cessnock supplying that part of the performance.

When I first saw this motion my immediate reaction was that it was not genuine—not what it seemed to be. That has turned out to be the case. The honourable member for **Drummoyne** quickly switched to conservation, a subject that anyone in the world today would want to discuss. I should have thought that the honourable member would have better served his constituents, the State and the nation if he had presented a few tangible thoughts and a few ideas of his own that would help improve our conditions. I have had a question on the *Questions and Answers* paper for some time, but it still remains unanswered by the Minister for Mines and Minister for Energy. I asked him about the supply of petroleum products to the city of Sydney. The Minister cannot answer it because the Government now occupying the Treasury benches has done nothing to assist the users of Australian products in New South Wales. The buses are at risk at present because of a hold-up in the supply of fuel.

[Interruption]

Mr DEPUTY-SPEAKER: Order! I call the honourable member for Cessnock to order.

Mr WEBSTER: The petroleum and fuel supply in this State is always being held to ransom and the people are always being required to walk the tightrope. The honourable member for Drummoyne, if he wanted to help his colleagues in the Ministry to overcome some of the problems, would have done better to encourage them

to extend the Matraville refinery. But he switched quickly to discussing the lack of continuity of supply and conservation. I shall come to those matters later. The honourable member should try to influence the Government to get some of the valuable coal out of the South Coast, where 250 million tonnes are being held up at the moment by some little bureaucratic, political nonsense. In his remarks today he did not favour getting oil from coal.

Mr Maher: I did not mention oil from coal.

Mr WEBSTER: When the honourable member for Young mentioned it, the honourable member for Drummoyne said that it had nothing to do with the subject. Discussion of that topic is vital to conservation and the total economics of what is being done in this country. When the honourable member for Young was talking about parity of Australian prices with world prices, the honourable member for Monaro, the sulking sassenach from Snowyville, said that Australia is not paying world prices. What nonsense. The fact is that 30 per cent of Australia's fuel comes from Saudi Arabia. In 1985 this will increase to 70 per cent. The Arabs have the barrels of oil, and while demand for oil is increasing the Arabs will tell us what we have to pay for it. It is simply the law of supply and demand, which the socialist friends of the honourable member for Monaro will never overcome. The world is bigger than he is, and it is nonsense to tell a man as experienced as the honourable member for Young that it has nothing to do with Australia. Those sorts of remarks are typical of the contributions that the honourable member for Monaro has made to this Parliament in the couple of months he has been here. Integral to the motion moved by the honourable member for Drummoyne is his allegation that there is no exploration, and no advancement within the developing sector of the petroleum industry in Australia.

Mr Maher: No guarantee.

Mr WEBSTER: That is an interesting word. The honourable member says that because there is no guarantee, what we are now paying is the least we should pay. I shall give some figures. In 1972, offshore round Australia thirty-two wells were in operation and 122 000 kilometres of seismic survey had been done. At that time they were looking to the future. In 1975 there were nineteen wells and only 6 000 kilometres of seismic survey. The people who had been doing the exploration had gone home. I shall tell honourable members how many wells there were in 1976.

Mr Maher: How many are there now?

Mr WEBSTER: I shall give the figures of those committed in the past couple of months. I shall start with the northwest shelf project, which includes all-Australian production of petroleum and natural gas. The Exmouth shelf is under way, and Bass Strait is under way to the extent of a total investment of \$3,000 million. The honourable member used the word guarantee.

[Interruption]

Mr DEPUTY-SPEAKER: Order! There are far too many interjections, particularly from the Government side. I am sure the honourable member for Pittwater will do much better if he ignores the interjections and addresses his remarks to the Chair.

Mr WEBSTER: The figure in 1978 is forty wells and 25 000 kilometres of seismic survey, but the forty wells could increase to as many as seventy. The honourable member for Drummoyne used the word guarantee, which is most important to his motion. I had a yarn with a man named Clive Mailin, who heads President Carter's department of energy. His political ideology and philosophy would probably be a little closer to those of honourable members opposite than to mine. During our discussion

I asked him why the world today cannot enjoy some of the efficiency in production benefits, as happens, for instance, in the North Sea. I asked him why suddenly we have to talk about a present price of \$14 a barrel, which is tending toward \$20 a **barrel**. He said that the world is still getting the product too cheaply, having in mind, **first**, its future guaranteed supply, and second, the provision of alternatives. The honourable member for Drummoyne said that the petroleum reserves will last for ~~thirty-three~~ years; that is probably a generous estimate, in the sense that we cannot last for that long while we are using petroleum at the present rate. The need for providing alternatives is becoming increasingly pressing.

When I questioned this American gentleman on the cost of the **alternatives**, he said that the world must start looking at a higher price for each barrel of oil. When he learned what we were paying for Bass Strait oil, he just laughed. The statistics that I have given prove the climate of exploration in Australia. We were at the peak of excitement, and we were venturing into new fields of exploration and the extraction of material. There were no guarantees, but there was a confidence and readiness to spend money. When the former federal Government changed its policy that stopped them cold. The honourable member for Drummoyne asked for the latest figures. The number of wells went from thirty-two to two. The slow-down seemed irretrievable. But there are now forty wells.

Mr **Mahe**r: They will make a fortune.

Mr **WEBSTER**: The honourable member can say that, but the word that never varies is guarantee. The cream of the Bass Strait has been taken, and they now have to venture into fields where they suspect there will be natural gas and oil. There is no certainty and no guarantee, and the cost of exploration has increased considerably. The honourable member might say that the explorers will make fat profits. My colleagues and I are supposed to be the friends of the oil industry, but if we pursue the philosophy of the honourable member for Drummoyne, in a hundred years' time all of us will be still waiting at the infamous bus stop on Victoria Road, because there **will** no longer be **any** fuel available for the bus.

I have argued **all** over Australia, asking the federal Government and anybody who would listen to me to give careful consideration to the building of a natural gas pipeline from the northwest shelf, through Moomba and the Cannon basin, to the eastern seaboard. In this way there would be a guarantee of **natural** gas to the east coast. I did not ask the Government to do this; I merely suggested that, before going ahead, it should examine the **possibilities**.

The honourable member was referring to a company that had lost \$52 million. I saw the figures. They revealed that there was a potential profit of \$20,000 million out of the northwest shelf. I ask honourable members to put themselves in the position of one of a group of people who are putting into a scheme their own private money to the extent of \$2,000 million, with no guarantee of a return. I was defeated in my attempts to get this established. On the figures, the potential profit of \$20,000 **million** was decreased by \$2,000 million leaving a net result of \$18,000 million. However there were problems with regard to technology, going into 500 metres or 600 metres of water in a cyclonic area and working with cryogenics. There were a lot of question marks and unknown quantities. People involved in these ventures are willing as an act of economic faith to have a go in the knowledge that they might lose **all**. They could lose a lot of money.

[Interruption]

Mr WEBSTER: I **am** amazed that the honourable member for Monaro should attempt to inteject. Yesterday no fewer than eight top-grade Liberals nominated to contest his seat at the next elections, an indication of how confident they are of defeating him.

Mr DEPUTY-SPEAKER: Order! Though the honourable member for Pitt-water might have the good oil about who has nominated for the electorate of Monaro, that has nothing to do with the question before the Chair. I ask the honourable member to come back to the motion.

Mr WEBSTER: I do not think the honourable member for Monaro would put up two bob if there were a chance of his losing it. The Burma Oil Company had \$250 million invested and the socialists knocked it off. Where might one think those wells went to? The facts and figures are available from the Bureau of Statistics and **any** oil organization bureau is aware of them. Where did the companies go and why did they go? What huge profits did they take with them as they went off to other parts of the world, taking with them their knowledge, technology, expertise and drills? It is our loss. If Government supporters are too stupid to see that, they should not be here. Australia would be better served by trying to condition the community into accepting that this product is becoming increasingly scarce and eventually will cost much more. Even the Minister for Consumer Affairs and Minister for Co-operative Societies would occasionally invest three or four bob if he saw that he **could** make a few bob out of it. I have no doubt that if the Minister could see the potential for a fair return, he would make an investment.

The grave problem that has existed in the past couple of years in relation to solar energy, oil from coal and other alternatives is lack of research. Is it not fair enough if scientists working in laboratories are to be asked to get on with the job to tell them what is to be the source of the money? Is it not fair enough to tell the principals of companies that we want their organizations to spend more and more time in research in order to find a substitute for a fuel supply which will be cut off within the next couple of years due to high costs? The crux of the problem is that the cost of providing alternative fuels is high. South Africa is capable of producing all its petrol requirements from coal. It gets about a tonne of oil from about fifteen tonnes of coal at a cost of about 35c for each imperial gallon. That is an exorbitant price. South Africa has just developed a second liquification plant. If the costs of that plant today had existed when the idea was first mooted, the project would never have got off the ground.

Today it is a totally different ball game. Tomorrow it will be different again. We should be conditioning people. We should say that there is no alternative and we cannot turn back. We must concentrate our efforts on encouraging those who will supply potential alternatives. We must look to scientists and companies such as the Broken Hill Proprietary Company Limited. They should have our encouragement and support. BHP will outlay \$1,000 million on plant and technology alone to produce one-fifth of Australia's petrol requirements from coal. At present that company is so discouraged in New South Wales that it is looking to Western Australia, Victoria and Queensland. What a shame that is when at the Warkworth colliery in this State is the most likely deposit of hydrogen-rich coal suitable for this purpose. No encouragement has been offered for this research, which is absolutely necessary. Certainly, the price is frightening, but today's high costs might well be tomorrow's bargains. We must conserve: it is a necessary part of a comprehensive programme. Many demands are placed upon our coal resources to provide materials such as plastics and other products. We must take a close look at the demands we make upon coal.

Solar energy is another subject. What a poor effort we have made. Our pioneers recognized the value of solar energy to us. The \$1.8 million allocated to the University of Sydney, which resulted in its being able to fry an egg in the sun, is chickenfeed and will do little to alleviate the situation in which we find ourselves in Sydney today due to the decline in the supply of natural fossil and other fuels. We must encourage, not discourage, research. We should not knock or criticize people who want to invest money in these projects. People must come into these schemes with open arms. They do not ask for guarantees, so at least they should be welcomed with encouragement. That is the best help governments can offer private enterprise.

Victoria was low on **known** coal deposits and its Premier said the Government would put up the money for exploration. The Victorian Government went to industry and said that this might be something we should get into together. The same sort of thing happened in Queensland. That is the proper way to approach problems of this magnitude. We must accept the fact that we are in trouble. We have all heard of the energy crisis of 1974, but that crisis was not so much centred on energy as on money. We must use our influence, wisdom and guidance to ensure that around the world money—which is not scarce—is used wisely. Governments must give people sufficient encouragement and show enthusiasm so they will channel their funds into these worthwhile and essential research programmes.

Mr SPEAKER: Order! The honourable member's time has expired.

Mr NEILLY (Cessnock) [3.49]: One might hope that an honourable member would do some research on a subject before he opened his mouth and spoke about it. In South Africa the Government has undertaken the biggest development of extracting oil from coal in the world. Some six months ago I was informed that an old mate of mine from Geneva was in this establishment and wanted to have lunch with me. I went to meet him and he turned out to be a chap with whom I had gone to school. He is now chief economic adviser to the United Nations. He is a decent bloke and did not act as if he were better than anyone else.

My friend told me that Australia would have **inflation** for six years. The honourable member for **Pittwater** said that there is plenty of money in the world. Where is it? You cannot put it in the deserts. The Liberal Party got \$250,000, and I can name the companies involved. The people of Australia are being socked, not only by the price charged for petrol but also by the way money is being invested by these companies. The Liberals ought to hang their heads in shame. No wonder there is no house building in Australia. If honourable members opposite want to know the companies, I shall tell them. If money is to come into the country, it should be done with some decency and not the way it is coming in—through the Arabs. I asked this economic adviser how long the present situation would last, and he said it would go on for about five years, that eventually the companies have to protect their own interests. Thank God the Minister for Consumer Affairs and Minister for Co-operative Societies will act before the five years pass.

This is the biggest financial scandal in Australia since I was a kid. The community is being knocked off twice, **first** by the price of petrol and second by the investment of the money. One can understand why members of the Liberal Party want to keep quiet. What a lovely situation it is when idiots talk about these things. I said to the fellow from **ASIO** that he could cut me off the list, because I was retiring. I have been a member here for years, and I shall walk out as a man with my head held high. I would not be associated with what is occurring in the petrol situation in Australia today.

It would be most appropriate if the Prime Minister were to read these remarks of mine and then call for inquiry into the matters I have raised. Is the price of petrol controlled from outside Australia and is the money invested in certain areas? That is a reasonable question and requires an answer. Another man to whom I was talking is one of the biggest financiers in the State. I went to school with him. He told me that all I had to do was form a company of five persons and I could move in the money. The only company associations I have are shares in the co-operative store at Cessnock, and they do not look like coming good. This is what is occurring in our economy. I shall name the companies, if honourable members opposite want me to do so. These companies are all Liberal Party supporters. That is where the Liberals get their money.

Mr Lewis: I would borrow from you.

Mr NEILLY: You would borrow from anyone because you have never worked in your bloody life.

Mr SPEAKER: Order! I ask the honourable member for Cessnock to refrain from the use of colourful and offensive language in the House. I do not think it is necessary. It is open to the honourable member to participate in the debate in the normal way.

Mr NEILLY: I apologize, Mr Speaker. Many things affect the economy and the life styles of Australians. An inquiry should be held. The action by the Minister for Consumer Affairs and Minister for Co-operative Societies in freezing the price of petrol in New South Wales was right and proper.

Mr PICKARD (Hornsby) [3.58]: I am glad to have the opportunity to speak on the motion moved by the honourable member for Drummoyne. I should have hoped that honourable members would not have entered into histrionics but rather would have looked at the history and development of the price of petroleum products in Australia. Had they done that honourable members would have realized the present Australian advantage and how soon that advantage will be dissipated or lost to the nation. Honourable members would have seen what could be done to create safeguards, not just for the present, but also for the future.

I was interested in the last part of the motion which reads, "to prevent cost and price inflation". The history of the past five years would need to be reviewed to explain why Australia has to face increased costs, decreased research and declining production. Alternative processes should be examined so that the tremendous burden of **oversea** payments for the oil Australia requires for the future would be saved. It was interesting to note that no one has mentioned, other than incidentally, the serious decline in the oil search industry since 1972. Anyone who moved into the Malaysian and Singapore areas in the years between 1972 and 1976 would have noticed a great increase in the number of oil rigs moving into the coastal areas and discovering rich sources of crude oil and natural gas, particularly in the area around Sabah between Borneo and the Philippines.

One would have noted also that the rigs were there because the Malaysian Government gave a seven-year tax reprieve to all risk capital that came into the area in search of oil and natural gas. It allowed four years in which no tax would be collected on profits after oil or gas was found. Companies could spend billions of dollars making a find but they would then have four years of complete freedom from tax in order to regain expended capital.

Mr Freudenstein: Members on the Government side do not understand that.

Mr PICKARD: No, because they believe they should take everything that belongs to another fellow, but they except themselves from this rule. In Malaysia, in the latter three years of the seven-year period to which I have referred, if possible up

to 50 per cent of the oil company's shares are required to be transferred into local hands or to the Government. In that respect the Government is the arbiter. That seems fair. Meanwhile, what was happening in Australia? About twenty-nine rigs that had been operating off our coastline were withdrawn and soon only one was **left**. Within three years **all** drilling for oil came to a standstill.

We have all heard about the northwest shelf. Consider the encouragement that the exploration consortium got for its effort there. A sum of \$250 million was spent and when oil was proven—a certain amount of it was discovered but there was a lot more to come—that was the beginning of the end for them. Mr **Connor** said to the company: "Put the lid on it and don't touch it until I tell you to do so." That company almost went broke and had to sell out. That is what members on the Government side of the House call encouraging oil companies to search for oil, thereby helping to keep prices down and giving industry the means for ensuring continuity of production. Jobs opportunities are not created unless industry functions, and industry does that on oil or a very good substitute for it. But when oil was found, the **Whitlam** Government drove out the exploration companies—and Rex **Connor** was the man behind it.

Mr Einfeld: Rubbish!

Mr **PICKARD**: The Minister for Consumer Affairs and Minister for Co-operative Societies says rubbish. Rubbish and humbug are the only words he knows. He has a stuck record; he has nothing else to say.

Mr Einfeld: The other word is stupid.

Mr **PICKARD**: And I say to you, Gehenna.

Mr Einfeld: You should not quote from the Bible.

Mr **PICKARD**: Gehenna, rubbish, the burning tip. That is all members of the **Labor** Party know anything about. They know nothing of private industry or risk capital. They drove risk capital out of Australia. They used to call those companies the ugly, dirty multinationals but in Perth they changed their tune. Now they are not the dirty, ugly multinationals but transnationals and the **Labor** Party urges the Government to negotiate with them and to find ways to help them. But those companies will never trust a **Labor** government again. Once is enough. The federal **Labor** Government drove out the risk capital of people who might well have discovered for us the very resource that we need—oil. As was pointed out by the member who spoke **previously**—

Mr **Whelan**: Are you referring to the honourable member for Cessnock?

Mr **PICKARD**: No, I have a great respect for the honourable member for Cessnock, as a gentleman. I would not in any circumstances denigrate him in this House. I was speaking about the member from this side of the Chamber who spoke previously.

Mr Einfeld: Are you denigrating him?

Mr **PICKARD**: No, I **am** talking about the facts that he mentioned. Apparently you did not listen. In 1972 there were thirty-two offshore wells where there were known sources of energy. In that year 122 000 kilometres of seismographic surveys were done. The oil exploration companies had done all the work that we hear Michael Willesee talking about on television. He tells us that it is necessary for **Esso-BHP** to do the seismic work before it risks **billions** of dollars on sinking wells. By 1975 the figure had been reduced to nineteen offshore wells. Most of them have the caps on them, because the companies were not allowed to withdraw the resource. They were told to put the caps on until **Whitlam** and **Connor** decided what

would be done with the energy reserve. It had already cost one company \$250 million without obtaining a cent in return. That sort of thing does not encourage people to invest risk capital here. This year forty wells are already locked into the system. It is believed that by the end of this year that figure will rise to seventy.

Mr **Akister**: There is no capital risk.

Mr **PICKARD**: The honourable member for Monaro has probably never done any reading on economics. I ask honourable members to remember the figures. In **1972 122 000 kilometres** of seismographic work was done. In **1975** the figure **was** down to **6 000 kilometres**. Now in **1978** it is up to **25 000 kilometres**—a good forward movement. Honourable members on the Government side of this House should be praising the federal Government for bringing about that position and for creating the sort of **confidence** that encourages the discovery of the resources that this and future generations **will** need.

At the time that this was going on other factors were exerting their influence. There was a tremendous increase in the price of oil on the world market. Due to the price of crude oil and petrol refining prices, industry in Great Britain and other countries was suffering tremendously from the inflation caused by that one factor. But in **1972** here in Australia we were producing almost **80** per cent of the crude that we required. Even so, we were suffering from the sort of inflationary pressure that was **affecting** the whole of western Europe. Our inflation rate went ever higher, reaching at its peak about **17** per cent. Government supporters talk about inflation and costs. In two years building costs on certain projects rose by **84** per cent, because of the compounding effect of rising **inflation**. Government supporters condemn the federal Government, apparently ignoring the fact that it has brought inflation down over a period of eighteen months to a single digit. They ought to be up on their feet as true **Aussies** concerned about the welfare of Australia, saying, "**How** can we help this Government get the country back on the rails after the mess that our federal colleagues made of it?"

We want to see Australia move forward and we want to see alternative fuels developed to achieve this goal. We want inflation brought down. A Liberal—Country party government is doing these things, in contrast with what **Labor** did when it held federal office. There are many important issues that we should be discussing, especially the problem of unemployment. Perhaps they should be discussed in the light of what this State should do with its coal deposits and what it should do in relation to the production of oil and the petrochemicals that we may need in the future.

It would have been reasonable for the honourable member for **Drummoyne**, as a government member, to have stated positively what the Government of New South **Wales** should do with the resources of this State in order to overcome the very thing he seems to be condemning. Apparently his colleagues are devoid of ideas and have such a low opinion of the federal branch of the **Labor** Party that they will not take up federal issues. They have to depend on the honourable member for **Drummoyne** to discuss this subject because he has a phobia or a syndrome on the need to talk in this House on federal issues, instead of making positive suggestions on what the Government of this State should do. He could have said that he condemns the Government for driving **firms** from this State to Western Australia, Victoria and Queensland. He might have mentioned that the Government of which he is a member should have made efforts, like three other non-Labor State governments, to **find** ways of producing oil cheaply from coal, and gaining a benefit from the by-products of the chemical process. Sincerity must be backed by action. We have seen many sincere people in history—including those who have been sincerely wrong.

Mr Maher: What happens in Victoria?

Mr PICKARD: What have you done in New South Wales in your caucus room? You are the mover of this motion, and you should defend it. This is a destructive and mischievous motion. Of course, mischievous is a word frequently employed by your leader. You should defend your motion and the inaction of your Government. By resort to the psychology of fear your Government drives away free enterprise, and all you have done in this motion is to support that trend. At this time in the history of our nation risk capital is needed to get industries moving again. Australia needs risk capital from overseas. Does the honourable member say: "Let us find ways to drive them out and to destroy their confidence? Let us find ways to put fear into them"?

This Labor Government brought forward a little bill that was supposed to be innocuous, but in reality it provided for compulsory acquisition at a price determined by the Government. That would be enough to make anyone pick up his coat and run off, because one would not know whether one's pocket would be picked. That is the sort of thing that has been done by your federal colleagues when in office. The leopard does not change his spots and the Ethiopian does not change the colour of his skin. The Labor Party certainly has remained unchanged. You try to make out to businessmen that you are reasonable, that you are a moderate and on the rightwing of the Labor Party. You are divided into members of the left and right; you are divided within yourselves.

Mr Einfeld: On a point of order. I hesitate to interrupt this diatribe by a once clerical gentleman, but it is important, Mr Speaker, that you should remind him that he should be addressing you. For the past twelve minutes the ex-member of the clerical profession has been saying, "You, you, you". I am sure he was not referring to you, Mr Speaker, but was addressing the honourable member for Drummoyne. I submit that he should be directed to address his remarks to you, Mr Speaker.

Mr SPEAKER: I am sure the honourable member for Hornsby knows the rules of debate in this Chamber.

Mr PICKARD: I make it clear, Mr Speaker, that I was addressing the Chair and not any particular member on the Government side of the House. Also, I was referring to the record of the Labor Party. If honourable members opposite reflect on what I have said, they will acknowledge that I was criticizing the Labor Party. One realizes, of course, that, being members of the Labor Party, they cannot understand anything. I was describing how they have not changed—that they are a nineteenth century party, with a nineteenth century philosophy. They are going backwards into history, even in their efforts to reform the upper House. Never once have they made a forward step.

Mr SPEAKER: Order! It being fifteen minutes after four o'clock, p.m., the debate is interrupted. Pursuant to Standing Order 123A, the motion lapses.

BILL RETURNED

The following bill was returned from the Legislative Council without amendment:

Land Vendors (Amendment) Bill

PRINTING COMMITTEE

Thirty-third Report

Mr Jones, as Chairman, brought up the Thirty-third Report from the Printing Committee.

House adjourned, on motion by Mr **Einfeld**, at 4.16 p.m.

QUESTIONS UPON NOTICE

The following questions upon notice and answers were circulated in *Questions and Answers* this day.

KOSCIUSKO NATIONAL PARK

Mr **MOORE** asked the Minister for **Lands**—

- (1) What were the names and map references of each "survival" hut in the Kosciusko National Park at 1 May, 1976?
- (2) Which of them have been removed since that date?
- (3) When was each removal made?
- (4) What were the reasons for each removal?

Answer—

(1) The following are the huts which were in the Park on 1st May, 1976, together with appropriate grid references, and an explanation of abbreviations used.

HUT RECORDS INDEX

Abbreviations

K—Kosciusko Sheet No. 8525	..	..	..	..	1:100 000
B—Berridale Sheet No. 8625	..	..	..	..	1:100 000
N—Numbla Sheet No. 8624	..	..	..	..	1:100 000
J—Jacobs R. Sheet No. 8524	..	..	..	..	1:100 000
T—Tantangara Sheet No. 8626	..	..	..	..	1:100 000
Br—Brindabella Sheet No. 8627	..	..	..	..	1:100 000
Ca—Cabramurra	..	..	..	..	S.M.A. 1:63 360
Ba—Batlow	..	..	..	..	1:63 360
Cu—Cumberland	..	..	..	..	1:63 360
W—Wagga Wagga	..	..	..	..	1:250 000
Cb—Canberra	..	..	..	..	1:250 000

Freehold Huts

Billman's No. 2 (B.394 954) Located outside park.
 Jardine's (B.381 951) Located outside park. } '76
Currango Homestead formerly lease, awaiting decision—July, 1976.

. —Ruined Huts marked thus.

*Huts and thdr Locations
In Alphabetical Order, with Synonyms*

<i>No.</i>	<i>Name</i>	<i>Synonym</i>	<i>Grid Ref.</i>
1.	Albina		K 141 675
2.	Alpine		K 296 897
3.	Aqueduct Shelter No. 1	(Whites River Aq Shelter)	K 248 801
	Aqueduct Shelter No. 2	(See Disappointment Spur)	
4.	Bill Jones		T 506 536
5.	Billmans	Denisons Burnt '76	T 438 204
6.	Black Jacks Fire Tower		Ca 896 637
7.	Boondo		Wagga 628 558
			Ba 970 969
			Wagga 643 615
8.	Botheram Plain		B 391 865
9.	Boltons No. 1		K 299 811
10.	Boltons No. 2		Ca 984 622
			Wagga 6440 5545
11.	Boobee		K 317 081
12.	Bradleys		K 243 133
13.	Broken Dam		Ca 000 653
			Cb 1535 5595
14.	Brooks		B 368 155
15.	Bullocks		K 292 665
16.	Cascade		J. 124 506
17.	Cesjacks		K 305 986
18.	Circuits		T 523 346
19.	Cooinbil		T 445 556
20.	Coolamine Homestead		T 507 580
21.	Cootapatamba		K 125 623
22.	Constances		K 341 862
23.	Davies	Hedgers, Nephtalis	B 378 892
24.	Delaneys		T 410 248
	Denison	(see Billmans). Ruin	
25.	Derschko's	(S.M.C. Linesman)	K 216 994
26.	Disappointment Spur	(Aqueduct Shelter No. 2)	K 268 788
27.	Dr Phillips	Soil Con. No. 1	B 393 105
28.	Doctors No. 1		K 050 745
29.	Doctor Forbes	Doctors No. 2	K 061 713
30.	Four Mile		Ca 988 668
			W 6445 5630
31.	Gavell's	Gravel	T 498 260
32.	Geehi		K 057 734
33.	Gold		Ca 986 689
			W 644 566
34.	Gooandra		T 387 370
35.	Grey H i Cafe		K 149 849
36.	Grey Mare		K 203 915
37.	Hains		T 437 402
38.	Happy Jacks Plain No. 3		K 339 095
39.	Happy Jacks Plain No. 4	Pulled down—used in Happy Jack's 3—'76	K 336 098
40.	Happy's		B 386 135

*Huts and their Locations
In Alphabetical Order, with Synonyms*

<i>No.</i>	<i>Name</i>	<i>Synonyms</i>	<i>Grid Ref.</i>
41.	Harris		T 483 556
42.	Harvey's No. 1	Burnt Down, Sept., 1976	B 371 915
43.	Harvey's No. 2 Hedger's	(see Davies)	T 404 290
44.	Horse camp		K 252 782
45.	Janey's		Ba 880 982 W 62706185
46.	Keeble	Nankervis	K 053 744
47.	Kidmans		K 317910
48.	Lindleys		Ba 984 003 W 64506215
49.	Linesman's No. 1		T 470 637
	Linesman's No. 2	(see Telegraph)	
50.	Linesman's No. 3		K 260 132
51.	Linesman's No. 4		K 147 832
52.	Little Thredbo		K 291 655
53.	Long Plain Mackey's	(Tibeaud's)	T 390 486
54.	Mackery's		Cu 946 881 W 63856000 K 260 903
55.	Mawson's McGufficke's Montague Moulds	(see Teddies) (see Pearce's) (see Spencers Peak) Burnt 1/77 (see Keeble)	
	Nankervis Naphtalis	(see Davies)	
56.	New		T 530 266
57.	Nungar	(Schofield's)	T 514 309
58.	Ogilvies	(P.P.B.)	K 212 088
59.	O'Keefes		K 261 012
60.	Old Currango		T 503 491
61.	Old Geehi	(Y.H.A.)	K 044 752
62.	Oldfields		T 587 502
63.	Opera House P.P.B.	Ogilvies	K 141 719
64.	Patons		K 162 085
65.	Pearces	Montague	K 124 094
66.	Pedens		T 538 394
67.	Pipers Aqueduct Shelter		K 277 731
68.	Pockets		T 564 525
69.	Pretty Plain		K 162 963
70.	Rawson's		K 141 659
71.	Round Mountain		K 243 101
72.	Rutledges		K 276 653
73.	Sawyer's		T 390 263
74.	Schlink Hilton Schofield's	(see Nungar)	K 244 844
75.	Seamans Soil Con. 1	(see Dr Phillips)	K 148 652

*Huts and their Locations
In Alphabetical Order, with Synonyms*

<i>No.</i>	<i>Name</i>	<i>Synonyms</i>	<i>Grid Ref.</i>
76.	Soil Conservation No. 2 S.M.C. Linesman's	(see Derschko's)	K 165 700
77.	Spencers Peak Stilwell Restaurant	Moulds Burnt Down 1/77 Fate to be decided	K 309 011 K 196 648
78.	Stokes		Br 362 781
79.	Studlands	Ruin	T 464 196
80.	Tantangara	(Witche's)	T 430 356
81.	Teddies	(McGufficke's)	J 200 561
82.	Telegraph	(Lineman's No. 2)	K 219 103
83.	Tibeaud's	Mackey's	K 317 050
84.	Tin		K 278 855
85.	Tin Mine No. 1 (12' x 18')		J 116 375
	Tin Mine No. 2 (10' x 30')		J 116 375
	Tin Mine No. 3 (S.M.A.)		J 116 375
86.	Townsend's		T 521 385
87.	Valentine		K 231 898
88.	Wheeler's		K 126 026
89.	Whites River Whites River Aq Shelter Witche's	(see Aq Shelter No. 1) (see Tantangara)	K 243 817
90.	Yellow Bog No. 1		K 069 090
91.	Yellow Bog No. 2 Y.H.A.	(see Old Geehi)	K 060 075
92.	Youngal Radio Tower Hut		K 003 717

(2) Four huts have been removed or have burnt down; these are: **Billmans** (Denisons); Happy Jacks Hut No. 4; **Harveys** Hut No. 1; and Spencers Peak (Moulds).

(3) September, 1976; early 1976; September, 1976; and January, 1976; respectively.

(4) **Billmans** was in ruin and being vandalized when not submerged by the lake. It was burnt and buried.

Happy Jacks Hut No. 4 was in poor condition, and the material recovered during its removal was used to maintain Happy Jacks Hut No. 3.

Harveys Hut No. 1 was in **ruin**.

Spencers Peak (Moulds) was an ugly patch work hut.

EDUCATION FUNDS

Mr PICKARD asked the Minister for **Education**—

(1) Will he state the total federal allocations to the Department of Education for the years 1976, 1977 and the proposals for **1978**?

(2) Will he itemize these moneys, stating their specific purposes?

(3) Will he state what moneys remain unspent and, if there are any moneys unspent, what are the amounts and for what purpose are they to be used?

Answer—

The honourable member for Hornsby will be aware that the major source of federal allocations to the Department of Education in the years 1976–1978 follows enactment of the State Grants (Schools) Acts of 1972 and 1976 and the State Grants (Schools Assistance) Acts of 1976 and 1977.

Funds allocated to date are shown on Schedule 1. All allocations have been indexed to June, 1977, prices and it is expected that further indexation to December, 1977, prices will be tabled in the House of Representatives by April, 1978. Available funds for the years 1976 and 1977 have been fully applied. The State Grants (Schools Assistance) Act, 1977, which provides funds for the 1978 calendar year, received Royal Assent on 10th November, 1977, and the honourable member is assured that the funds available will be fully applied in accordance with the terms and conditions of the Act.

The major allocations relate to "General Recurrent Funds" and, briefly, the main uses to which these funds have been applied are:

The continual employment of additional teachers to provide educational services, including migrant teaching, authorized by the various Acts, and to support a reduction in pupil/teacher ratios in class sizes.

The continuance of a scheme to provide casual relief teachers immediately in primary schools—and after one day in secondary schools—should teachers be absent from duty.

Maintenance of a scheme to provide betterment in the employment of ancillary staff in schools.

Additionally, funds have been received to aid *Aboriginal Education* through employment of teachers, consultants, and teachers' aides. Funding to provide this specialized teaching is authorized by the State Grants (Aboriginal Advancement) Act, 1974, and the following allocations were received and were expended to the amounts shown:

	1975–76	1976–77	1977–78
	\$	\$	\$
Allocation	687,292	654,104	598,585
Expenditure	651,788	651,394	598,585
			(anticipated)

Further allocations have been received from the Commonwealth Government to support capital and recurrent costs associated with *Pre-School Education*. The financial level of support has been:

	Capital	Recurrent
	\$	\$
Financial year 1975–76	691,000	684,430
Financial year 1976–77	2,575,828	744,259

Funding will continue during the 1977–78 financial year, and it is estimated that the level of support will be:

	\$
Capital	2,492,000
Recurrent	850,000

SCHEDULE I

	State Grants (Schools Assistance) Act 1977	State Grants (Schools Assistance) Act 1976	State Grants (Schools Assistance) Act 1976	State Grants (Schools) Act 1972		
				*1975-76	*1976-77	*1977-78
<i>Allocation for Year—</i>	1978 \$	1977 \$	1976 \$	\$	\$	\$
General Recurrent (including Migrant and Multi-cultural Education)	75,254,000	74,727,500	68,650,000	..	..	..
Disadvantaged Schools Projects	5,929,000	5,887,500	5,505,500	..	..	..
Special Education — General Support	4,151,000	4,102,500	3,375,000	..	..	..
Disadvantaged Schools — Country Area Projects ..	1,188,000	1,179,000	..	..	..	..
Special Education — Children in Institutions	406,500	404,000	..	..	..	..
Development Training and Re- placements	4,980,500	5,778,500	5,868,500	..	..	..
Capital Grants	34,842,500	29,307,500	25,600,500	14,173,200	15,273,000	15,919,000
Total	\$ 126,751,500	121,386,500	108,999,500	14,173,200	15,273,000	15,919,000

*Denotes financial years.

NOTE: This Act authorizes grants for building projects in Government and non-Government schools and a recurrent grant to non-Government schools.