

Legislative Assembly

Wednesday, 8 November, 1978

Petitions—Parliamentary Remunerations Tribunal (Ministerial Statement)—Questions without Notice—Temporary Chairmen of Committees—Gaming and Betting (Poker Machines) Amendment Bill (Int.)—General Loan Account Appropriation Bill (No. 2) (second reading)—Appropriation Bill (No. 2) (second reading)—Adjournment (School Certificates).

Mr Speaker (The Hon. Lawrence Borthwick Kelly) took the chair at 2.15 p.m.

Mr Speaker offered the Prayer.

PETITIONS

The Clerk announced that the following petitions had been lodged for presentation:

Sunday Hotel Trading

The Petition of the undersigned Electors in the State of New South Wales respectfully sheweth:

- (1) A referendum on Sunday trading in hotels was held in New South Wales in the year 1969 which showed an overwhelming majority voting against Sunday trading in hotels.
- (2) Alcohol is a contributing factor in a large proportion of road accidents causing many fatalities and maimings and more facilities for weekend drinking will inevitably add to the problem.
- (3) The high incidence of alcoholism among our young people is causing much concern.

Your Petitioners therefore humbly pray that your honourable House:

- (1) Will not pass any legislation which will allow any extension of Sunday trading in liquor in hotels or any other place where sale of liquor is permitted.
- (2) If, however, it is intended to submit legislation to the House, this should not be done until the people of New South Wales be given the democratic right of vote by referendum on this important issue.

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

Petition, lodged by Mr Day, received.

Clearways

The Petition of the undersigned citizens of New South Wales respectfully sheweth:

That there is very widespread dismay in Ku-ring-gai Municipality, and most other parts of Sydney, at the personally signed statement dated 22nd June, 1977, by the Minister for Transport which said "The Traffic Authority is in the process of advising all Metropolitan Councils and Chambers of Commerce that the application of clearways embracing substantial periods of the day, and including weekends, to sections of the main and secondary road system is expected to be effected within the next three years."

That the Government's decision to transform all of Sydney's main roadways into what will virtually be 24-hour freeways, will have disastrous consequences on local shopping centres and virtually bring an end to commercial activity thereby creating lifeless traffic corridors.

That the decision disregards entirely the essential use of Church buildings for services, funerals, weddings, meetings and community functions day and night throughout the week.

That the decision will be disastrous for business houses whose capital investments of millions of dollars will be eliminated.

That the decision will be disastrous for local residents whose shopping facilities in Lindfield, Gordon, and elsewhere, will be eliminated.

That the decision crucifies small business because it, in effect, advantages the City of Sydney and large regional shopping complexes at the expense of the little shops.

That the decision takes no account of the additional traffic congestion in "side streets" which will result, thus reducing the residential amenity of hundreds of suburbs and localities.

That the decision has been made with no offer whatever of compensation, retraining or re-location to those thousands of disadvantaged Sydneysiders and especially the people of Ku-ring-gai Municipality.

That the decision has been made with no indication by the Government of the increased traffic flow which is supposed to result and no indication of a new freeway programme.

Your Petitioners therefore humbly pray that your honourable House reverse the decision of the Minister for Transport to apply clearways embracing substantial periods of the day, including weekends, to sections of the main and secondary road system within the next three years.

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

Petition, lodged by Mr Moore, received.

Education Commission

The Petition of concerned citizens, including parents of children attending schools in New South Wales, respectfully sheweth:

That there is criticism, confusion, and great concern in the community and especially amongst parents about all levels of the present systems, methods and aims of **education**.

That the majority of the community and especially parents are not aware of the formation of an Education Commission.

That the methods of informing the community and parents have not been satisfactory and the majority is therefore unaware that such a Commission is to be formed.

That there has been insufficient time allowed for the majority to become informed fully of the pros and cons of an Education Commission.

That there should be more information made available to the community and parents on all issues to do with education or the formation of an Education Commission.

Your Petitioners therefore humbly pray that your honourable House:

- (1) Not allow under any circumstances the formation of an Education Commission at this time.
- (2) Take steps to fully inform the public of what an Education Commission is all about and the effects it will or will not have on our children.
- (3) Hold a full open inquiry into education in New South Wales schools, taking steps to fully inform the community and inviting them to make written submissions to the inquiry, as a matter of urgency.
- (4) By holding a full open inquiry eliminate the existing criticism, confusion and concern, and produce a standard of education acceptable to the majority of the community.

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

Petitions, lodged by Mr Caterson and Mr Mason, received.

Inquiry on Education

The Petition of parents of children attending New South Wales schools and other concerned citizens of New South Wales respectfully sheweth:

That because of today's modern education we find criticism, confusion and illiteracy, and we feel very concerned as parents, employers and citizens about education in both primary and secondary schools.

That because of this kind of education with emphasis on children being asked to question and evaluate for themselves social and moral issues we find many problems arising in the home, the work force, and society and we feel perhaps the schools have **infringed** too far on the parents' role in educating their children on these matters and **forming** their children's attitudes, ethics and morals.

Your Petitioners therefore humbly pray that your honourable House:

- (1) Take steps to hold a full independent open inquiry into education in New South Wales.
- (2) Invite the public to make oral and written submissions to such inquiry.
- (3) Satisfactorily and fully **inform** the public on such inquiry.

or

- (1) Bring in a definite syllabus with emphasis on the "three Rs" for primary schools,

- (2) Remove innovative programmes and courses and Social Studies until they are evaluated.
- (3) Replace Social Studies with History and Geography.
- (4) Have any school operating as a "Progressive School" brought into line with other schools or allow parents freedom of choice on such a school.
- (5) Ensure that primary and secondary schools have a good syllabus, uniform in all schools, so that parents will be satisfied and teachers will not find their jobs so difficult or demanding and will not have too much responsibility placed on them individually.
- (6) Have school reports from primary and secondary schools made more easily understood by parents, with marks out of 100 in all subjects and position in class.
- (7) Put more emphasis on the core of a definite syllabus in all subjects for secondary schools with spelling, grammar, reading and literate speech included in English.
- (8) Abolish gradings in secondary schools as they are neither understood nor accepted by the majority of people.
- (9) Reintroduce a full external examination in all subjects in secondary schools for School Certificate and Higher School Certificate, with marks in percentages or A, B, C, etc., position in year and position in State shown on certificate.
- (10) Place less emphasis on social and moral issues and encourage teachers to reinforce, not seek to destroy, standards and values already taught to most children by their parents in regard to respect for others, democracy, law, traditional values and morals.
- (11) Satisfy the taxpayer that his money is being spent on an acceptable education.
- (12) Bring the education of the children of New South Wales back to what is understood and accepted by the majority of today's society, not prepare them for some possible future society at present unknown.
- (13) Endeavour to maintain any future system with the above outline for a reasonable period so that it can be fully evaluated before it is modified or changed in any way.

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

Petitions, lodged by Mr Caterson and Mr Mason, received.

Quality of Education

The humble petition of the undersigned citizens of Australia, New South Wales, respectfully sheweth:

That because there is much concern in the community over the failure of modern education at primary and secondary levels to meet the expectations of many parents, teachers, lecturers, professors, employers and students;

That because there is considerable doubt as to the content and standards, philosophy and moral values of new courses or projects, such as M.A.C.O.S. ("Man—a Course of Study"—ex U.S.A.); "People of the

Western Desert" (Aust.); and S.E.M.P. ("Social Education Materials Project"—Aust.) and in view of the fact that M.A.C.O.S. and S.E.M.P. have been withdrawn from Queensland Schools;

Your Petitioners therefore humbly pray that the Parliament of New South Wales **will:**

- (1) Immediately suspend Courses and Projects such as "M.A.C.O.S.", "People of the Western Desert" and "S.E.M.P." from all N.S.W. primary and secondary schools and Teacher's Colleges, and conduct an independent public inquiry into their suitability and conformity with the provisions of the N.S.W. Education Act.
- (2) Enforce the following guidelines in relation to all text books, courses, projects, etc. used in State schools and institutions:
 - (a) They should encourage loyalty and respect for God, Queen and Country, our Federal and State Constitutions and observance of the laws of the land.
 - (b) They should recognize the importance of marriage, family life, motherhood and fatherhood. as well as the privacy of the family and the individual student.
 - (c) They should avoid profanity, indecency or any encouragement of racial hatred, anti-semitism, sedition or violent revolution against our Australian democratic parliamentary institutions.
 - (d) They should provide for studies in history and geography (rather than sociology) and show the importance of the Judeo-Christian ethic as our natural Australian heritage.
 - (e) They should teach the 3 R's, that is, the skills of reading, writing and arithmetic, so that all children receive an effective basic education for their future responsibilities.
- (3) Implement a system of public preview and approval of all text books, novels, courses and projects with reasonable access for all parents and citizens before they are approved for use in schools in accordance with an approved core curriculum.
- (4) Introduce a more meaningful system of the testing and assessing of educational results so as to provide a more equal opportunity for all students in N.S.W.

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

Petitions, lodged by Mr O'Neill and Mr Schipp, received.

Child Pornography

The humble petition of the undersigned citizens of Australia, New South Wales, respectfully sheweth:

That we the undersigned, having great concern at the way in which children are now being used in the production of pornography call upon the Government to introduce immediate legislation:

- (1) To prevent the sexual exploitation of children by way of photography for commercial purposes;
- (2) To penalize parents/guardians who knowingly allow their children to be used in the production of such pornographic or obscene material depicting children;

- (3) To make specifically illegal the publication and distribution and sale of such pornographic child-abuse material in any form whatsoever such as magazines, novels, papers, or films;
- (4) To take immediate police action to confiscate and destroy all child pornography in Australia and urgent appropriate legal action against all those involved or profiting from this sordid exploitation of children.

Your Petitioners therefore humbly pray that your honourable House will protect all children and immediately prohibit pornographic child-abuse materials, publications or films.

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

Petitions, lodged by Mr Cox, Mr Crabtree, Mr Maddison, Mr Mair, Mr Mason and Mr Schipp, received.

Traffic Control Signals for Five Dock

The Petition of certain residents of Five Dock in New South Wales respectfully sheweth that they seek the construction of a pedestrian crossing or, alternatively, traffic control signals on Lyons Road West, Five Dock, near the intersection of Harris Road, because:—

- (1) Many local school children must cross Lyons Road West each day when coming from and going to Five Dock Public School and St. Mary's College, Rosebank.
- (2) Lyons Road West carries a continuous stream of traffic in both directions during the peak hour.

Your Petitioners therefore humbly pray that your honourable House give consideration to their request that a pedestrian crossing or, alternatively, traffic control signals be placed on Lyons Road West, Five Dock, in the vicinity of Harris Road.

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

Petition, lodged by Mr Maher, received.

Capital Punishment

The Petition of certain citizens of New South Wales respectfully sheweth:

That the increase in violent and premeditated crimes in **this** State of New South Wales is of extreme concern to many and that the Government of New South Wales is taking too lenient action against these offenders.

Your Petitioners therefore humbly pray that your honourable House will consider the reintroduction of capital punishment for certain crimes and also that the Government of New South Wales call a Referendum on this issue.

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

Petition, lodged by Mr West, received.

Middleton Primary School, Parkes

The Petition of Middleton Primary School Parents & Citizens Association and citizens of the Municipality of Parkes respectfully sheweth that the Middleton Primary School be rebuilt on its original site in Medlyn Street, Parkes, and not on site designated in Middleton Street, West Parkes.

Your Petitioners therefore humbly pray that your honourable House will give due and favourable consideration to our plea that the school be rebuilt as soon as possible on the existing site in Medlyn Street, Parkes, and that the school be upgraded to a second class rated school.

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

Petition, lodged by Mr Mason, received.

PARLIAMENTARY REMUNERATION TRIBUNAL

Ministerial Statement

Mr WRAN: Before tabling the report and recommendations of the Parliamentary Remuneration Tribunal in relation to compensation for members of the Legislative Council on termination of office, following amendment of the Constitution, I wish to make the following ministerial statement. The question whether any special arrangements should be made in respect of retiring members of the Legislative Council as a result of the reconstitution of the House was referred to the Parliamentary Remuneration Tribunal last year. At that time, in order that the issue should not become an element in the consideration of the reform proposals, I requested the tribunal to withhold delivery of any report and recommendations he may make on the matter until the outcome of the referendum on the reform bill was known.

I made it clear as long ago as 22nd June, 1977, that if the tribunal's recommendations were adopted by the Government, they would nonetheless have to be approved by both Houses of Parliament and that, accordingly, it would be a matter for the Parliament to accept or reject any government proposal relating to compensation. The Government has not yet considered the report and I am not in a position to indicate whether it will support all or any of the recommendations made. However, there are a number of matters that I personally feel deserve special consideration.

If the tribunal's general recommendation in relation to compensation for loss of anticipated salary were to apply to all members without distinction, a number of anomalies could arise. First, two retiring members in the other place, the Hon. R. B. Raines and the Hon. H. G. Percival, who were elected after the introduction of the reform legislation, and who would have been well aware at the time of their election that they would hold office only until the first simultaneous election, would receive amounts far in excess of those payable to any other ordinary member of the Council. At first glance, it is difficult to see how this situation could be supported. In fact, I can see no reason why these two members should receive any such compensation. Second, no distinction has been drawn between members required to retire at the first simultaneous election and those who will not retire until the second and third election. My initial view is that the latter group should have ample time to adjust themselves to the change in circumstances that will occur far into the future, and that the payment of compensation on the recommended basis, or even the payment of any compensation at all, is a matter that must receive the closest consideration and scrutiny by the Parliament,

As I mentioned earlier, the matter is still to be considered by the Government, and in any event it will be this Parliament that ultimately decides whether the recommendations of the tribunal will be put into effect either in whole or in part. In tabling the report now, I hope that every member will take the opportunity to consider all of its implications in order that it might be fully debated at the appropriate time. That time will be one day next week.

Mr MASON: The Opposition welcomes the procedure outlined by the Premier to deal with this important matter. From what the Premier has said there are obviously quite a series of criteria that will have to be determined, and this report will need careful and close study. The Opposition welcomes the opportunity to study it in detail and to debate it. Members on this side of the House agree that the determination is one for this Parliament.

QUESTIONS WITHOUT NOTICE

POLICE INJURED ON DUTY

Mr MASON: I address my question without notice to the Premier. After the wide publicity given at the time to those injured in the **Hilton** bombing, is Senior Constable Griffiths still suffering considerably from injuries sustained in this shocking incident? Has any special compensation been arranged for either Senior Constable Griffiths or the other two officers injured in the blast, Sergeant **Hawtin** and Constable **Withers**? Was a committee known as the Police Hurt on Duty Committee subsequently established to investigate compensation for policemen because they are not covered by normal workers' compensation provisions? Did this committee make recommendations to the Premier and to the Government some months ago? What action, if any, is being taken to bring these recommendations into effect in the interests of the welfare of the police of this State?

Mr WRAN: Senior Constable Griffiths and the other two police officers who received serious physical and psychological injuries in the **Hilton** bombing, for want of a better description, have been the subject of a number of initiatives by the Government and the Commissioner of Police. I am kept advised by the Commissioner of Police of the developments in relation to the officers concerned. I have been kept advised also, and have made already a special recommendation, about the mother of the police officer who died as a result of injuries received by him in that awful incident.

So far as the matter of police hurt on duty is concerned, I have expressed my view that the situation is unsatisfactory. There have been discussions with the Police Association from which a new approach to provide a much more equitable arrangement might be adopted. Indeed, it was not long before the election and following the Police Association conference earlier this year that I had discussions with that association. I expect it will not be long before some legislative steps are taken to correct a situation which over many years has troubled members of the police force, members of the public and certainly me, namely, why members of the police force are almost unique in the way in which they are compensated for injuries that they suffer during the course of their employment or when proceeding to or from work.

SYDNEY TURF CLUB PRIZE MONEY

Mr O'CONNELL: I address a question without notice to the Minister for **Sport** and Recreation and Minister for Tourism. Has the Minister's attention been drawn to an announcement on 24th October that the Sydney Turf Club had substantially

increased prize money for its Golden Slipper Festival and for Saturday and mid-week meetings next year? Did the club consult with any controlling authority in racing before making its decision and subsequent announcement? What action can the Government take to ensure that any decisions on major increases of prize money by race clubs are preceded by adequate discussions so that the interests of the entire industry, and not just one club, are taken into account?

Mr BOOTH: My attention was drawn to the announcement by the Sydney Turf Club. I was concerned because the proposed increases have ramifications for the entire industry that may not be in the best interests of racing generally. No one would disagree that increases in prize money are an important part of the racing industry if it is to thrive and prosper. However, in recent years increased prize money has not always led to beneficial results for the industry, particularly the racing clubs. I have in mind 1973–74 when the main metropolitan clubs and country clubs began to increase prize money independently of one another. By 1974–75 prize money had increased by \$2.4 million although the Totalizator Agency Board distribution rose by only \$974,000. The trend towards bigger prize money continued into 1975–76 and the result was that many clubs overextended themselves financially.

I am concerned that the increases of the Sydney Turf Club are the largest announced recently and that they could be the forerunner of a spiral in prize money, not only for galloping but also for greyhound and trotting events. The proposed increases are estimated to cost the Sydney Turf Club \$1.1 million in a full year and the magnitude of this amount must have a major effect on decisions on prize money to be taken by the other clubs. I believe it will be difficult for the other clubs to ignore the increases and, in fact, the TAB has provided me with statistical data which shows that the increases will have an effect upon the clubs. One of the most disturbing features of the announcement to me, and to some of the racing organizations and individuals with whom I have spoken, is that the decision to increase the STC prize money was taken in isolation and without consultation with the industry. With so much at stake as far as the general interests of racing are concerned, I should have hoped for a better spirit of liaison, co-operation and communication.

In reply to the question asked by the honourable member for Peats, let me say that the Government has no authority over prize money allocations made by racing clubs. However, I am appealing to the Sydney Turf Club to reconsider its proposals and to consult on them with the TAB. I intend writing to the other clubs asking them to limit their prize money increases in future to less than 10 per cent. I also intend suggesting that they should consult with the TAB, which is the appropriate consultative authority, if they feel that increases beyond 10 per cent are warranted. Unless the clubs co-operate the Government may have to look more carefully at applications for financial assistance through the racecourse development fund from those clubs which can see their way clear to increase prize money but cannot finance improvements to their courses.

ERARING POWER STATION

Mr PUNCH: My question without notice is directed to the Premier. Did the Premier in the House yesterday deny that planning by the previous Government for the Eraring power station and Port Kembla coal loader helped the Government to submit those two projects for Loan Council borrowing approval and did he say that not one cent had been spent on the Eraring power station by the former Government?

Mr Walker: On a point of order. The standing orders provide that an honourable member is not allowed to debate a matter by using a question to do so. It is perfectly clear from the way the question has been framed that the Leader of the Country Party is seeking to debate an answer that was given yesterday. I suggest that he should be asked to put his question in a form that complies with the standing orders.

Mr SPEAKER: The Leader of the Country Party is well versed on the manner in which questions should be framed. They should be brief, seek information or press for action and not contain a lot of argument, opinion, or information. I ask him to put his question again.

Mr PUNCH: Is the Premier aware that all early planning for this station had been completed, the environmental impact study carried out, and tenders had been called in **1975-76** for much of the equipment for the **Eraring** project? In view of these facts, will the Premier admit that he misled the House yesterday, apologize to the Parliament and stick to the facts in future?

Mr SPEAKER: Order! I rule the question out of order.

DOCTORS IN COUNTRY HOSPITALS

Mr AKISTER: My question without notice is directed to the Minister for Health. Is the Minister aware of the dispute between certain country doctors and the Health Commission? Has this dispute given rise to uncertainty in the minds of country people as to exactly what service they might receive if they require attention in country hospitals? For the benefit of honourable members and country people, will the Minister make a statement to clarify the position?

Mr K. J. STEWART: It is true that a situation has arisen concerning a dispute between the Australian Medical Association, some country doctors and the Health Commission of New South Wales over the fee to be paid to country doctors working in country hospitals where no resident doctor or hospital support staff is provided. I remind the House that prior to the introduction of Medibank in **1975** all doctors in New South Wales working as honorary medical officers in the public wards of hospitals carried out their duties and attended patients in those hospitals—whether they were inpatients or outpatients—without any fee being paid to them. They carried out this function in an honorary capacity. In return, the facilities of those hospitals were available to them for the treatment of their private patients in respect of whom they were able to charge a full fee.

When Medibank was introduced in **1975** the honorary system was abolished. Then two systems were brought in. One system provided for the payment of visiting medical officers. This was a sessional system which applied mainly at hospitals where the resident medical officer and support staff were located. In respect of country hospitals an agreement was reached with the Australian Medical Association that doctors would be paid a modified fee for service for each hospital patient—Medibank patient—that they treated as an inpatient or outpatient at the hospital. In an agreement signed between the Australian Medical Association and the Minister for Health in the former Government, the honourable member for Davidson, it was agreed that the amount of modified fee for service to be paid to the doctors would be the amount of refund allowed to them by the Commonwealth Health Insurance Act under the national health insurance scheme. Honourable members will recall that when Medibank was introduced the refund was set at **85** per cent of the standard fee. Therefore, the modified fee for service was **85** per cent because the agreement stated that it was to be at the level of refund allowable under the Health Insurance Act.

Honourable members will recall that on 1st July this year the federal Government acted unilaterally in reducing the amount of refund under the National Health Act from 85 per cent to 75 per cent. It said that action was taken as a cost restraining measure. As a result, every person in Australia who was insured, and Medibank levy payers also, would receive back only 75 per cent by way of refund of the doctor's account instead of 85 per cent, the percentage previously paid. In strict accordance with the agreement between the Minister for Health in the former Government, the Health Commission of New South Wales reduced the modified fee for service from 85 per cent to 75 per cent.

It has been alleged by the Australian Medical Association that it has not been possible to enter into negotiations with me. The fact is that there is a ministerial liaison committee that meets monthly, and this committee has raised the matter of the new fee for service. The old contract, which ran for a period of three years, expired last month. So far we have not been able to reach agreement with the Australian Medical Association, which is demanding a return to the 85 per cent modified fee for service. At present these doctors are being offered in the public hospital system of New South Wales the amount that they were receiving under the previous agreement, as a flow-on from week to week. On 18th October I met the president of the Australian Medical Association, the medical secretary of that body and some of its executive officers. On that occasion I said that I could offer only 75 per cent on behalf of the Government of New South Wales because that amount had been decided upon by officers in the various health commissions with the approval of the various State Ministers. It was decided that all States would offer 75 per cent of the modified fee for service. The Australian Medical Association has claimed that the reduction of 10 per cent would make some country medical practices economically non-viable and would lead to an exodus of doctors from country towns. Moreover, it said it did not know what the effect of the new scheme, which was introduced on 1st November—only last week—would have on country practices. Further, it claimed that it could mean that some country towns and some country hospitals could be left without adequate medical services.

I told the Australian Medical Association that I would not press for a 3-year contract at the 75 per cent level but would allow it to enter into a contract until 30th June next year. There is no guarantee that the existing scheme will continue past that date. I told the association that in the meantime the Government would review the effect on country practices and on country doctors generally and, in particular, it would be looked at on 30th June, 1979. I said that if in the meantime the Australian Medical Association could point out any medical practices that were being rendered economically unviable because of the setting of the modified fee for service at 75 per cent I would give consideration—and I knew that the Government would support me—to special assistance for doctors in those particular areas, whether in the form of a disability allowance, a climatic allowance or a geographic allowance. I suggested that perhaps the modified fee for service in those areas might be set at 85 per cent.

On Friday last the Australian Medical Association wrote to me declining to accept any part of the agreement. The Australian Medical Association has maintained that it has had no negotiations with me and in fact that it is being ignored by me and by the Health Commission of New South Wales. This matter first became public during the week immediately prior to the elections on 7th October. I spent the whole of that week in various country towns of New South Wales. While there I read reports in country newspapers that some doctors had said that amicable agreement had been reached in all other States but not in New South Wales because the Australian Medical Association had been unable to discuss the matter with me. Some reports went as far as saying that I had refused to discuss the matter with the association.

The fact is that no such agreement has been reached in any State in Australia. The Australian Medical Association is pressing here for the modified fee for service to be 85 per cent. In Victoria the fee has been set at 75 per cent. In Western Australia the fee was offered at 75 per cent but the Western Australian Government wrote to the federal Minister for Health asking that, in order to overcome the difficulty with doctors in that State, 85 per cent be fixed as the fee. The federal Minister replied that the Western Australian Government could do it but he reminded that Government that under the 50-50 cost sharing agreement between the Western Australian Government and the federal Government, the Commonwealth would recognize 75 per cent as the fee and if the State Government wished to pay 85 per cent it would have to stand the difference in cost. In the Australian Capital Territory the association has been offered 70 per cent. I understand that in Tasmania the offer stands at 70 per cent and in South Australia at 75 per cent.

I remind the House and the people of New South Wales that previously doctors who worked in this field did not receive anything for the services they rendered in public wards of hospitals. They provided a free service in return for use of the facilities of the hospital for treating their private patients. In the financial year 1977-78 the New South Wales Government, through the Health Commission of New South Wales, paid \$11.5 million to doctors working under the modified fee for service scheme. Now doctors claim that if the scheme is reduced from 85 per cent to 75 per cent, somehow or other their practices will be rendered economically unviable, despite the fact that just three years ago they were not paid anything for this work.

I could give many other facts to the House. I am dismayed by the attitude of the Australian Medical Association. I am extremely disappointed that such a body should threaten to withdraw the services of its members from country hospitals and to place advertisements in newspapers circulating in those areas indicating that doctors would treat only patients who are privately insured.

I should like to make one thing perfectly clear. Not every country doctor thinks in this way and not every country hospital is affected. Throughout the State are isolated pockets where some doctors have shown a militant attitude to the association's stand. I hope that commonsense will prevail and the members of the profession who have given good service to the people of New South Wales over many years will realize their responsibility, return to the hospital system and render service to members of the public in need of it.

SOLICITOR GENERAL

Mr MADDISON: My question without notice is directed to the Attorney-General and Minister of Justice. Has the Government failed for more than six months to fill the important office of Solicitor General? Is this officer the chief professional legal adviser to the Attorney-General and does he make recommendations whether indictments should be found in serious criminal cases? Has the failure to fill the office added to delays in the trials of such cases? Is the Attorney-General seriously applying himself to the filling of this vacancy and, if so, when will an appointment be made?

Mr WALKER: The answer to the first, second and third parts of the question is, yes. The answer to the fourth part is, no. Because the office of Solicitor General has not been filled my personal work load has been increased considerably. I am now responsible for work that otherwise would be delegated to him. To the final part of the question the answer is, yes. It is my view and the view of leading law officers and of the judiciary in this State that we should try to appoint to the State's highest legal office other than that of Attorney-General, a lawyer who has national status so that

when he appears in the High Court and when he represents this State throughout the country he will be held in the highest regard. To that end I have been approaching leading Queen's Counsel in New South Wales seeking to persuade them that they should accept this office. I must concede that I am not having a great deal of success. The salary of the Solicitor General is about the same as that paid to a Cabinet Minister, which is about a fifth of the amount that some eminent Queen's Counsel are earning. I have been working hard trying to solve this serious problem. I hope to have a name in the near future. It is certainly very much in the interests of the State that I should.

FOSTER HOLIDAY HOMES FOR STATE WARDS

Mr R. J. BROWN: I address a question without notice to the Minister for Youth and Community Services.

[Interruption]

Mr SPEAKER: Order! The honourable member for Cessnock will ignore the interjections and direct himself to the question.

Mr R. J. BROWN: Is it a fact that yesterday the Minister for Youth and Community Services made an appeal on behalf of State wards for foster homes during the Christmas vacation? Is the Minister in a position to inform the House what the response has been to this appeal on behalf of those wards?

Mr JACKSON: There has been a tremendous response to the appeal I made yesterday for families to accept and care for State wards during the Christmas vacation. I deplore the attitude of members of the Opposition in trying to make a joke of this serious matter. I say that, first, because what is at stake is the welfare of children who are deprived of the love, care and affection of natural parents and, second, because the honourable member for Cessnock, unlike members of the Opposition, came to me late yesterday afternoon on behalf of two of his constituents to offer foster care for some of these children. I have not had one such offer from members of the Opposition, even on behalf of their constituents. It is no wonder that the people of New South Wales put paid to the possibility of the Liberal-Country party ever again forming a government in this State.

[Interruption]

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

Mr JACKSON: The honourable member for Eastwood was not enthusiastic about this matter when he was shadow minister.

[Interruption]

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

Mr JACKSON: During the twelve months that the honourable member for Eastwood was shadow minister for youth and community services he did not ask me one question about my portfolio. I pay tribute to the honourable member for Cessnock and to the media for their co-operation in publicising the appeal I launched on behalf of the Government and my department for foster parents for these children over the Christmas vacation, and particularly at Christmas itself. If such foster parents were not forthcoming, the children concerned would have to remain in the department's family group homes, outside a normal family atmosphere.

More than 300 parents have applied to foster the remaining 150 wards during the Christmas period. It is to the great credit of the people of New South Wales that many of them have readily responded so quickly to this appeal. Applications are being processed to ensure that the children will receive the best possible care and the best opportunity to enjoy Christmas in normal family circumstances.

Mr Hills: They now have more pocket money.

Mr JACKSON: That is so, but I did not want to embarrass the Opposition further by reminding them of what they did about pocket money. I thank the honourable member for Cessnock for his interest in seeking information on this matter. I am grateful that he was able to forward to me two applications to take State wards over the Christmas period and that he was the first member of this House to evidence a response to the appeal. I assure the House that the response has been tremendous and I pay tribute to the public and to the media for their co-operation.

EDUCATION COMMISSION

Mr DUNCAN: I direct my question to the Minister for Education. Did he after the 1976 elections establish a working party under the leadership of Professor Hagan to examine first the structural defects of education in New South Wales and its adequacy to meet today's needs and, second, the need for proposed structural change, including the establishment of an education commission? Is it a fact that in its report the first of the terms of reference was ignored, and did it appear that the work of the committee was a public relations exercise to condition the people of New South Wales to their acceptance of an education commission? Will the Minister tell the House when he proposes to bring down legislation for the establishment of an education commission and will he give an undertaking that after his introductory speech he will allow ample time for the proposal to be debated so that the public can fully appraise its implications before the legislation passes through this Chamber?

Mr BEDFORD: It is to the credit of the Government that soon after being elected to office it honoured a promise it had made prior to the 1976 elections. Its action was in sharp contrast with that of the previous Government, which promised during the 1965 election campaign that it would ensure that there would be an education commission. A working party was established by this Government, headed by Associate Professor Jim Hagan, to inquire into the future structure of education in New South Wales. The working party had two major terms of reference. As the honourable member for Lismore has said, one related to present structural defects in education, and the second to the need for change in the future. The working party allowed time for people in country districts to prepare and present submissions, which meant that the activities of the working party were slowed down. However, it did ensure that people from all over New South Wales had access to the working party.

Unfortunately, the working party became somewhat bogged down with the first term of reference. It was not as though it ignored that term of reference. On behalf of the Government I asked the working party to concentrate on the second of the original terms of reference. The report of the working party has been made public and I am sure that by now all members of the House have read it. It is clear that many people outside the House who have commented on the report have not read it. Their statements have clearly not been related to what appears in the working party's report.

At this stage it is difficult to indicate to the House precisely when the enabling legislation will be introduced. That is entirely a matter for the Government. When the report was made public it was indicated that the final date for further submissions would be 15th August. In the event, with the elections approaching and the need for

all members to be involved in other matters—and because of a number of requests from community organizations for a further opportunity to consider the submissions—that date was allowed to pass. As a consequence, the report has only recently been compiled. Cabinet has yet to consider a précis of the submissions in the form of a Cabinet minute. After Cabinet has had the opportunity of looking at this précis it will indicate the course that will be followed.

The honourable member for Lismore suggested that the undertakings of the working party were a public relations exercise. That is an unreasonable and unfair statement. For many years there has been a demand in New South Wales for an education commission, and all political parties have supported that demand for something like a decade and a half. This Government was willing to fulfil its promise to establish an education commission but it believed the matter to be so important that it should allow sufficient time for the matter to be carefully considered. What has been done has certainly not been a public relations exercise; it has been an exercise in which the public has been taken completely into the confidence of the Government, which is more than I can say about the investigations carried out by the former Liberal-Country party Government.

CHILD ABUSE

Mr O'NEILL: I address my question to the Minister for Youth and Community Services. Since the Government's child life protection unit began operations at Burwood sixteen months ago have any definite trends emerged in the prevention and treatment of child abuse? If so, what are these developments, and will the Minister outline the department's future plans in regard to this serious social problem?

Mr JACKSON: As I informed the Parliament three months ago, the child life protection unit and this Government's child abuse legislation are now recognized as the most progressive moves in any country in the world for combating child abuse. I am pleased to be able to say that this fact was confirmed by Dr Edelman, who was the guest of honour of the Child Care Week committee in October this year. During that week of festivities Dr Edelman, who was convener and administrator of the child welfare unit of the State of New York, said that no State in the United States of America had such progressive legislation as that introduced by this Government in New South Wales, nor did they have a unit which provided such a multitude of services to deal with problems of this nature. His statement is borne out by the number of cases now being handled by the Montrose unit situated in the Burwood electorate.

Even before he became a member of Parliament, and in his capacity as an alderman of the Burwood municipal council, the honourable member for Burwood inspected the Montrose unit. Indeed, on two occasions he has accompanied me on a visit to this unit. He has watched its progress since it became operative on 1st July, 1977, and has been to the unit to see at first hand the services that are provided. The unit has so far dealt with a total of 1 210 cases, and in its first year of operation dealt with 889 cases. Those figures, when compared with 180 cases in 1976 and 164 in 1975, make one conscious that no action was taken by previous governments to deal with this very serious problem. The figures I have given are actual cases of child abuse and do not include instances of parents seeking protection and advice about prevention of child abuse. The preventive service provided by the Montrose unit and the provisions of the legislation to which I have referred are among the best in the world. I am sure that the unit will be advantaged by the energetic and competent member of Parliament who now represents the electorate in which it is situated.

The honourable member asked if the department has plans for future extension of this unit. The 74 district offices of the department have within them personnel trained to deal with cases wherever they arise. Cases reported from any part of the State can be dealt with almost immediately. In addition to the availability of personnel from the department, we have the co-operation of the community, doctors and other qualified people in dealing with individual cases of child abuse. I am pleased to be able to inform the House that there is now wider acceptance of the department's preventive and supportive role in matters of child abuse, resulting in greater readiness on the part of concerned individuals to seek assistance. The whole operation has resulted in wider awareness of the rights of children and the availability of the child protection services of the State.

The department has planned an exciting programme for the future. Honourable members opposite, when they were in office for eleven years, did a lot of talking but nothing else. The present Government has a programme for the future. It has not reached a state of stagnation of its responsibilities. We have a five-year plan, the first stage of which involves the provision of child life protection units at Newcastle and **Wollongong**, upgrading and increasing of existing services and programmes, and expansion of present limited residential facilities. One possibility being examined is the renting of one or more houses in the vicinity of Montrose, to provide half-way point accommodation for families for whom intensive support and physical relocation are recommended as part of the treatment programme. These things are long overdue.

The number of families in stress is increasing daily. Honourable members opposite can derive no satisfaction from that because their counterparts in the federal Government are responsible for it. The present economic situation is causing a **serious** increase in unemployment throughout Australia. More and more families are under stress as a result of unemployment or being unable to cope with the economic situation on the low income that they are receiving. The family unit is in **serious** trouble and, as a result, families are coming to us seeking assistance. The Wran Government in New South Wales has been responsible for providing many new programmes to fill the vacuum that has been created by the deliberate action of the federal Government. **Its** programme has been magnificent, and will expand and continue. I thank the honourable member for **Burwood** for his interest and support. He has brought support to the unit from the **Burwood** council. These units must have the support of the local community and local government if they are to operate successfully.

PARRAMATTA GAOL

Mr BARRACLOUGH: Is the Minister for Corrective Services aware that Parramatta gaol is currently overcrowded to a point where the lives of **officers**, prisoners and the community in general are in grave danger? Will he explain to the House why there are some 500 prisoners in Parramatta gaol, twenty-five of whom are lifers and the majority of whom are serving sentences of between twelve and twenty years, when the prison provides accommodation normally for approximately 250? Is the **Minister** aware that prisoners are for the most part sleeping three to a cell, and that during the day only about ninety officers, including industrial officers, are on duty? In the light of this shameful overcrowding, why has the Minister not stepped up the security of the gaol, apart from his token action of manning the watchtowers full-time? Will he allow me in his company to inspect the **gaol**?

Mr Walker: On a point of order. I submit that questions are designed to seek information, not to be used as an opportunity to make a speech. This question is being asked in such a way that it is really a speech.

Mr SPEAKER: Order! The question is far too long and contains far too much information. It is necessary to state only sufficient facts to make the question clear so that the Minister can give an answer. It is quite clear that the question contains far too much argument. I rule it out of order.

HOSPITALS CONTRIBUTION FUND

Mr R. J. CLOUGH: My question without notice is directed to the Minister for Health. Is it a fact that pensioner contributors to the Hospitals Contribution Fund are in some circumstances required to pay membership subscriptions in advance? Is this advance period up to six months? Will the Minister inform the House whether he will examine this matter with a view to having the requirement varied or eliminated?

Mr K. J. STEWART: The honourable member for Blue Mountains has asked whether there is a Hospitals Contribution Fund rule that affects low-income earners and people who insure on the lower medical tables. From information that I have received, I understand that some tables offered to the public by the HCF and approved by the federal Government are offered subject to payment in advance only. They are table 61, registered medical, which involves 40 per cent Commonwealth subsidy plus basic hospital; table 70, registered medical plus multicover; and table 80, basic medical cover. The HCF demands that any contributor to any of these tables must pay the contributions either half-yearly or yearly in advance. The only exception is the group payment schemes such as apply, for instance, in the New South Wales Public Service, where contributions are deducted from a person's wage on a fortnightly or monthly basis. In addition, for table 70 and table 90, which involves higher medical plus multicover, a contributor must have been a member before 1st November in order to be accepted into these tables.

All I can offer to the honourable member and his constituents who have complained to him about this matter is that they draw it to the attention of Mr Hunt, the federal Minister for Health. Again I make it perfectly clear that these tables and these rules would have already been approved by Mr Hunt only a fortnight ago. I shall inform him of the hardship that is being caused to contributors. It could be difficult for some people to pay six months or twelve months in advance. I shall also write to the HCF on behalf of the honourable member for Blue Mountains, but I suggest that he also write to the fund. Indeed, other honourable members who have received complaints of this nature should do likewise. The only other advice that I can offer the honourable member at this stage is that, if the HCF is unwilling to modify its rules, his constituents should join another health fund that will allow weekly or monthly payment.

PARTHENIUM WEED

Mr MURRAY: I ask the Minister for Agriculture whether he is aware of the rapid spread of the dangerous weed parthenium in south-western Queensland. Is he aware of the threat that this weed is to grazing lands in New South Wales, especially in the Western Division? What action is he or his department taking by way of research and control measures to prevent the entry of this weed into New South Wales?

Mr DAY: I am not aware of the weed mentioned by the honourable member. I might point out to the House that these matters are under constant surveillance by the Noxious Weeds Advisory Council. I shall refer the matter raised by the honourable member to the council, and he can be assured that whatever measures are necessary will be adopted.

DETERIORATION OF ROADS

Mr SHEAHAN: I direct a question without notice to the Minister for Local Government and Minister for Roads. Is he aware of the continued concern felt by the community at the rapid deterioration of the surface of some stretches of major roads, notably the Hume Highway? Does the Minister recall a former Minister for Highways, Sir Charles Cutler, admitting in answer to a question by me that the Department of Main Roads did not make exhaustive tests to assess and guarantee the quality of materials used in major roadworks? Will the Minister ensure that thorough testing methods will be adopted in the future? Will he also review the decision, made when the honourable member for Maitland was Minister for Transport, not to exclude heavy vehicles from using main roads until satisfied that no damage has been caused to subsoil under bitumen by heavy rain or floodwaters?

Mr JENSEN: I shall undertake to see that the various matters raised by the honourable member are discussed with the Department of Main Roads. I shall inform him of the outcome.

PARRAMATTA GAOL

Mr BARRACLOUGH: My question without notice is directed to the Minister for Corrective Services. Is he aware that Parramatta gaol is hopelessly overcrowded? What action does he propose to take to reduce that overcrowding? Will the Minister join me in an inspection of Parramatta gaol?

Mr HAIGH: It is interesting to hear the honourable member for Bligh inquire whether I would accompany him on an inspection of Parramatta gaol. It would be worthwhile if he took the opportunity of visiting at least one of the prisons controlled by the Department of Corrective Services in New South Wales. Only this week he made statements about the Long Bay complex, in which there are four gaols. Those statements demonstrated a complete lack of knowledge of the operation and workings of the Department of Corrective Services. I always feel that it is beneficial for an honourable member to know what he is talking about before he opens his mouth.

It is true that Parramatta gaol is overcrowded. It is true, also, that all of the secured gaols throughout New South Wales are overcrowded because the Opposition, when in office, failed to take responsible action to ensure that additional gaol accommodation was provided. They made a decision, because of the severe overcrowding in penal institutions in the State, to build a maximum security prison at Emu Plains, but they procrastinated for two years, and no progress was made towards building that gaol. The Liberal-Country party Government was roundly criticised and castigated in the report of the Royal commission for its ineptitude and its failure to face up to the responsibilities that the present Government is now accepting. I refer, of course, to planning additional accommodation to overcome crowding in the New South Wales gaol system.

After two years of procrastination, the former Government finally determined that it would not proceed with the proposal for a gaol at Emu Plains. Its next positive step was to enter into negotiations with a gentleman to purchase 25 acres of land at Kemps Creek. This was to provide the answer to overcrowding but, fortunately, the previous Government had not signed the contract before I became Minister. The land that it proposed to purchase was on a flood plain. The previous Government had proposed to build a maximum security institution at Silverwater.

Mr J. A. Clough: On a point of order. I am one of the members who were jumping to their feet seeking the call, and obviously could not get it because of the lack of time left for questions. You, Mr Speaker, ruled out of order the honourable member——

Mr SPEAKER: Order! The honourable member for Eastwood will come quickly to his point of order. He has indicated that he has been jumping to his feet seeking the call. I have been aware of that for some **time**.

Mr J. A. Clough: I shall come to the point, Mr Speaker. You have already ruled out of order the first question asked by the honourable member for Bligh, on the ground of, *inter alia*, prolixity. Now, he has asked a brief question, which I submit calls for a brief answer. To my recollection, his question was, "Are the gaols overcrowded, and what is the Minister going to do to remedy the situation?" All we have heard from the Minister is a prolonged dissertation on what was wrong with the gaols over the past 30 years. Mr Speaker, I ask you to require the Minister to return to the question and to answer it in the same brief way as you directed the honourable member for Bligh to ask it.

Mr SPEAKER: Order! The only requirement I can impose on the Minister is to ask him to make his remarks relevant to the question asked. I have no control over the length of the answer. The only other thing that may lie within my power is to draw the Minister's attention to the fact that he might be making a ministerial statement. None of those things has happened so far. The Minister's answer is relevant to the question. Of course, I could have asked the honourable member to place the question on the paper, because the honourable member has asked for statistics and it would be difficult for the Minister to provide them here today. The Minister is in order.

Mr J. A. Clough: On a further point of order. Mr Speaker, you said that you could have directed the Minister to make a ministerial statement.

Mr SPEAKER: Order! The honourable member for Eastwood will resume his seat. I ask the Minister to proceed.

Mr HAIGH: Before I was interrupted I was saying that the former Government had ample opportunity to face up to the problem of the lack of accommodation in the prison system throughout New South Wales. However, it decided to build a maximum security prison for 100 prisoners at Silverwater on an area of 10 acres. That proposal has been criticized not only by the Royal commission into prisons but also by penologists throughout Australia, by criminologists, and the corrective services advisory council. That council made it clear that plans for the proposed prison would not effectively maintain security there. Now the Opposition is trying to fool the people into thinking that the gaol it proposed would have been a secure prison institution. It would have cost \$10 million; it would have accommodated only 100 prisoners; but it would not have provided adequate security.

I propose now to tell the House why the problem of overcrowding in the prisons became so critical. In 1974 a riot took place at Bathurst gaol. The whole of that prison was destroyed, resulting in the loss of accommodation for 300 prisoners. On no occasion did the former Government take action to re-establish Bathurst gaol or to **make up** for the shortage of accommodation caused by that riot. Something should have been done as a matter of urgency.

Mr Maddison: What is the Government doing about it?

Mr HAIGH: The Government made a decision to rebuild Bathurst gaol and to give that project top priority. That decision was commented upon favourably by the Royal commission into prisons. The people of Bathurst were pleased that the Government had arrived at that decision, which was supported by the mayor of Bathurst, various local government councillors and representatives of the Orange-Bathurst Development Corporation. The former Government took no initiative in this direction because it was unwilling to provide the funds that were—and still are—necessary to correct the problems that then existed in the area of corrective services.

This Government has taken action to rebuild Bathurst gaol as a matter of priority. Moreover, it has taken a firm decision to build a new metropolitan prison. Further, it has set its priorities for the reconstruction and redevelopment of the Mulawa women's prison, where conditions are a disgrace and a blot on the record of the former Government. This Government will face up to the responsibility of correcting these irregularities. The honourable member for Bligh wants to know what the Government has done in relation to prison security. During the term of office of the previous Government, the towers on the perimeter of Parramatta gaol were manned to give security around the perimeter of the prison for only eight hours a day—that is, during the daylight hours. Now five towers on the perimeter of that prison are manned twenty-four hours a day. Moreover, four additional ground positions have been provided and are now being manned.

Looking at the overall situation, I should like honourable members to reflect on the number of custodial positions in the Department of Corrective Services. In 1975-76, the last full year of the former Government's term of office, 1 168 custodial positions were established. Naturally, if the number of custodial positions are increased, it results in better jail security. At present the number of custodial positions in our prisons totals 1443, an increase of almost 300 positions. That is the sort of action the Government has taken to increase prison security. Its intention is to continue to take that type of action. The action the Government is taking is what the former Government should have taken when it was in office. All the weaknesses that exist in the Department of Corrective Services are the result of mismanagement of the former Government.

TEMPORARY CHAIRMEN OF COMMITTEES

Mr Speaker nominated the following honourable members to act as Temporary Chairmen of Committees during the present session: James Arthur Clough, Keith O'Connell, Ernest Neville Quinn, Eric Daniel Ramsay, and Roger Corfield Anson Wotton.

GAMING AND BETTING (POKER MACHINES) AMENDMENT BILL

Introduction

Mr RENSHAW (Castlereagh), Treasurer [3.28]: I move:

That leave be given to bring in a bill for an Act to reduce the additional supplementary license tax payable by clubs under the Gaming and Betting (Poker Machines) Taxation Act, 1956; and to amend the Gaming and Betting Act, 1912, consequentially.

The bill relates to the Government's undertaking prior to taking office in 1976 and the announcement in my 1976–77 Budget Speech of proposals to provide taxation relief to registered clubs over a period of three years.

The purpose of the bill is to implement the last step in a programme to halve the rates of additional supplementary licence tax over the three financial years 1976–77, 1977–78 and 1978–79. Honourable members will be aware that registered clubs are required to pay a basic licence tax which is related to the number and denominations of the poker machines they are licensed to operate, a supplementary licence tax based on turnover, and additional supplementary licence tax where net revenue from poker machines exceeds \$100,00 per annum.

Additional supplementary licence tax rates were reduced by one-sixth in 1976–77 and one-fifth in 1977–78. The bill provides for the rates now applying as a result of the 1977–78 changes to be reduced by one-quarter, to half the rates applying at the time the Government announced its programme. The lower rates will apply to poker machine revenue derived by clubs for the year ending 31st May, 1979, so that clubs will receive the benefit of the reduction during the current financial year. Full details of the provisions in the bill will be given at the second-reading stage. I commend the motion to the House.

Mr McDONALD (Kirnbilli), Deputy Leader of the Opposition [3.30]: The Opposition notes the Government's wish to introduce this bill at an early stage of the Forty-Sixth Parliament. We on this side of the House recognize that the bill will give effect to an election promise made by the Government. Consequently we shall ensure that it is treated with the utmost expedition, but of course we shall have to examine it carefully. We look forward to seeing the bill and debating it at the second reading stage.

Motion agreed to.

Bill presented and read a first time.

GENERAL LOAN ACCOUNT APPROPRIATION BILL (No. 2)

Mr Speaker reported the receipt of a message from His Excellency the Governor recommending the General Loan Account Appropriation Bill (No. 2). The message was accompanied by a copy of the Loan Estimates, 1978–79.

Loan Estimates ordered to be printed.

Introduction

Motion (by Mr Renshaw) agreed to:

That a bill for an Act be brought in to provide for the appropriation of a certain sum out of the General Loan Account and for the application of that sum for certain public works and services.

Bill presented and read a first time.

Second Reading

Mr RENSHAW (Castlereagh), Treasurer [3.32]: I move:

That this bill be now read a second time.

As honourable members know, the General Loan Account Appropriation Bill was one of the bills that had not been dealt with fully before the dissolution of Parliament prior to the recent State elections. When I delivered the Loan Speech in this House

on 29th August last I outlined in detail the whole range of State works and services provided for within the loan allocations for 1978–79. Honourable members will already have been supplied with, or have access to, printed copies of that speech. The programme I described then is well and truly under way, utilizing the funds available from earlier appropriations, and the only changes from the bill originally presented are of an administrative nature. I refer particularly to the transfer of responsibility for the National Parks and Wildlife Service from the Minister for Lands to the Minister for Planning and Environment, and the transfer of the responsibility for implementing the Government's roads programme from the Minister for Transport to the Minister for Roads.

I remind honourable members of the comments made in my earlier speech concerning the constraints that severe cuts in federal funding had placed on the framing of the capital programme. Despite the actions of the federal Government, the State Government has formulated a programme which allows for responsible increases in high priority areas and emphasizes the need to maximize employment opportunities. To achieve this end it will draw to the maximum extent practicable on cash resources, make prudent use of internal reserves, and maximize borrowings by the smaller State authorities. As I have said before, it is a carefully balanced and responsibly financed programme which will contribute significantly to the development of the State.

I mentioned in my earlier speech the application to the Loan Council for special additions to our semi-government borrowing programme for the Balmain and Port Kembla coal loaders and the Eraring power station. The acceptance of these projects in the infrastructure programme means that they can proceed without the need for a major diversion of funds in future years from the rest of the capital works programme. I commend the bill.

Debate adjourned on motion by Mr Mason.

APPROPRIATION BILL (No. 2)

Second Reading

Debate resumed (from 7th November, *vide* page 51) on motion by Mr Renshaw:

That this bill be now read a second time.

Mr MASON (Dubbo), Leader of the Opposition [3.34]: The Budget Papers before us are classic proof, if proof be needed, of the shameful paradox of this Government. The Government's position is inescapable. On the one hand the Budget represents a further move in the direction of big, expanded, bureaucratic government of the sort that it is difficult to reverse. It is eating up more and more of the New South Wales taxpayers' money and is taking more and more people on to the public payroll. In fact, public sector employment has increased by 6 per cent in the past two years, though the Premier promised on a number of occasions a reduction of from 5 per cent to 8 per cent in the first year of his Government.

The Government speaks constantly about holding and reducing taxation, yet the Budget shows that an extra \$214 million of State revenue will be spent this year. Later I shall cite specific figures as express proof of this unacceptable trend. On the other hand, this same Government shows no backbone whatsoever when it comes to those things that may improve the lot of the people of New South Wales. The Budget, by its fiscal measures, contributes to inflation rather than alleviates it. It continues to base all progress on incremental line figures which come nowhere near attacking, let

alone answering, the essential problems of unemployment, housing and education, all of which are of real concern to the people and ought to be of concern to every member of Parliament. The Budget contributes nothing to the solution of those problems. In fact, everywhere throughout the Budget progress is seen to be evaluated for the coming year in terms of money spent.

The Treasurer speaks about progress on the first page of his speech, without anywhere suggesting what the nature of that progress will be or how in the end it is to be evaluated. There is no accounting in a proper cost-benefit way for what happened to last year's appropriations—if indeed anything did happen—and what we have in New South Wales to show for it. I would argue that a government has to do more than spend money in order to achieve progress. The Treasurer, infected by the buzz language of his leader, speaks of the Budget as being financially responsible, disciplined and humane, and with a strict order of priorities. There is an expressive buzz word that would describe that sort of drivel, but as it is most unparliamentary I shall not use it. That sort of language in the Treasurer's speech deserves that sort of expletive in reply.

On page 4 of the Treasurer's speech he arrogantly asserts that this Budget conforms to the strategy that has proved successful over the past two years. I say that there is no outward proof of such a strategy, no documentation of the areas in which it can be shown to have been effective. The Treasurer says further that the components of the strategy are to hold down growth in the public service. I shall show plainly that that has not been the case. He says it will hold down all taxes. Equally I shall show that that is not the case. He says that it will deploy record amounts of capital funds to stimulate industry and employment. Certainly everybody in this State knows that that is not the case. This is further proof of the fact that this Government interprets progress in terms of money spent and believes that merely by mentioning the subject of unemployment the problems in that area are relieved. A deeper examination of the Budget Papers shows that there is practically no discipline in the whole of the Government spending.

There are, in fact, no priorities and in certain areas there is a distinct lack of what would be regarded by the public as responsible budgeting. There is no enunciation of the effectiveness of any past programmes and no statement of what future programmes are to be. As a result, it is impossible to make an assessment of the success of past programmes—which is probably why the Budget is presented in this outrageous manner. I have a horrible feeling that what happened in the preparation of the Budget was that the Treasurer and his officers had a look at what was allocated last year and said, "We had better show a little increase in the figure in the column for this year." That is obviously the way in which the present Government has approached the Budget.

Above all, it is a budget of bloated and swollen government, yet in many areas today the public is starting to regard the State as being ungovernable. The Budget Papers show how the Government continues to expand itself beyond measure. The Premier's Department and the Department of Consumer Affairs—so long vehicles for public grandstanding—are probably the best and the most glaring examples of this sort of thing. In two years the appropriation of funds to the head office of the Premier's Department has increased by no less than 57.1 per cent. The staff of the head office of the Premier's Department has increased by 110 or 47 per cent. That is the increase in the number of staff of the Premier. If one adds to that—and I consider this is one of the most significant aspects of the Budget Papers—the increase in the advertising appropriation of the Premier's Department of 58.8 per cent over the two years, the picture is one of sheer and utterly fraudulent claims by the Premier about containing expenses, taxes and staff growth,

This was proved on 24th August last when the Premier addressed a dinner of the New South Wales Chamber of Manufactures. What he said then was interesting in the light of the figures in the Budget Papers. He veritably lied to that gathering when he said:

Our broad fiscal strategy has been to hold down and even reduce some taxes, check the growth of the public service at the administrative level and put every available dollar into capital works.

That was a flagrant and reprehensible attempt to mislead and deceive the people of this State and certainly the audience that the Premier was speaking to, for I am sure that that was the sort of thing that his listeners wanted to hear. It shows an indifference to public feeling and a sense of priorities—if that is what it can be called—completely out of touch with public needs.

The position in the Department of Consumer Affairs is about the same as that in the Premier's Department. In the past two years appropriations for the Department of Consumer Affairs have risen by 89 per cent and staff allocations have increased by 69 per cent. I hope that Ministers in some of the essential areas like education, agriculture and one or two others, have taken the time to see what is happening in some of the show pony departments. I hope they will take notice and realize where the money and staff are going. There is no doubt about where they are going—into the Premier's Department and the Department of Consumer Affairs. Just wait until I come to advertising in the Department of Consumer Affairs. This is the kind of thing that members on this side of the House condemn and will continue to condemn. In areas where the Government today needs to be strong—as I have said, in education and in housing, as well as concern about unemployment in this State—the Budget is absolutely silent and has nothing to say. There is no strategy. Worse still, essential departments like agriculture, which are capable of stimulating the economy, are facing cuts. The further we look the darker become the picture of wanton extravagance.

On page 198 of the Budget Papers the total appropriation for government advertising is shown as \$1.8 million. But that is not enough for the Premier. The 59 per cent increase in his own appropriation is obviously quite inadequate. So we turn to page 41 of the Budget Papers and see there is a separate appropriation, a new entry under general expenses that is called advertising and publicity. Members of the Opposition wonder why all these different allocations for advertising are now popping up all over the place in the Budget Papers. One can only wonder at the gall of the Premier. Honourable members should be absolutely dismayed at his extravagance, particularly when he has the hide to go before leading citizens of this State and tell them that he is holding down expenses. The real, extravagant picture is a 59 per cent increase in one year in general advertising. And that is only the tip of the iceberg.

In the Department of Consumer Affairs there is an increase from two to forty-seven in the staff allocation for the rental bonds board. That is a percentage increase in one year that is almost unbelievable. For the same department we find a new and unexplained entry for the Australian Film Office Incorporated of \$267,000 for 1978–79. The interesting rider to the entry is that it is for expenses. The Opposition might well ask, what expenses? Who got them? Where did this \$267,000 go to and for what? Why is a significant sum of money like that allocated in this Budget without any explanation and without any indication of where the money is going? That is the sort of thing that one finds as one examines the Budget Papers.

How can the Treasurer or the Premier talk about priorities when that scandalous state of affairs is compared with the position in the Police Department, also under the charge of the Premier. The increase in staff level in that department this year

Mr Mason]

over last year is a little over 1.3 per cent. Compare that with the increase of 57.1 per cent in the Premier's Department. Yet we have heard the Premier constantly saying that he is strengthening the Police Department and increasing the size of all the different squads that have been neglected over the years. When one looks at the Budget Papers one finds the facts that I have quoted: they are undeniable and irrefutable. The staff increase in the Police Department this year is 1.3 per cent, while the big increases are going on in the Premier's tower and in the department of the Minister for Consumer Affairs.

The Minister for Conservation and Minister for Water Resources has not done too well. It is time he had a look at what some of these fellows are putting over him. Important departments like the Department of Conservation and Water Resources, where good work can be done, are not getting sufficient staff. They are not getting any increase; indeed, they are suffering reduction. The show pony departments are getting the increased staff.

[Interruption]

Mr SPEAKER: Order! The Leader of the Opposition needs no help from other honourable members on the Opposition benches.

Mr MASON: How does the increase of 1.3 per cent for the Police Department compare with population trends and growth, the increase in crime and a general position which to the public is completely unsatisfactory? On television on Sunday night the Premier said that crime was on the increase and that there is a vicious, violent criminal element in this city. He declared to the citizens of this State that he must do something about crime—yet when it comes to hard, practical facts of the Budget we find that there is a general increase of only 1.3 per cent in the numbers of the Police Department. On the other hand, his own staff—the advisers that he is surrounding himself with—continues to increase markedly. Indeed, the expansion is quite out of hand.

Let us look at another area about which we have heard something in this House this afternoon—corrective services. The prison service is an area that is sensitive to public scrutiny and is in need of reinforcement. We have just heard the shadow minister for corrective services say that Parramatta gaol is crazily overcrowded and yet there has been a decrease in the number of officers there. The Budget shows that the estimates for the year 1977–78 were not even met—expenditure did not even match the allocations made. *So* much for the claims of the Government that it is really doing something about prisons. The House has just had to listen to twenty minutes of drivel from the Minister for Corrective Services. When he got down to hard facts it appeared that he did not even spend the allocation that was made to his department. The allocation for 1978–79 offers cold *comfort* to the public if they thought that there was to be any improvement by way of increased staff. The figure of 5.8 per cent was far below other allocations.

In case any honourable member thinks that an increase of 5.8 per cent sounds all right, let me point out that the increase in the administrative staff of the Minister for Corrective Services—his own officers, the people who surround him, and not the men out in the watchtowers who risk their lives—was 20 per cent. Crime has reached the stage where vicious armed men are *even* trying to break into our prisons. There was an increase of 5.8 per cent in prison staff but the Minister's own staff increased by 20 per cent. Members of the Opposition have always regarded the Treasurer as an honourable man, but he was forced to come into this House and live out this lie and tell us that the Budget is based on proper priorities.

Worse still, this Government constantly rails about and uses every opportunity to speak of reductions in public expenditure. Advertising by the Department of Consumer Affairs has increased by a staggering 1 025 per cent. Compare that with the expenditure of other departments that we ought to be concerned about. The advertising budget for the Department of Education has increased by 39.6 per cent. One would have thought that the best advertisement in New South Wales would have been a decent and satisfactory education service.

The Minister for Lands and Minister for Services, who is attempting to interject, received nothing like that for his department. He should complain bitterly. The Government is putting it over him. The advertising allocation for the Department of Planning and Environment shows an increase of 4 000 per cent. The money is going in areas where members of the Government are out to present themselves to the public—the show ponies, the men who have been selected to be seen up at the front. I invite honourable members to look at this advertisement that appeared in the press this week. It proclaims, "New South Wales Government announces the completion of Westmead, Australia's most modern hospital." Then there is one tiny line in the smallest print that could be imagined. I can hardly read it. It says, "The New South Wales Government is especially pleased with the effort made to complete the project on time and within a budget that was set four years ago." It is like the power station that the honourable member for Young mentioned yesterday. It is like all the major public works that are going on in this State.

Mr Crabtree: Read out the main part.

Mr MASON: The main thing about the advertisement is the photograph of the Premier. I ask honourable members to look at it. One can see why advertising costs so much. The money is needed to touch up the photographs. Contrast all that with an area that is greatly in need of public relations, the Department of Industrial Relations. The allocation for advertising for that department has decreased by 45 per cent. I suppose the Government would not want to advertise an increase in the number of strikes and industrial unrest. It would be surprising to see a photograph of the Premier accompanied by the words. "There is another strike by the Seamen's Union", or "The Teachers Federation members arc out again". It is small wonder that the Minister for Industrial Relations, Minister for Technology and Minister for Energy feels so out of it these days. He ought to have his photograph put with some of these advertisements. I have never seen his photograph in the press and I cannot imagine why. He looks photogenic to me and he has a lot of supporters. He never seems to get his photograph published. By contrast, the photograph of the Minister for Planning and Environment crops up all over the place. I understand that he is after the seat of the honourable member for Kogarah. His department received an increased allocation for advertising of 4 000 per cent.

The selfishness and self-centredness of this Government is demonstrated when one looks at the figures for the reporting staff, not only in this House but also in the courts and throughout the Government's activities. There has been no increase in the appropriation for all that staff. In fact, the Budget shows that the appropriation for their salaries has been reduced. The cost of advertising is going up except in industrial relations, lands and services, but there is no increase for the reporting staff.

All these matters serve to highlight a picture of extravagance, waste, indiscipline, lack of priorities and a failure to manage properly and successfully the excessive revenues that the Government collects from taxpayers. They are matters for which Opposition supporters will have to account. No longer are they able to point backwards. Now they must accept full and absolute responsibility for every line in the

Budget. Let there be no doubt that the Government will be responsible for what is a pedestrian Budget with a pedestrian statement of accounting principles compiled by politicians with pedestrian financial minds.

The Budget offers no adequate statement of where the public money has gone. In spite of the many reminders from Opposition members the Budget demonstrates that the Government is either unwilling to learn or is ignorant of the need for better accounting of public spending. I am not alone in my judgment of this Budget as one unworthy of a State of the stature of New South Wales. Significant commentators have described it as accounting nonsense—and so it is. Others have said that it is typical of all that is wrong with the State's finances—and so it is. Yet another commentator referred to the Budget as politics without policies—and so it is. It is a cynical vote-buying exercise, a rag-bag of handouts. What those commentators have said does not include the deception and the demonstration of ignorance on the part of those framing it and their callous disregard for the millions of New South Wales people with a vision of the State's future and a commitment to it.

The Treasurer described it as a stand-still budget. He proved what the Premier admitted at Queanbeyan in August—that there would be no economic growth this year in real terms. That was one of the few occasions on which the Premier was honest about what was going on in this State. How can there be economic growth with this shameful accounting procedure and extravagant proliferation of Government departments? This year's Budget is an indictment of the Government. It is a valediction to the Treasurer, whom the Opposition has regarded always as an honourable and fine member for the electorate of Castlereagh. Unfortunately this Budget, probably the last to stand in his name, is a sham and a terrible valediction to a good man.

It is a Budget of confusion and cover up. Indeed, one of the major statements that can be made about it is that it ignores almost all conventional accounting procedures. It does not even begin to account properly for the moneys spent by the Government for the people of this State. In this way it is notable for its omissions, distortions and deceptions. It has no philosophical principle other than that which I have outlined already—a belief in the spending of more money and a belief that this solves everything. Its broad strategy is to increase the scope of Government involvement. This it has done. Although it purports to hold the line on State taxes, it spends an additional \$214 million of revenue this financial year. When will this expansion end? In the interests of the people of New South Wales the Opposition wants an answer to that question. How can it be checked if the Government is allowed to continue in this extravagant manner, without any priorities?

I give notice that I shall continue to claim on behalf of the Opposition that there must be limits set on the kind of government excess that is contained in the Budget. The Government has no limit to this excess. We have an economy that is not competitive. Investment is going elsewhere. We have a Government and a Budget which can in no way stimulate business. The public sector expands while the private sector contracts. Perhaps it might be helpful to all honourable members if the Minister for Lands and Minister for Services, who seeks to interject, were to visit one of the proposed cat treatment clinics that I understand will be established. I have not been able to find in the Budget any provision for that type of planned operation. Where does the growth rate end? Growth in many departments already exceeds productivity. What is to happen when government growth exceeds total productivity? Unless dramatic measures are taken that position will be reached within a short time.

Government supporters lack the financial discipline that is needed. There is no discipline in this Budget, which is a hotchpotch of figures, devoid of planning and bereft of direction. The splurge in public spending, the growth of departments, the

indiscipline with which it is all done, the failure to account for what is produced, the total inadequacy of the State's accounting procedures, the endless commissions of inquiries that are undocumented and unaccounted for, all pass without comment in the Budget Papers the House is now debating. The Budget is a triumph of creative caution, illustrating again that government supporters who seek to lead in this State are distinguished for carefully avoiding leadership at every point.

I wish now to direct my attention to the fraudulent assumption that taxes in New South Wales have been held or not increased. I do not distinguish between taxes and charges. My concern is with the plundering of the public purse, and with the extravagant attempts to levy money from the public in sinister and unsuspecting ways. I refer the House to the Government's record. In the two years from June 1976 to June 1978 average weekly earnings in New South Wales rose by 18.5 per cent. This affects the people about whom members on the government benches ought to be concerned—the working people and the ordinary people in the community. I ask the House to consider the increased tax revenues for the same period of two years. Stamp duties rose by 34.5 per cent, payroll tax by 24 per cent, land tax by 23.5 per cent, racing tax by 26 per cent, liquor licences by 43 per cent and tobacco licences by a massive 83 per cent.

If we keep that up for long we will not be able to afford one another. Every one of those State taxes has increased at a considerably faster rate than the increase in average weekly earnings. In other words, the Labor Government has increased its revenue from taxes at a faster rate than people can earn money to pay them. That is what it means. That is the record of Labor's high taxation and a measure of its true concern for the working people of this State.

The Minister for Consumer Affairs, Minister for Housing and Minister for Co-operative Societies, for example, pretends to be outraged at what he calls the emasculation of the Prices Justification Tribunal, on the basis that it may hit the hip pocket of working men and women. However, he thinks absolutely nothing of the Government's tax record, which represents a rip-off of salary and wage earners and those who are self-employed at a rate faster than they can improve their own earnings. The Minister has said nothing about that record. Nevertheless he jumps up and down whenever there is an application for a price increase before the Prices Justification Tribunal. The Government's record on State charges is even worse. At least twenty-five charges have been increased, some by as much as 900 per cent, to produce an additional \$100 million in revenue for the last financial year. Yet the Premier and the Treasurer have the audacity to say that State taxes have remained unchanged in three successive Budgets.

The editorial in the 30th June issue of *The Australian Financial Review* contained this statement:

The Premier is clearly concerned with making an election issue out of the slogan "No Double Taxation" while he goes ahead with double taxation— for what else is an increase in State charges?

That is the telling commentary made by the *Australian Financial Review*, one of our responsible financial journals, about the Budget and the Government's budgetary procedures. That is a pretty good summary of the cant and hypocrisy that has come from this Government over the past two and a half years and is being repeated in this Budget. The Premier has said that the Budget introduces a number of important tax concessions. He said that death duties are to be abolished over three years, that the payroll tax exemption level is to be raised by 10 per cent to \$66,000 and that poker machine tax is to be cut. Those so-called concessions are meant to sound marvellous, and when they are put out with all the backing of the big advertising machine that

Mr Mason]

has been built up in this State, that is how the poor beguiled people probably see them. On face value they seem to indicate a genuine commitment to tax reduction. But when we begin to examine the Government's own costing, it soon becomes evident how hollow that commitment really is and how deceitful is the Government's claim. According to the Budget Papers, death duty receipts will be down by \$7 million in the coming year. Allowing for the movement that we are told will abolish death duties, the Government has allowed for a reduction of \$7 million out of total receipts of \$97 million.

I propose now to examine the Government's proposals in respect of payroll tax exemptions. The Budget Papers claim that payroll tax will bring in \$682 million in the present financial year. The 10 per cent increase in the exemption level for payroll tax will return to the people who pay that tax the sum of only \$2 million. However—and wait for it—the real crunch is that the overall increase to be paid by employers in this State will total \$39 million. It is like a thimble and pea trick, if ever I have seen one. The Government says to people who employ wage earners, "Here is \$2 million, but we will take back \$39 million." The Government has tried to deceive the people of this State by saying, "You can have back \$2 million but you will have to give the Government another \$39 million." It is extravagant and wants to blow the extra money on a bloated bureaucracy. The Budget Papers disclose that poker machine tax concessions will cost only \$4 million. When all those so-called great concessions are added together one finds that the Budget offers a total tax relief of only \$13 million out of a total budget of \$3,509 million. Yet the Premier and the Treasurer have the gall to go round the countryside telling the people that they are giving them great tax concessions.

By any standard, they must be the most miserly tax concessions that any State has given in living memory. The Budget offers nothing to workers in the city, to struggling farmers, or to the young unemployed; it will not help the needy who feel the world pressing in upon them, the hungry who are wondering how they are going to give their children a decent life. In fact, how are these people going to keep going? The Budget offers nothing to the people of New South Wales, the highest taxed State in Australia. I hope that the new members of this House realize this. The honourable member for Cessnock, an electorate containing many hard-working people, was elected with a resounding majority. I hope that he, the honourable member for Wollondilly, the honourable member for Albury, the honourable member for Willoughby and the honourable member for Earlwood realize that the Government they support is made up of the old guard of Cabinet that rolled them when they used a unity ticket to ensure that they stayed in their secure little tenures. I hope they realize that this Government is causing the people of this State to pay 41 per cent *per capita* more in State taxes than is paid by the people of Queensland. The newly elected members of the Government should go back to their electors and tell their constituents that the Government they support is getting from them 41 per cent more in State taxes than is paid by the people in Queensland. This Budget offers no stimulus to an ailing economy, in which investment is rapidly falling while unemployment is rife.

It was interesting yesterday to hear the Premier reply to a helpful question I asked. I indicated that the unemployment figures in this State had shown an improvement until the months of August and September. Unfortunately, the position levelled out after that time. The Premier, when answering my question, directed at me a tirade in which he completely ignored the unemployment position in the two months to which I had specifically referred. He told the House about July and all the other months he wanted to mention. We knew those figures and were delighted about them. But he ignored that unemployment is still rising in this State. When the so-called tax concessions are examined in real terms, the Government's deceit is obvious. Despite

adjustment of the payroll tax exemption level, payroll tax revenue is still expected to rise by 6.1 per cent in this State in the present financial year. Payroll tax revenue will increase in line with inflation, which means that no real reduction has been made in this area of revenue collection. No concessions have been given to the people who provide jobs and are in a position to do something about getting the economy of this State rolling again.

Stamp duties are estimated to rise by \$32 million, an increase of 11 per cent or almost double the rate of inflation in the present fiscal year. So much for Labor's so-called tax relief; so much for the Government's professed intention to generate economic recovery, and so much for its proposed concern for the low income earners—the people who borrow at the highest rate of interest. It is clear that reduced stamp duties would stimulate retail sales of consumer items and money market activity; in particular, it would stimulate housing construction and home buying—the things that we want to see in this State. We want an increase in housing construction and home building activities. One of the ways in which the Government could stimulate these activities would be by reducing stamp duties. However, the Government will get an additional \$32 million from stamp duties in the present financial year. The Housing Commission of New South Wales has 40 000 families on its waiting list for accommodation. All these people have been declared to be eligible applicants after their financial circumstances have been investigated. The Budget provides nothing for them. According to the land and housing cost inquiry, average land prices in Sydney have risen 10 per cent in the past year, but the Government has done nothing to arrest this trend.

Mr Morris: The Housing Commission has stopped building houses in my electorate.

Mr DEPUTY-SPEAKER: Order! The Leader of the Opposition has the call, and he could well do without any assistance either from his supporters or his opponents.

Mr MASON: According to the land and housing costs inquiry, average land prices in Sydney have risen 10 per cent in the past year but nothing has been done to arrest the trend. The same survey shows that the average price of homes in Sydney has risen 223 per cent in the past eighteen months. Rents have risen between 18 per cent and 25 per cent over the past eighteen months. The tragedy is that housing construction has reached an all-time low since World War II. That is the contribution of the Labor Government to the 40000 people who are struggling to pay their rents. Housing construction is at its lowest point since World War II. The Government has done nothing effective to improve the position. Those are the undisputed facts. It ought to be ashamed. Its housing policy is held in such contempt that the New South Wales president of the Housing Industry Association recently called it a joke. It is a joke all right—a bad joke at the expense of the people of New South Wales. It is no solution for the new Minister for Housing to show his truculence and pique by seeking to intimidate the president of the Housing Industry Association, as he did in this House yesterday, when he demanded an apology from the man before he would meet him. That sort of intimidation will do nothing for the housing industry in New South Wales, and will do nothing to get homes for people.

The picture is much the same in every other State taxation area. Licence fees have risen by \$12 million. Racing taxes are up by \$8 million. Behind the deceitful claim that taxes and charges have not been increased in three budgets there is the true picture of nothing but increased taxes and charges. What is there in the Budget to justify the higher tax revenue—the highest rates of State taxation in Australia? One would surely expect a concerted attack upon the causes and symptoms of unemployment, which is eating into Australia like a cancer and is destroying the chances of a

whole generation of young Australians. One would surely expect an ambitious and imaginative job-creating programme to meet the needs of those young people. One would surely expect a programme of restraint upon wasteful Government spending so that resources can be diverted to the productive sector of the economy. One would surely expect a serious attempt to reinstate New South Wales as the premier State in new investment—not the fourth State, as it has become in the past two years.

Every one of those expectations is unrealized. Honourable members have been presented with a dull, unimaginative Budget that completely fails to come to grips with the serious economic and social problems of New South Wales. The *Australian Financial Review* editorial summed it up on 7th September, following the third budget speech of the Government. What we have now I suppose is really the fourth budget speech. The report in the *Australian Financial Review* reads:

. . . the rag-bag of handouts contained in the budget speech and the loan speech by Mr Renshaw can hardly be considered a respectable exercise in responsible government.

I hope honourable members are taking this in. It is just not me saying something that people might expect me to say as Leader of the Opposition. I am quoting from the editorial of the *Australian Financial Review*, which continued:

There has been no attempt to establish priorities, no attempt to evaluate any of the spending commitments in other than vote-buying terms.

That is rather stringent criticism by the *Australian Financial Review*, but it is borne out by the facts. Unemployment is an issue about which the Opposition is deeply concerned. When one looks at the tragedy of unemployment, it is immediately obvious that the attitude of the Government is one of a piecemeal approach. It is obvious, also, that the situation is out of the control of the Government, which is willing to deceive the Parliament and the people of the State in its attempt to conceal its ineptitude. At present 133 000 people are unemployed in New South Wales. At the present rate of job loss in the private sector that figure is growing at the rate of an extra 18 000 a year. For these reasons, honourable members should have expected in the Budget some guidelines and strategy to meet the problem head-on and to conquer it.

Yesterday I rose to ask a question of the Premier and to suggest to him that New South Wales needed a massive strategy to try to combat unemployment. I made that suggestion to him because I do not care who gets the credit for this sort of thing. Each honourable member should regard this as a non-political issue, and we should all sink our differences when we are endeavouring to come to grips with unemployment. I stated that the Opposition would offer every co-operation and do everything it could to tackle the problem on a bipartisan basis and to draw the trade unions and the employers together. In Victoria the Premier, Mr Hamer, has massed together the best people in the field to come to grips with redundancy in industry brought about by technological advancement.

What did our Premier say? He went into a tirade and ignored everything I said. Then, sadly for the people and the Parliament, the Premier said, "When I want help from the Leader of the Opposition I shall ask for it." If that is the contempt with which the Premier and the Minister for Lands and Minister for Services treats this major problem that is facing New South Wales, heaven help the people of the State. We might just as well look for the pot of gold at the end of the rainbow because, taking a line through the Budget, we are not going to get any action from the Government. All the Treasurer offers in response to the chronic state of unemployment is the creation of 1 600 jobs in the public service. Formerly the Government stated that the numbers in the public service would be held down and there would be no increases

in the number of staff employed. No real impact is made on the 4 000 unemployed teachers or on the 32 500 unemployed young people. Jobs will be offered to 500 young people. The only thing that the Premier did not say was that this is a federal initiative. Nowhere in the publicity has he mentioned that it is a federal programme.

Appointments of 200 more policemen will be made at a time when 600 or 700 more are needed, as well as better equipment and more facilities. The Budget will create jobs for 1 per cent of the unemployed in New South Wales, and every one of those jobs will be in the public sector. The effort the Government is making is so paltry that in the two months since the Treasurer first introduced the Budget the number of unemployed people in New South Wales has increased by more than the number of jobs the Budget will create. That shows how pathetic the Budget is. Unemployment is increasing faster than the problem is being solved. What makes it worse is the Government's attempt to deceive and dissemble, to create the totally false impression that it has unemployment under control. When the Treasurer first announced the Budget to the House on 5th September he said:

Over the past year unemployment in New South Wales has increased by only 3 per cent with a growth of unemployment of more than 25 per cent for the rest of Australia.

What a classic illustration of how statistics can be used to tell the biggest lies of all. What the Treasurer neglected to say was that in the preceding twelve months under this Government unemployment in New South Wales had risen by 27 per cent, or 30 000 persons. Because the Treasurer does not want the people of this State to know the true record of the Government's abysmal failure, he omitted to mention that the total increase in unemployment in the two years to June 1978 was 37 per cent, or 39 000 persons. That is what we ought to be talking about—not percentages, but the 39 000 persons who are out of work, and are subjected to the indignity of having to ask for unemployment relief. Instead, the Treasurer left us with the empty assurance that the Government's policies were successfully tackling unemployment at the root cause.

But that was two months ago. It was before the release of the unemployment figures for August and September. When we look at those most recent figures, we see just how deceitful the Treasurer's words were on that occasion. We know now that the situation has deteriorated even further. So far from relieving unemployment, the Government presided over an unemployment increase of 2 000 in August. Then, in September, when the number of unemployed throughout Australia dropped by 8 000 from 6.2 per cent to 6 per cent of the national work force, the figures for New South Wales did not vary a fraction. In other words, we did not share in the benefit of the improvement generally. So much for the Treasurer's glib assurance that he has everything under control. The fact is that unemployment is again on the rise in New South Wales but is being reduced in other States. That is why I, speaking on behalf of the **Opposition**, sought to get this matter out of the political arena so that we as members of Parliament could work together in the interests of the people of this State. After all, we have been elected to represent the people as a whole, and we should try to work out some guidelines that will make an impact on the problem of unemployment.

It is on the very question of unemployment that the intellectual and economic bankruptcy of the Government becomes clear. The Budget Speech shows that the Labor Government has abandoned the problem of unemployment without a fight, though the three lines devoted to that subject in the Budget Speech may perhaps be regarded as a whimper. But what a callous betrayal of the unemployed. What an abdication from responsibility. If there is one commitment that all governments in the western world must have today, it is to the relief of unemployment and its social

Mr Mason]

and emotional manifestations. This Budget avoids that responsibility. There is no attempt in it to establish an economic growth rate for the State, and no statement committing the Government to an annual target in programmes to reduce the rate of unemployment. Everywhere there is room to spend the money with infinite freedom within departments, but no commitment to young people and to others who have never yet been in the work force. It is no wonder that the Premier resiles from calling his party a Labor Party: it is no wonder that it is becoming known as the Wran Party. Obviously those who now sit on the Government benches are concerned not to be described as members of a Labor party.

With every day that passes this Government ignores certain basic rights of a large section of our community. The right to a wage is one of them. The Budget makes no attempt to deal with that problem. The right to a good education is another, and it is not unrelated to the ability to get a place in the work force. A budget like this merely loads the dice against the young who want to work. If the Government does not care, well may we ask, who does, who will? I believe that yesterday's response by the Premier in the light of the Budget will prove to be a great disappointment to many people. I am not concerned about the political implications. If we cannot reach across this Chamber and come together in an effort to tackle the problem of unemployment, we have reached the lowest point ever in the administration of this State.

The Government took great pains in presenting cosmetic plans for the relief of unemployment among the young, but the members of the public do not know whether those plans were implemented and, if they were, what success they achieved. An amount of \$33 million was allocated for this purpose in last year's Budget. That item does not reappear this year. It is replaced by an allocation that is equal to the cost of administering a programme initiated by the federal Government. With typical deception, the Premier has attempted to claim credit for this scheme.

Technological change and work requirements have caused a new set of problems for the youth of today, problems that must be solved if we are not to be guilty of betraying our youth. Those problems will not be solved by shifting them elsewhere, by blaming the federal Government, employers, schools, or trade unions. They will be solved only if people come together in a spirit of common purpose and with a firm resolve to succeed. That is why at the earliest opportunity I called on the Premier to summon a truly representative conference as a first step towards tackling unemployment in New South Wales. I renew that call this afternoon. I renew it in the strongest possible terms. In doing so, I pledge the Opposition's commitment to support such a venture in a constructive, non-political manner. I cannot do more than that.

I turn now to the subject of inflation. The story of inflation follows exactly the same pattern as the story of unemployment. We were told on 5th September that the Government had lowered the rate of inflation to the lowest level of that experienced in any State. It sounded good at the time. I suppose it was meant to be a vote winner. An election was coming up, and the Government introduced an election budget. That is the best way to describe it. Members of the Opposition were denied the opportunity of debating the Budget before the election, but now that we have an opportunity of doing so we can say, in the words of the *Australian Financial Review*, that the Treasurer's statements on inflation could "hardly be considered a respectable exercise in responsible government". The most charitable interpretation that one could put on his comment is that he was kidding himself with wishful thinking, and the most realistic interpretation must be that he was seeking to deceive the people of New South Wales by misrepresenting the truth.

To learn the truth one must go to the latest consumer price index figures. The rate of inflation in Sydney in the September quarter this year was clearly ahead of the national average. In the twelve months between September 1977 and September 1978 the rate of inflation was higher in New South Wales than it was in any other State except Western Australia. If we look to the last quarter, which gives the clearest indication of current trends, we find that the rate of inflation in New South Wales is 10 per cent higher than it is in the rest of the Commonwealth. I hope that new members of Parliament who have come here to take their places on the Labor benches will remember some of these facts, for I assure them that the truth of the situation will be borne in on them by the people they have been elected to represent. I repeat: the rate of inflation in New South Wales is 10 per cent higher than it is in the rest of the Commonwealth. That is how much control this Government has over the State economy.

Apparently worse is yet to come, for we are assured by the Treasurer that "the Government is determined to continue these policies, which have proved their effectiveness". So, notwithstanding that unemployment is again on the rise in New South Wales, notwithstanding that we now have the highest rate of inflation in Australia, and notwithstanding the alarming drop in new investment in New South Wales, the Government is convinced that we need more of the same disastrous policies. It is no wonder that the *Australian Financial Review* described this Budget as a rag-bag of handouts. It is no wonder that it said that the Budget makes no attempt to establish priorities. It is no wonder that the newspaper in question concluded its editorial on the subject with these words:

Mr Wran has so far contributed nothing in the way of policy making, as distinct from political gut-reflexes, to the State of New South Wales.

It is a rather shrewd judgment. However, even the Premier's gut reflexes are wrong. In the past two and a half years all they have managed to do is to reduce the economy of New South Wales to the worst recession since the 1930's. Now that the rot has really set in and is getting worse in terms of unemployment, investment and inflation, the Premier does nothing but offer more of the same misconceived budgetary policies. The Government has put forward the Budget as a recipe for unemployment. Instead of that New South Wales needs a positive, coherent and responsible economic plan to create new jobs and get the State economy on the move. Above all, it needs a plan to stimulate the free enterprise system. The Wran Government has refused to bring forward such a plan.

The Government claims that it wants freedom and enterprise though it is not willing to support free enterprise. That sort of contradiction simply will not work. As a lead to all other States New South Wales should be the first to give real and substantial cuts in direct taxes, and in that way boost consumer spending. By following that policy, and only by following that sort of policy, can the slack be taken up in our manufacturing industries. In this way new jobs will be created, consumption of goods will increase and production will return to capacity levels. That is the first priority needed in this Budget. Of course, the very thought of tax cuts is anathema to the Labor Party. Lower taxation would require a more efficient management of the Government's cash flow.

Mr Mulock: The New South Wales Government is a more efficient manager than the Fraser Government.

Mr MASON: The Minister should read what his party's federal spokesman on finance has to say about increased taxation. It has been clearly laid on the line in the federal sphere that the Labor Party stands for increased taxation. Lower taxation would require a more efficient management of the Government's cash flow. It would

require better management of cash reserves. Further, it would require the elimination of government waste and inefficiency. Worst of all from the point of view of this socialist Government, it would require a freeze on public service growth—a genuine freeze, not the Premier's idea of a freeze which is to add 20 000 employees to the public service payroll after promising a reduction of between 5 per cent and 8 per cent.

The second major strategy needed to revive New South Wales is a comprehensive plan to boost investment through incentives such as meaningful cuts in payroll tax, new apprentice and youth employment schemes, and special concessions for decentralized industry, especially in disadvantaged regions. That, I suppose, is asking the impossible of this Labor Government, which is committed to a rigid policy of government monopoly and all that it entails. It is committed to a bigger bureaucracy, more red tape and higher government costs and charges. Ultimately the Labor Government is committed to nationalization of key private industries. Is it any wonder, therefore, that this Government has failed to attract private capital to New South Wales?

The third step that should be taken without delay is to provide such infrastructural support as better roads, harbours and railways. These things are essential if our export industries are to flourish. Time and again the Premier has demonstrated his lack of vision in this regard. Although it is said that he goes to meetings of the Loan Council fully rehearsed, apparently he did not take along with him to the last meeting a comprehensive development plan for New South Wales. He tends to treat these occasions as simply another exercise in the politics of image. We all know what that will do for the people of New South Wales in terms of employment incentive—absolutely nothing. Once again New South Wales was absolutely rolled by Victoria.

The New South Wales Premier went to that meeting of the Loan Council with just two projects in mind. My colleague the honourable member for Young has pointed out that those two projects have been on the drawing board for the past four years, and were initiated by the former coalition Government. The Victorian Premier went to that same Loan Council meeting with a project right outside the guidelines of discussion but he was able to get it approved. Why did not the New South Wales Premier ask for an allocation for the construction of Windamere Dam? Why did not the New South Wales Premier put on a performance to get some more money to help the unemployed people in this State by creating more jobs? Instead of doing something constructive he went to the Loan Council meeting and merely got his photo taken.

Over the past six months, covering two meetings of the Loan Council, the New South Wales Government has consistently failed to submit adequate, long-term plans for infrastructure development. As a direct result New South Wales finds itself with the lowest *per capita* borrowing programme for infrastructure of all States. When I speak to the Loan Estimates I shall elaborate on these matters in more detail. At the Loan Council meeting earlier this week approval was given for New South Wales to borrow all the money it had asked for. The Commonwealth Government and the other States were as obliging as they possibly could be when evaluating the case made out by New South Wales. Despite this New South Wales fared worse in regard to special borrowings than any other State. New South Wales fared not just marginally worse but finished up hundreds of thousands of dollars behind every other State in terms of *per capita* borrowing approvals. The responsibility for that fiasco lies squarely on the shoulders of this Government.

New South Wales was left at the barrier while Victoria bolted off with approval for an entirely new project even though it fell outside the guidelines of the Loan Council. Why did the Premier of New South Wales not have a constructive submission ready to put forward? Why did he not go to the meeting of the Loan Council ready to fight for some water conservation programmes? After all, water is the lifeblood of this country. Tasmania submitted water conservation programmes to that meeting of the Loan Council and its proposals were approved. New South Wales got nothing in that respect.

The Opposition has been most concerned that it has had to struggle to understand this Budget without the aid of the Auditor-General's Report. Normally the Auditor-General's Report has been available to assist members in analysing the Budget. A copy of the Auditor-General's Report—I am told that it is a special copy and there are only two of them—has just been handed to me. As Leader of the Opposition it is my duty to analyse the Budget yet the Auditor-General's Report has just been handed to me, while I am debating the Budget. It is my understanding that the Audit Act requires the Auditor-General's Report to be presented to Parliament by 30th September in each year. In the fourteen years I have been a member of this House it has been traditional for the Auditor-General's Report to be made available when the Treasurer brings forward his Budget. It is the only way in which one can analyse what is proposed.

The fact that only just now a copy of the Auditor-General's Report has been made available to me establishes that this Government wants to deceive the people and to avoid proper analysis of what it is doing. The Government has deceived the people by claiming that taxes have not been increased. It is plain to most people that they have risen. The Government does not want people to know the real facts relating to the finances of the Public Transport Commission. The Opposition is most anxious to study this document and to ascertain the real deficit of the Public Transport Commission. It would appear that it will be \$8 million more than the budgeted figure of \$394.4 million. In an endeavour to conceal that fact it would seem that the Treasurer has short-changed the long service and general reserve provisions by \$8 million and has effected a paper transfer of that sum to the Public Transport Commission. How can the Opposition analyse that sort of thing if the Auditor-General's Report is not available before the budget debate? Apparently the Government has effected a paper transfer of \$8 million to try to make the figures of the Public Transport Commission look a little better than they really are.

It was a good try, but not good enough, for a close examination of the Government's Budget Papers highlights the fiddle that has been made with funds. Government members seek to deceive us by using words like humane and progressive to describe the Government's concern for the poor and needy. But if one looks at the figures one will see the real level of concern. The local government subsidy to pensioners is to be reduced in this Budget by 2½ per cent in real terms. During the election campaign the Premier stormed round the countryside saying that he had a great new handout for pensioners, but one finds from the Budget Papers that in real terms the subsidy is to be reduced by 23 per cent.

In line with last year's real value reduction for health of 8.3 per cent, and a reduction in the previous year of 14.8 per cent, the allocation for health has again been reduced by 4.9 per cent. This is the third Budget in a row in which the allocation for health has been reduced. In addition, services are down in real terms by 5.7 per cent, public works and ports by 10.3 per cent, conservation by 0.2 per cent, local government by 3.1 per cent, mines and energy by 2.5 per cent, planning and environment by 0.1 per cent, decentralization and development by 3.4 per cent, and transport and highways by 3.2 per cent. Now we are getting to the area where people's lives are affected. We are not now in the show ponies area. It is when we get into such areas

Mr Mason]

that we see where the money has been cut. Every one of those appropriations is to be reduced in real terms and others, like those for industrial relations and for sport, recreation and tourism, have just about been held at line ball. That gives some indication of the real level of this Government's concern to improve services in New South Wales.

This Budget seeks to deceive by telling only half the truth—the favourable half. We have been told half truths about education. For example, we were told that there would be great benefits from increased allocations of capital and recurrent expenditure to non-government schools. There ought to be. But what this Budget does not say is that this Government has repudiated the promise it made in 1976 to pay 20 per cent of the real cost of educating children in non-government schools in this State. Instead, it has adopted a new formula, the effect of which has been to pay only 16 per cent of the actual total cost of education expenses in these schools. The Government tells only half the truth. Even with the promises in this Budget the Government will still not be paying as much to non-government schools as it promised to do two and a half years ago.

The Government's record in the capital works programme for education is an absolute disgrace. This year the sum allocated for capital works for schools is \$95 million less than would have been needed to maintain the level of spending of the last Liberal—Country party Government. Last year it was \$84 million less, and the year before that it was \$53 million less. So, in three years under Labor in this State spending on capital works for education has been reduced by a huge \$232 million. A massive deception is attempted in this Budget in that the Government seeks to assure us that the Commonwealth has abrogated its financial obligations to New South Wales and that if only the federal Government would increase grants and tax reimbursements to New South Wales, this Government would put the extra money to good use. Like so many other of the Government's assurances, that is nothing but a glib assertion, unsupported by any published evidence and incapable of support because the evidence is all the other way. In fact, this Government's repeated failure to use Commonwealth moneys made available to it constitutes a shameful and contemptible breach of trust, and evidences neglect of duty.

I do not want anyone to think that I would use the word contemptible lightly. I use it advisedly, and rather ashamedly, but it is the only way to describe the undisciplined, fraudulent manner in which this Government has failed to use available Commonwealth moneys for the benefit of the State. I shall give two illustrations to support my contention. They are two damning illustrations, but unfortunately they are only two of many that could be given. Let me refer to the national water resources programme. I defy the Treasurer, or anyone else who wants to act as a spokesman for the Government, to dispute one word of what I am about to say. On 10th February this year the Prime Minister wrote to the Premier of this State informing him that the Commonwealth had set aside \$200 million for dam construction and flood mitigation works under the national water resources programme. Of that sum \$20 million was to be made available as soon as the States notified the Commonwealth of their priority projects. Naturally, every decently-run State would jump at the opportunity to get money flowing immediately to implement programmes of this sort. Nearly every State Government complied with that simple request. The exception was the New South Wales Government, which delayed its submission of a priority list. For eight months this Government neither produced the required list nor gave any reason for its failure to do so. For eight months this State's share of \$20 million that had been earmarked immediately, for water conservation programmes in New South Wales, money that was urgently needed in flood risk and drought risk areas of the State, simply sat in the Commonwealth Treasury collecting dust, not even earning interest for the State. Accrual

of interest might have been helpful in explaining away the delay. Then the New South Wales submission reached the federal Government. When? By a remarkable coincidence, three days before the State elections.

That submission was lodged just a little too late to be considered by the voting public of New South Wales, and too late for people to recognize the inefficiency of this Government and its cynicism in the allocation of these funds. The Government refused to issue a priority list any earlier because it feared it might lose votes in any area of the State that was omitted from the list. The officers of the Water Resources Commission must be tearing out their hair over the situation. They are dedicated to water conservation and want to get on with the job.

Even though this submission did not go to the Commonwealth until three days before the last elections, it was interesting to hear an announcement out of the blue of a \$200,000 programme in the Nepean electorate. What a pity the Government did not tell the electors that it could have spent that money eight months before on the river bank work that is needed in the area.

The Government preferred playing politics to getting on with the job of governing and developing New South Wales. In doing so it deliberately and callously endangered the lives of people living in the high-risk flood zone areas of Toongabbie and Dora creeks. I do not know what can be said about a government that treats water conservation work in that way. When a government puts cheap political gain before the interests of good administration, when it is willing to ignore its oath of office in order to stay in control of the Treasury benches, it deserves not merely censure but outright contempt.

As if these facts were not bad enough, the Government has further earned the contempt of honourable members by attempting the same deceitful trick with at least one other Commonwealth appropriation. I want to use one further illustration, though there are plenty I could choose. I have issued the challenge for anyone to deny these facts. I refer to the allocation of funds from the Commonwealth Road Grants Act for rural local roads. Every year the Commonwealth Government announces in its budget the amount that is to be made available to the States for rural local roads. Every year the States are ready to submit their priority lists so that they can get their shares of that money as soon as possible. This year every State except, of course, New South Wales, submitted road building programmes forthwith, and the Commonwealth Government considered those submissions just as promptly. Western Australia was given approval for its programme on 8th September, South Australia on the same day and Tasmania on 16th September. So the list goes on. Even as those approvals were being given to the programmes of other States, New South Wales had not yet lodged its submission. Because it feared the consequences of offending any rural community omitted from the list of road building priorities, this Government continued to stall, dodge and delay that responsibility, as it had done with the water resources programme, until the eve of the State elections. When I say the eve of the elections that is exactly what I mean. This State's submission for rural road building programmes was received by the Commonwealth Government on 6th October.

Mr Walker: How did we go in the elections?

Mr MASON: There is the cynical answer. I thank the Attorney-General for giving me the interjection that confirms what I have been saying. It was nothing but cynical politics that the Government was playing with the State's money. There can be no doubt that the Government's sole objective was to maximise its political gain, and that is what the Attorney-General has just confirmed. It was willing

to defer the road programme and the jobs that would have been created. Councils whose road works had finished on 30th June and that were waiting to ascertain their programmes had to bide their time.

These are some of the attempts that have been made by the Government to deceive the people and the Parliament. Each one of them deserves the strongest condemnation for what it is. Let me add that they are only the attempts we know about from the meagre amount of information supplied by the Government or otherwise available in public documents. I wonder how many others there are that we do not know about. Who, outside the serried ranks of Cabinet, knows how many other financial blunders this Government is concealing? The actions of this Government compel us to assume that there are many more. It has withheld from Parliament financial balance-sheets that should have been made public weeks ago, which *dearly* suggests that it had something to hide.

I have spoken of the Auditor-General's report. Let me mention one other document that should be available to members of this House, the quarterly statement showing the financial affairs of the Government. In the previous three quarters these statements were published within six weeks of the end of the quarter. It is eighteen weeks since we had the last quarterly statement, and surely there can be no justification for this delay. That is the way this Government interprets the phrase "open government". At public functions the Attorney-General and the Premier tell people that they believe in open government. It sounds wonderful. But it is eighteen weeks since we have had a basic document like the financial statement which is supposed to be issued every quarter.

Mr Walker: We had an election in the meantime.

Mr MASON: There is the political cynicism again. So much for Labor's honesty of government. At the time when the Government was arranging to withhold these reports the Premier was hypocritically assuring the House of his intention to improve financial reporting. In an urgency debate on 16th August he said in this House:

The Government has set up a task force on budgeting to undertake urgent investigations on potential for improvements to budgetary procedures . . . In addition, a working party on public accounts has been separately established to review the format of New South Wales public accounts. Its aims are improved reporting procedures and clearer presentation.

The Premier said that while still managing to look honourable members straight in the eye. As with so many other statements he has made about casinos, increases in State Government charges, a proposed aluminium smelter and a host of other things, we wonder if we will hear any more about them. The fact is that the Government had no intention of disclosing any financial reports before the elections because they would reveal its ineptitude and gross financial irresponsibility. Even these Budget Papers that have been available to members for two months fall far short of adequate accounting standards. They fail to make any comprehensive statement as to the source and application of funds, as would be required in a properly run business.

I have quoted extensively from the *Australian Financial Review*, which I consider to be a most responsible journal in financial matters. Let me quote from it once more:

Here already we have Mr Wran's third Budget, presented in just the same deliberately confusing and uninformative fashion as is traditional. The remarks about the State deficit, for example, while arithmetically correct are totally misleading. There is no attempt to reconcile the State accounts with national income concepts, as is done with the federal Budget.

The *Australian Financial Review* report in reference to the Budget Papers relating to Government instrumentalities had this to say:

There is a complex and elaborate technique, using trust funds, of escaping parliamentary inspection and control.

They are the sorts of comments that this Budget has won from the financial commentators of the State. New South Wales, in particular, needs a strong hand controlling Treasury expenditure, for we believe it should be the pre-eminent State in the Commonwealth. The State needs long term planning, and well researched programmes that will stimulate economic recovery and create new job opportunities. We must curb the public sector and promote private initiatives and endeavour. The Budget presented by the Government fails to meet any of these needs. I submit that it will do absolutely nothing to take New South Wales forward.

Mr FREUDENSTEIN (Young) [5.9]: As indicated by the Treasurer when he introduced the Budget, it was merely a reproduction of the Budget presented prior to the election campaign. If that Budget had received the close analysis now given to it by the Leader of the Opposition the public may have been more aware of its deficiencies and of the fact that it offers very little incentive to the people of New South Wales, to industry and to other segments of the community. It contained tremendous indirect tax increases. Although it was condemned by the press and by the public, it had not received the close analysis usually given to a budget by this House. It was, therefore, a coward's budget which was thrust before the House, and the Treasurer and the Premier then promptly raced to the electorate before it could be generally known what was in the Budget.

The Treasurer indicated that in this Budget he confirms the strategy that has proved successful over the past two years in reducing inflation and checking the rise in unemployment in New South Wales. A short while ago the Leader of the Opposition demonstrated that in the past two months New South Wales has had the highest rate of inflation of any State in Australia and the highest increase in unemployment in the same period. This is the sort of result that we get from the Budget that has now been sighted by the public of New South Wales, and this is their reaction.

The figures revealed in the Budget show that the increase in income is hidden under a disguise called indirect taxation, which accounts for well in excess of 50 per cent of the State's income. The details appear as lump sums in these papers. These are insidious impositions on the individual affecting his everyday way of life, yet the taxpayer is completely unaware of what is happening to him and how much tax he is paying. Over the past three Budgets the Wran Government has cleverly exploited and increased all forms of indirect taxation outside the reporting capabilities of this Budget. It has been done by tabling regulations in this place or by a mere stroke of the pen by a Minister. The press and the news media generally have been willing to turn a blind eye to this action by the Wran Government, either by design of the editors and the press barons of this State who are receiving their just rewards in other directions from the Government, or because of the inexperience of the journalists or their political affiliations.

A close analysis of taxation in Australia indicates that, as has been pointed out before, New South Wales is the highest taxed State in the Commonwealth. If one makes a slightly deeper analysis one readily discovers that approximately 38 per cent of the total tax collected comes from personal taxation, 34 per cent from tax on goods and services and about 143 per cent from income tax on companies. The taxes making up the balance amount to a little over 13 per cent. From a further breakdown it is easy to see that 523 per cent of the taxation imposed on every individual in this State

is outside the scope of this Budget. A further breakdown indicates that of the total taxes on Australians for goods and services, which is 34 per cent of the gross tax revenue at least 17 per cent is collected by the Commonwealth and, again, is outside the scope of this State Budget.

Virtually, taxation—that is, the revenue drawn from or affecting the individual—as shown in this Budget touches little upon his life. The Budget bears little relationship to the individual. In fact, only 30 per cent of the total taxation that a person pays over his whole life is effected by the State and only about 20 per cent of that is effected by this Budget. I have used these figures to show what little impact a State budget has on the awareness of people in the street and how little it affects them. For that reason people did not search and find out how it affected them prior to the last elections, and therefore they did not appreciate the hidden taxes that lay below by way of indirect taxation and taxation by regulation.

It is relevant to draw attention to the weight that is attached to the Budget by the news media and was attached to it as a political gimmick by the Premier and the Treasurer. It is a sad reflection on this Government, on the governments of other States and on past governments that this position has been allowed to grow and that the powers of the States have been so eroded since federation. It is one of the saddest conclusions to be drawn that the Commonwealth Government—Big Brother in Canberra—has developed a fiscal dominance that was quite unforeseen at the time of federation. This fiscal dominance has resulted in the Commonwealth Government taking policy initiatives in areas that constitutionally are the province of the States. This was most marked during the time of the Whitlam Labor Government in Canberra.

The growth of big central government in Canberra and the power being vested in one central authority is the goal of socialism. Today even this Government is endeavouring to hand over some of its responsibility to the Commonwealth. It should clutch to its bosom those powers and rights that were ours before federation and it should try to get back some that were ceded at the time of federation or have been filched over the years by the Commonwealth through its dominant fiscal policies. It is the objective of socialism and communists that this great central government should grow. The weakness has become pronounced in the States year by year. As I said earlier, it becomes more pronounced when there is a socialist government in Canberra. Thank goodness that at the time that happened we had in New South Wales a government of another colour.

These powers and these taxation influences between the State and federal governments have been examined in depth from time to time over many years, but never has an examination been as necessary as it is now. We can be thankful that the Prime Minister has recognized the weaknesses and the fiscal dominance of the federal Government and is willing to give back to the States many of the powers that they had and should regain. We should grab back those powers because, as I said earlier, the responsibility for revenue raising now has been completely dissociated from decision making in respect of a good deal of State expenditure. There has been an accelerating trend towards the centralization of Commonwealth decision making. Over the years the States have had access to inadequate sources of revenue, but this is not so under the Fraser federalism system. At this stage we should be making reductions, not only in personal taxation but also in many of the imposts that have been put on recently by the Labor Government. I shall draw attention to some of them.

Over the years the fiscal domination of the Commonwealth has been a further handicap to State governments. This is reflected in the Budget, mainly by way of servicing debts. For years the federal Government financed its own operations from

within a budget and then forced the States to borrow in order to carry out their capital works. This throws a burden upon State governments. Notwithstanding all this **difficulty**, it should have been possible with the huge grants that have been coming back to the States under the Fraser federalism policy on taxation to give a greater **cut** in taxation to provide incentives to the people.

I agree with many people that the Australian taxation system fails to satisfy **the** basic requirements of a good taxation system. It is my view that it is time for a **constitutional** review of the whole of the Commonwealth and State financing systems **and** of their interrelation. It is time that the **Wran** Government approached the Commonwealth with a co-operative plan to reduce the impost burden upon the people **in** this State who, it has been clearly established, carry the highest tax burden of any State in Australia.

It is pitiful and noticeable that over the years that Labor has been in and out **of** office that party has been responsible for increasing taxation and introducing new taxes. I refer now to the imposts that appear in the present Budget. Successive Labor Governments have had a fixation with land tax which was imposed in an endeavour to break up large country estates. That was that party's original policy. Can it be **sustained** in the present economy? In this modern age when one should be endeavouring **to** develop industry and at a time when there is a high value on land, can a tax upon **land** be sustained? The Labor Party believes so.

In 1965 when the former Government came into office land tax represented 22.8 per cent of the State's total budget intake. Gradually that Government reduced land tax so that by 1975 it represented only 7.9 per cent of the State Budget. By way **of** contrast, last year some \$89.5 million was collected from land tax. This year **the** amount from land tax will be \$130 million. Notwithstanding that the Premier has intimated all along the line that the State will have reduced taxation, he made a remarkable announcement about death duties. At the Livestock and Grain Producers' Association conference, which represents the major farmer organizations in New South Wales, **the** Premier made great promises about reducing death duties, for which he received great praise from those organizations. They thought that the Premier would do something about death duties. Action has already been taken in Queensland, which has a National Party Premier. Victoria, where there is a Liberal government in office, has started to do away with death duties. However, not one step has been taken in New South Wales to abolish death duties.

I wish to refer the House to the history of the Labor Party's bringing in these **policies**. Death duties go back as far as 1869. At that time it was thought to be the great equalizer introduced by the socialists. When the former Government came to office in 1965 death duties represented some 29.3 per cent of the total State tax **collections**. When that Government left office it had reduced death duties to a stage where it represented 7.7 per cent of the total State taxes collected. It is significant that death duties have been synonymous with Labor governments. As I intimated before, land tax was also a product of Labor governments. When the Local Government Act was enacted in this Parliament in 1906 local government was given the power to levy rates. Land tax collections in New South Wales were suspended. In 1910 this tax was taken up by the Commonwealth Government. In 1952 when a government on the Opposition's side of politics was in office in Canberra the I-nd tax was kicked out in the federal sphere. It was adopted by the Labor Government **then** in office in New South Wales. So one may say that those of the same political persuasion as Opposition members spent their time getting rid of these taxes and Labor **governments** spent their time in office imposing them

Mr Freudenstein]

In summary, the history of land tax is as follows: off in 1906; back in 1910; off again by the Commonwealth Country Party Government in 1952; and on again by a State Labor government in 1956. If I may say it, we will have a hell of a job cleaning up New South Wales after present Government supporters have spent another term in office, by which time the public will be sick and tired of them. The same picture can be painted of death duties. As I have already said, when a Liberal—Country party government came into office in 1956 death duties represented 29.3 per cent of the total tax collections in New South Wales. Over the years that Government gradually whittled them down. Socialist policies and handouts had been built into the taxing and welfare systems of New South Wales by former Labor governments and these systems could not readily be disposed of. Eventually the former Government reduced them to the extent that they represented only 7.7 per cent of tax collection.

Although the Premier made the great promise that he would do away with death duties, we know that this year death duties will bring in some \$88 million, if I remember the figure correctly. This represents a drop of \$9 million from the \$96.7 million received last year. Government supporters would wish estates to pass out of the hands of families or for family homes to be sold in order to fill the Treasury coffers and to carry out a great equalization by taking away property. That is the socialist ideal and the reason why the honourable member for Broken Hill is a member of the socialist party and ascribes to its views. That is the only tax cut that one observes in this Budget.

In the last year that the former Government was in office revenue from racing amounted to \$73 million. I do not propose to criticize the Government's proposal to collect \$99 million from racing. I subscribe to the theory that it is realistic to tax the racing industry so that, in the long term, the Government can make a worthwhile contribution to assist that industry. The Racecourse Development Fund, which was established by the Askin Government, has made a significant contribution to country racecourse facilities. My only regret is that some of the money administered by that fund has been misdirected to certain racecourses on the fringes of Sydney with the result that racing in country districts is not being assisted to the extent that it should be. I refer particularly to how the Cowra race club, which is in my electorate, has been let down notwithstanding the vain efforts of the defeated Labor candidate, who has made a few representations in this regard. I suppose one would not expect a defeated candidate, who was not even endorsed by his own party, to achieve any result. I believe that it is equitable to tax racing. All I ask is that there be a better distribution of the money raised by this tax so that it can be used for the purpose for which the Racecourse Development Fund was established. There is a need for a better distribution of funds so that racing in country areas can be given greater assistance.

I propose now to deal with payroll tax, of which there has been much criticism. This year payroll tax will increase from \$555 million to \$682 million. The Government is doing little about reducing payroll tax. This year the Government will receive an extra \$127 million from this source. My criticism of payroll tax is that it imposes a penalty upon labour-intensive firms. If payroll tax were removed, a small industry employing seventeen employees could afford to take on another employee, which would be a tremendous incentive for a small firm. Moreover, it would help to alleviate unemployment. Exemption levels have been eroded as a result of inflation and higher wage rates. Payroll tax is a disincentive to extra production. It encourages excessive investment in machinery and the introduction of more modern processing methods with the aim of saving labour costs.

The Premier and the Treasurer have said that payroll tax is essentially a revenue raising measure. They could not care less about the problem of unemployment in this State. In the interests of decentralization and helping to maintain a greater flow of industry to the country—indeed to help keep our present country industries going—efforts should be made to correct some of the anomalies caused by payroll tax. Though the level of payroll tax has not been increased, the revenue from this form of taxation will increase from \$555 million to \$682 million—a massive increase—which will eventually come out of the pockets of the people. Payroll tax is a most inflationary form of taxation.

In the last financial year receipts from stamp duties totalled approximately \$293 million. Surreptitiously and by regulation, stamp duties will bring in \$325 million in the present financial year. Stamp duties are an insidious form of taxation about which the public knows little. Stamp duties are a most inflationary form of taxation. They are an easy way of raising money; generally it comes in as duty paid on commercial documents. The Premier made a unique effort by deciding to abolish stamp duty on home purchases but by the time the money would have come in, it would not have mattered. Stamp duties will now increase from \$293 million to \$325 million. This so-called harmless Budget was put before the public before the last election. The pundits of the press failed to analyse it; they certainly failed to publish any criticism the Opposition made of it. Now we see the Budget in its true light.

The Wran Labor Government is subtly sucking blood from the taxpayers of this State. Every citizen will be affected by additional indirect taxation. Industry is being attacked and incentive taken away from any form of development that would help to create employment. Submissions to the Commonwealth are being delayed for political reasons. Unemployment is increasing because the Government failed to take up \$20 million that it could have used on water conservation schemes. Applications for road funds have not been sent on lest country areas of this State find out that they are to be denied some of that money which will be spent on certain outer parts of the western suburbs of Sydney. All these things are hidden in the Budget which deserves to receive the condemnation of this House. I trust that the public will recognize the Budget for what it is—a subtle approach by the Government with the idea of placing higher taxes on the people of this State.

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

Mr R. J. BROWN (Cessnock) [5.39]: Mr Speaker, first, I congratulate you upon your re-election to the historic and honoured position of Speaker of the Legislative Assembly. The great confidence that has been shown in you has been indicated by the fact that you received, without opposition, the endorsement of Government supporters and were elected unanimously by the members of this House.

I seek your indulgence and the indulgence of honourable members while I make a reference to Mr George Neilly, my predecessor, the former member for Cessnock. George Neilly represented the Cessnock electorate for almost twenty years. As a young man, his many talents became evident, first as a lodge officer, later as president of the northern branch of the Miners Federation, then as general secretary of that federation, as a member of the Legislative Council and later as a member of this House. During his many years in public life, George Neilly displayed great human understanding and compassion. In more recent years he has suffered considerable personal discomfort from ill health, but he delayed medical treatment because of the delicate balance of numbers in the previous Parliament. George Neilly was never known to turn away a person who came to him for help if he considered he may have been

able to assist. He was—and is—the friend of many people. I pay a tribute also to his charming and gracious wife, Mrs Lola Neilly. Her loyalty and support of George in his public duties have always been outstanding.

I express my appreciation to the great band of dedicated and loyal Labor Party members and supporters whose confidence, encouragement and assistance made it possible for me to represent them and the Cessnock electorate generally. Those people are not motivated by any desire for personal gain; their motivation is a desire to help achieve the great objectives of the Labor Party and the Labor movement so that their children and their children's children may live in freedom and security and with dignity, in a more just, humane and enlightened society. Finally, my appreciation goes to the electors of the Cessnock electorate for their great display of confidence in me. They know that I shall never betray that confidence. I assure the 20 per cent of the people in the electorate who did not vote for me that I shall represent them with the same vigour as I shall use in representing the other 80 per cent who displayed and reaffirmed the political insight and the political wisdom that they have shown on previous occasions.

I turn now to the Budget. Though I am one speaker removed from the Leader of the Opposition I should like to refer to some matters that he raised. His performance was incredible. If the Leader of the Opposition represents the best that is available from the Opposition ranks at the present time, I am not surprised that the results of the last election were as they were. I was amazed that the Leader of the Opposition, in discussing probably the most important single financial document to come before the House during the year, should have involved himself in nit-picking to the extent he did. Yesterday he referred to a report that had come from the New South Wales Women's Advisory Council and said that it could have been written by someone doing a matriculation course. If one stripped the speech made by the Leader of the Opposition of its rhetoric, clichés and assumptions, there would be little substance left. What is left could have been prepared by a student in sixth class at primary school who was capable of working out percentages and reading a newspaper. Apparently that was the best contribution that could be made by members of the Opposition on an extremely important financial document.

I should have expected some evidence of an alternative budget that the Opposition might have brought forward had it been elected to govern. No such evidence was produced. In explanation of his own insufficiency on the matter the Leader of the Opposition excused himself by referring to the fact that the Auditor-General's report was not available. Though at one time I was tempted to go through some of the details of the matters to which the Leader of the Opposition drew attention, because of the limited time available to me I do not propose to do so. He referred to the big, expanded, bureaucratic government eating up the finance available to the State and the growth of unemployment in the private sector. He did not refute, and could not refute, the reference on page 3 of the Financial Statement to public service staff levels again being frozen, with the exception of teaching and hospital staff, the police force and provision for a further youth employment programme.

If the Leader of the Opposition is concerned about the growth that is taking place in connection with education, health, the police force and youth employment, he should say so. He should stand up and be judged by the people who are concerned about the education of their children, the health of their families, the personal security in their homes and the employment opportunities for their children. If that is the attitude of the Opposition, it should say so more clearly than it has so far. The other point was a reference to added expenditure of \$214 million. Despite the increased expenditure and the assumption that the Leader of the Opposition was trying to make

that it would contribute to inflation, this year's Budget's total expenditure will be held to an increase of about 6.5 per cent which is lower than the inflation rate. Therefore, the Budget will not make a contribution to inflation in New South Wales. The Leader of the Opposition was selective in the material he took from some newspapers. I refer honourable members to the original articles to which the Leader of the Opposition made reference so that they can assess his honesty or otherwise and the extent to which the material was read in context or out of context. In a national newspaper just after the Budget was introduced the editorial read:

In the wake of the Federal Budget——

That Budget was prepared by the senior colleagues of the members of the Opposition in this House——

which slugged many taxpayers Mr Renshaw, the Premier, Mr Wran, and the considerable talents of their Treasury advisers have managed the Budget of moderation.

What was claimed by the Government was endorsed by an editorial in a national newspaper. It referred also to Mr Renshaw being able to make the most of a budget strategy designed to contain inflation and at the same time stimulate industry and employment by deploying record amounts of capital funds. Following the Budget, this appeared in an editorial in a provincial newspaper:

Within its limited scope the Budget showed a human face, acknowledging the State's responsibility where it can to generate employment, especially among the young, to improve education, to lighten the taxation load on small businesses, to encourage licensed clubs to use their profits for community welfare, and to begin the elimination of death duties that have been such a burden, especially on the rural community.

That was not written by a publicist for the Labor Party. Those words were written in the editorial office of a major national newspaper in one case and an important provincial newspaper in the other case. What concerned me most about the contribution of the Leader of the Opposition was that he displayed a complete incapacity to assess the general significance of the Budget and the type of situation in which the Budget was prepared. I was surprised by the extent to which he referred to percentages. At one stage the Leader of the Opposition preoccupied himself with referring to the advertising allocation of the Premier's Department. He also made a reference to cat treatment clinics. Good heavens! If there are not more important matters of general significance in the State Budget for the Leader of the Opposition to deal with, I should be most surprised.

One of the problems with the State Budget this year was the difficult circumstances in which it was prepared. To a large extent those circumstances were a legacy from the situation created by the former Liberal Party and Country Party Government, and inherited by the previous Wran Government. The deficiency of State financial resources largely stems from that period which commenced in 1965. I remind honourable members of the offer by the Whitlam Government to assume control of country and intercapital-city railways in New South Wales. Negotiations in that connection were broken off in 1975 as far as New South Wales was concerned. South Australia and Tasmania are still reaping the benefits of the agreements that were reached with the federal Government. Had the arrangement been concluded, this State would have saved \$200 million in 1975-76, more than \$300 million in 1977-78 and about \$350 million in the current year.

Mr R. J. Brown]

The unfortunate reality, of course, is that in May 1976 the Wran Government inherited a financial mess in New South Wales. It is to the credit of the Wran Government and its Treasurer that in a relatively short period it was able to pull the reins on all of the problems that had developed and start to get some stability, sanity and balance back into the financial affairs of this State. Yet the members of the Opposition are precisely the people who masquerade before the public and among themselves as the great economic managers. In fact, both federally and in New South Wales the most efficient and effective financial managers have come from the Australian Labor Party, the record of which stands second to none.

There was also the ludicrous fiasco of 1975 when this State lost about \$30 million because of the failure of the Liberal-Country party Government to participate in the Medihank scheme. A tentative and conservative estimate of the direct cost to the subsequent Labor Government of the mistakes made by the conservative parties when they were in government in this State is something more than \$1,200 million.

The honourable member for Young and the Leader of the Opposition talked about the things the Government should be doing in education, health and welfare. The Leader of the Opposition shed crocodile tears and pointed to me, referring to me as a representative of working-class people, and said that I was not putting the case for their interests. He does not know what working-class people are. He has had no association with them. He just talks about them. He can come to my electorate at any time he likes and the working-class people will give him a real welcome.

One of the unfortunate, incredible and indisputable developments in the current economic situation in Australia is that State governments, particularly the more financially responsible ones such as we enjoy in New South Wales, are expected to fill a gap created by an incompetent and inefficient federal Government. That is an extraordinary state of affairs in view of the fact that the federal Government has access to vast sums of money that it could use to bring about conditions that we in New South Wales should like to see. However, the federal Government, by abdicating its responsibilities, either by design or through incompetence, has failed to create an economic climate that will guarantee the security of the people of Australia and ensure their well-being. Accordingly, the State governments, though much less self-sufficient financially, are left to solve the problems created by the Commonwealth. New South Wales has about 10 per cent of the total funds available to the Commonwealth Government, but it has filled remarkably well the gap left by the Commonwealth. The record stands, and the people of this State overwhelmingly acknowledged it only a few short weeks ago.

The Treasurer pointed out that New South Wales has the lowest inflation rate in Australia. He said that over the past year New South Wales had the lowest growth rate in unemployment of all States in Australia. Those two developments alone highlight the effectiveness of the previous budgetary policies of the Wran Government—policies that were maintained in the most recent Budget. That approach includes, of course, the careful selection of budgetary measures designed to encourage employment-generating activities while holding the increase in total expenditure to about 6.5 per cent, which is less than the rate of inflation, in order to ensure that financial management in New South Wales would not be such as to contribute to inflation.

There have been no increases in State taxes. Public works expenditure has been maintained. Special unemployment relief schemes have been implemented and new employment creation programmes begun. I come from Cessnock, which has probably the highest level of unemployment of any area in New South Wales. I know of the assistance made available for the relief of unemployment in that area by the Wran Government. That assistance made it possible to put some of these working-class people

back into jobs after they had suffered a loss of personal dignity by having to go home on a Friday night and tell their wives and children that they no longer had work—that they were no longer of any social value. As a result of the State Government's assistance, unemployment was relieved. Yet members of the Opposition in this House shed crocodile tears about unemployment, human misery and hardship, and about what should be done for welfare, health and education. If they were to leave the silvertail areas they represent and get out to where the real people live, they would find that they have been talking about things they do not really understand.

This new role for State governments, this new responsibility for the State Treasurer, have become increasingly necessary because of the measures of the federal Government and the likely impact of its 1978–79 Budget. Professor John Nevile of the University of New South Wales said recently that the increase in federal Government expenditure is not enough to offset the depressing effects of the rise in taxation rates. He said further that the slight decline in the national income implied in the federal Budget will cause a decline in real income which is roughly equal to the rate of inflation. For that reason, he described it as a stationary budget, and said that it will cause no change in the level of aggregate employment and, therefore, a significant rise in unemployment. I am sure that the advisers to the federal Government are not stupid. They would have been just as much aware of that fact as would Professor Nevile. Despite that, and with a stubbornness bordering on bloody mindedness, the federal Government refused to introduce measures that might have some effect in reducing unemployment. As Professor Nevile says, the federal Budget will not only fail to reduce unemployment; it will in fact increase unemployment. He made the further point that the federal Government was failing to acknowledge that even though its aim is to get inflation down to 5 per cent by next June, it could achieve that object and increase employment if it provided for an increase in the deficit of less than \$1,000 million. That is not a substantial increase in terms of the deficit expected anyway. Yet the federal Government has refused to do that. As a direct result, and as a deliberate objective of federal Government policy, unemployment in New South Wales will be much greater next year. It has become necessary for the New South Wales Treasurer and the Government of which he is a member to do something about it. That is a remarkable feature of the abdication by the national Government of its responsibility.

The State Budget was prepared at a time of severe financial constraint imposed by the federal Government. Prior to the election, the members of the Opposition endorsed the financial policies being followed by the Commonwealth, including the tax surcharge. I do not know whether they were intimidated, but when the Liberal Party Premiers left their meeting with Mr Fraser, they came out with their tails between their legs, saying that they endorsed the policies of the federal Government. I believe that was part of the reason for their annihilation.

Constraints are indicated by the level of increases in Commonwealth grants. In 1974–75—the last full year of the Whitlam Government—the increase in general purpose grants was 32.7 per cent. In the same year the increase in specific purpose grants was 57.4 per cent. The total increase to the States for that year was 50.6 per cent. I shall not give the intervening figures but go directly to the financial year 1978–79. This year the increase in general purpose grants is 7.6 per cent and in the specific purpose grants 1.5 per cent, giving an overall increase of 4.9 per cent. Last year inflation was running at 13 per cent. This year it is expected that inflation will run at 7 per cent. Despite this the increase in both general purpose and specific purpose grants to the States is a mere 5 per cent. To make the situation even worse the funds for State capital expenditure this financial year actually fell in the light of the overall economic situation. With inflation proceeding at the rate I have given, the contributions from

Mr R. J. Brown]

the Commonwealth represent an actual fall of 4.3 per cent. I believe it to be relevant to refer to a statement made by the federal Treasurer, the Hon. J. W. Howard, in his budget speech. He said:

The present Government, in line with its federalism policy, has been lessening the emphasis on specific purpose programmes following the considerable expansion in this type of assistance in recent years.

Most people would assume that what the federal Treasurer was implying was that, though the specific purpose grants may have been reduced in terms of percentage, the general purpose grants would be increased to compensate for that. That would be a reasonable assumption from the statement by the federal Treasurer. In fact that did not happen and is not happening. That is the new federalism about which so much has been said, particularly by the Prime Minister. This new federalism has represented the abandonment of federal responsibility in many areas of the greatest social need. It has represented a transfer of those responsibilities to the already financially disadvantaged and overburdened State governments. It has represented a retreat from the realities of social need. It has represented a repudiation of what should be an appropriate framework of financial relations between the Commonwealth and the States.

The problems inherent this year in the preparation of the State Government's Budget will be even greater in the future. The change of emphasis under conservative federal governments from the more equitable area of direct taxation to regressive and punitive indirect taxes serves a dual purpose for the federal Government. The first purpose it achieves is to shift the burden of taxation payments on to the shoulders of those less able to pay. This of course is a reflection of the Fraser Government's general philosophical commitment to the privileged and powerful elements of our society. The second purpose it achieves is that it has reduced—and, I believe, quite deliberately—the share of total taxation made available to the States. The New South Wales share is determined on the basis of personal direct income tax. With the attraction of the federal Government towards another indirect tax—a value added tax or a retail turnover tax—these two purposes will be increasingly achieved with serious detrimental effects not only on State Government revenues but also to the more disadvantaged sections of the community.

The States **must** insist that if the present type of approach to Commonwealth financial assistance for the States is to be maintained, if formulas are to be maintained and adapted in the light of changing circumstances and if a percentage formula of any kind is to operate, that percentage must be based on the total taxation receipts of the federal Government. If we do not insist on proper financial arrangements between the Commonwealth and States, the States will become increasingly disadvantaged and eventually incapable of determining their own direction and pattern of expenditure. Further, they will inevitably become simply the agents of the federal Government which will make funds available on terms that it considers to be most appropriate.

Probably the most important single problem highlighted in the New South Wales Budget is the deficit of the Public Transport Commission. I do not blame this Government or the previous Wran Government for this deficit which is estimated to be \$442 million—\$44 million higher than last year. I should like to remind the House and the public at large that in 1965–66, the first year of reign of the previous Liberal–Country party Government, the deficit which has now reached \$442 million was \$12.25 million. In the last year of office of that coalition Government that deficit had increased to \$167 million—1 400 per cent. Of course, the rot had then set in. It took a person with the competence and ability of the Minister for Transport in the Wran Government to do something about it. Now the Public Transport Commission deficit is being reined into control. That was one of the major burdens inherited by the first Wran

Government. As the Treasurer has indicated, the deficit is progressively being brought under control. This year the increase is 11 per cent which is the lowest rate of increase for seven years. Nevertheless, the Public Transport Commission deficit will continue to be a major problem for the New South Wales Government. At least now it can be said that serious efforts have been made by both the previous Wran Government and this Government to overcome the problem.

Finally I should like to invite the attention of honourable members to another serious problem affecting New South Wales and its status as the most quickly advancing, stable, secure and progressive State in Australia. The *per capita* allocation of general and specific grants to New South Wales this year is \$629. The *per capita* allocation for the small State of Tasmania is \$1,045. The structure of New South Wales is such that the *per capita* contribution through general and specific purpose grants should be higher than it is. The *per capita* share from taxation alone to New South Wales and Victoria is a mere \$290. The other States average a *per capita* share of \$434. In conclusion I wish to refer briefly to a comment made by the Treasurer at the end of his budget speech. Referring specifically to the Budget, he said:

. . . It will serve well all the people of New South Wales. It will help restore economic prosperity to the State. It will contribute to the renewal of confidence and the inherent strength of New South Wales.

I endorse those sentiments entirely. I congratulate the Treasurer and his Treasury advisers on the compilation of a progressive and constructive budget in the light of the severe problems faced. This Budget is probably one of the best ever presented to this State.

[Mr Speaker left the chair at 6.9 p.m. The House resumed at 7.30 p.m.]

Mr AKISTER (Monaro) [7.30]: I congratulate you, Mr Speaker, upon your unanimous reappointment to the office of Speaker, the most important position in the House. The unanimous vote is a reflection of the confidence in which you are held after the two and a half years during which you controlled this House with a firm and fair hand. Members of the Government and the Opposition, realizing this, have given you their complete support. The maiden speeches given during this debate by the honourable members for Nepean and Cessnock have given an indication of their potential as members of the Parliament and augur well for their future. I believe they can look forward to a long and illustrious career in Parliament.

The House is debating the 1978–79 Budget for New South Wales. This is the third budget brought down by the Wran Government in which it has adopted the attitude that it should not try to do spectacular things but, in difficult economic circumstances, it should pursue responsible, steady and moderate financial policies that will benefit the State and the people.

Some allocations contained in the Budget are of particular interest to rural areas. I represent a large country electorate in the southeast corner of New South Wales. [*Quorum formed.*] I shall elaborate upon some matters that are of concern to the people of rural areas. The one that possibly drew most attention in country areas was the undertaking by the Government to abolish death duties in three years. The abolition of these duties has been a contentious issue for many years throughout Australia, and the Wran Government came to realize that the people who were paying death duties were those at the lower end of the scale. People at the top end of the scale—the extremely wealthy people who should have paid death duties—were able to employ accountants and tax experts and they were not paying death duties. The duties were being paid by the owners of small businesses and family farms, to their detriment and possibly the eventual demise of their enterprises.

The Government undertook to abolish death duties completely in three stages. In the first stage one-third of the death duties would be conceded on estates falling due on or after 1st January, 1979. The second stage conceded a further third on estates falling due on or after 1st January, 1980. There is to be a complete abolition of death duties on estates falling due on or after 1st January, 1981. The abolition of death duties will provide a great stimulus to family farmers and small businesses in country New South Wales.

Another matter that was causing great concern to the owners of small businesses in country areas was the iniquitous payroll tax that was introduced by the former Government. It has caused damage, heartburn and concern to those persons. The payroll tax concession already granted by the Government—that is, the complete abolition of payroll tax for certain country industries—has now been augmented by a reduction of 10 per cent in the payroll tax due. This will help small businesses to remain financially viable, and also possibly help in a small way in providing further jobs in country areas.

The poker machine tax concessions granted by the Government have been extremely beneficial to registered clubs within my electorate. Many of them were facing extreme financial difficulties. In Queanbeyan it was forecast that about half of the registered clubs could become bankrupt unless some concessions were granted. The Government agreed to concede 50 per cent of the supplementary tax over a three-year period and in this Budget we have seen the last third of that 50 per cent of supplementary tax conceded. This has been of great benefit to the registered clubs.

I was pleased to be associated with the concession granted to registered clubs in regard to poker machine taxation for sporting, community and welfare activities that the clubs may sponsor. An allocation has been made in the Budget of \$4 million to registered clubs for approved community, sporting and welfare activities. I understand that a report made in conjunction with the Registered Clubs Association has been made available to the Treasurer and is now being considered by the Government. It recommends that a further concession of poker machine taxation be implemented this financial year to the benefit of the communities where registered clubs are located.

Another great incentive to country areas has been the sustained level of capital works expenditure provided for in the Budget. In my electorate the capital works programme covering the building of schools, hospitals, roads, community health centres and similar projects, has meant that a great many people have been provided with jobs that they lost through the reduction in capital works expenditure that has been a feature of the federal Government's budgets. Many people in my electorate rely upon works that originate in the Australian Capital Territory, which adjoins my electorate. About 54 per cent of the workers in Queanbeyan go to Canberra for their daily work. The cutback in capital works expenditure by the federal Government has meant that many of these people, who are construction workers, have been thrown out of work. The sustained level of capital works expenditure by the New South Wales Government has provided jobs for a great number of these people, with benefit to themselves and the community.

The increase of about 10 per cent, bringing the allocation for education to a record level, has also proved beneficial in my electorate. The majority of schools in the area have been upgraded and the numbers of teachers increased. A particular feature has been increased support for technical and further education. Cooma technical college, the only technical college within my electorate, has received an increased allocation. Within the past two years buildings have been purchased from owners of adjoining properties and the college has expanded. On the far South Coast the need for a technical college is more than justified. Young apprentices

there travel hundreds of miles to receive technical education. It is my belief that a technical college, based upon the existing industries on the far South Coast, would be justified.

I particularly welcome the allocation of funds for rural areas. The Treasurer, who represents a rural constituency, has presented his tenth Budget, and he is aware of the needs of country people. The Budget has provided special assistance for people in country areas, and it must be appreciated that the rural industries of New South Wales contribute much to the financial stability of this State. The Government has taken up the burden which the federal Government dropped in relation to natural disasters. The federal Government previously provided funds for losses above \$5 million in respect of any single disaster, but in its last Budget it callously decided to raise the level of qualification from \$5 million to \$10 million, thus leaving the people residing in country areas throughout Australia at the mercy of flood, fire, drought and pestilence. The New South Wales Government has agreed to take up the burden abandoned by the federal Government and has made an additional allocation of \$6.5 million in this Budget for anticipated expenditure because: of the federal Government's reduced commitment.

The allocation of \$2.7 million for the brucellosis eradication campaign means that some fifty people will be employed within my electorate. It is a most important campaign for the beef industry, and the very valuable export industry is dependent on the brucellosis eradication programme being completed by 1984. If it is not completed within that time many of our export markets will be in jeopardy. I was pleased to be associated with the Minister for Agriculture on the committee that decided to do everything possible to assist in meeting the deadline.

The allocation of \$41 million for conservation and water resources is an indication of the Government's determination to assist, wherever possible, people living in country areas. A sum of \$7.6 million is allocated to the Soil Conservation Service. Also, \$17 million is allocated to the Water Resources Commission; a significant part of this will go towards helping primary producers to instal water storage on their properties. A \$1.8 million grant is made available to primary producers wishing to provide water storage to guard against drought, the plague of country New South Wales. An amount of \$12.6 million is made available to the Forestry Commission, whose operations contribute to the economic stability of my electorate. Funds provided through the Forestry Commission have made it possible for quantities of timber to be available for sawmills and the pulpwood timber industry in my electorate. There is a spin-off in roadbuilding and administration, providing further economic activity.

An allocation of \$4.2 million is included for the N.S.W. State Fisheries. The port of Eden, one of the finest natural harbours in Australia, has a very active and valuable fishing industry which produces great wealth for the local area and for the State. The contributions made to the fishing industry by the N.S.W. State Fisheries and the Department of Decentralisation and Development assist in the economic stability within the area. The allocation of \$1.8 million for property water storage is 64 per cent higher than the allocation last year. The three-year pilot programme for the eradication of feral pigs, a most important programme, will take place in the western districts outside of my electorate, but the information gleaned from research that will be undertaken in the course of this programme will be used throughout New South Wales to eradicate this dangerous animal. Also, I hope it will take from the country areas of New South Wales the fear that wild pigs will spread pestilence and disaster throughout stock herds.

Mr Akister]

The Government has taken a far greater responsibility in the control of bushfires, another plague in the country areas of New South Wales, especially in my electorate which is heavily wooded. The Government has provided for an increased allocation towards fire control and, in the event of a fire occurring, towards the expense involved in controlling it. I was pleased to see an allocation of \$26 million to the Department of Decentralisation and Development, which has an important role to play in the provision of employment for young people in country areas of New South Wales. Before the Government came to office some three years ago, the Liberal—Country party Government had a rolling fund of \$6 million available for decentralization and development. When the Government took over, \$5 million remained on hand and only \$1 million had been lent. In the first year of this Government's term the funds available for decentralization and development were increased to \$9 million, in the second year to \$19 million, and this year the allocation is \$26 million. The Minister has said that these funds will be made available by the State Government to any eligible business applying for assistance to become established in country areas of New South Wales. The provision of such funding, together with the public works programme, the funding for both local government and special unemployment schemes, has contributed greatly towards giving confidence to the unemployed in my electorate. Under these employment schemes \$1.2 million was made available and many people were employed for a considerable time.

I am pleased to be a member of a government that takes its financial responsibility as seriously as does this Government. In the presentation of this Budget we have had a continuation of the Treasurer's three previous budgets, which have gained the confidence of all sectors of the New South Wales people. This was more than adequately demonstrated in the recent elections when the people of New South Wales elected so many new members of the Government. I have great pleasure in thanking the Treasurer and the Government for this Budget, which I commend to all honourable members.

Mr McDONALD (Kirribilli), Deputy Leader of the Opposition [7.50]: When I spoke in the budget debate twelve months ago I spoke of the continuing farce that such a debate constitutes when the real truths about the economic management of this State are never revealed to this House, much less accounted for. The same is true of the flimsy and insubstantial document now before us. I further said that the budget debate should be an opportunity for the Parliament to review the quality of financial and resource management for the preceding financial year and to make necessary decisions for the future. It was not then and it still is not twelve months later. I further said that Parliament should be given the opportunity to assess how effectively public funds have been spent and that it should be given the opportunity to make choices both within departments and between departments as to how public funds should be used. Parliament did not have that right then. It is no nearer having such a right now.

I said then that the best we were given was a process of historical financial reporting; a recording of the present and projected spending by cost centres within the Government. Regrettably we do not even have that now. The Auditor-General's report was due by 30th September and any excuses proffered by the Government for its delay—and I have no implied criticism of the Auditor-General—are irrelevant. They are merely further proof of the total inadequacy of the financial procedures of **this** Parliament and of its abuse of this Chamber as the decision-making body. But it is the painful lack of management information, the denial to the people of programmes and future plans on a responsible and structured way, that is the greatest abuse.

When I spoke then I did not expect that I would be subsequently joined in my criticism by such illustrious and informed commentators. The most damning indictment of the whole accounting process of this Government—and, I might add, previous governments—has come from the Wilenski review of New South Wales Government administration. If the Premier had any administrative skill at all he would have heeded some of its advice. Instead, we have before us a document which manifests all that is the worst in accounting and all that is most trenchant in the Wilenski report. I am at a loss to understand why that report was even commissioned if its recommendations were not to be heeded. It will be twelve months next week since the Government has been in possession of the report and we are still as antediluvian in our thinking as ever. It is interesting that the report does not take long to remind its readers that "a budget is in fact a major source of information for governments". The implied criticism that current budgets are not, should not escape notice.

What is even more significant is the reference throughout the Wilenski report, particularly in chapter 2, which is entitled "The Budget Process", to the need "to be paid to the way in which information, on objectives, expenditures, commitments, and priorities is presented and analysed in order to be useful for Parliament, the public, Ministers and officials". In the papers before us we are denied all four. Can there be a greater flouting of the forum of Parliament? On significant areas of expenditure of large sums of public moneys there is not in this paper even a statement of all recurrent expenditure. There is no mention of 184 statutory authorities for which recurrent expenditure is provided from special purpose rates and charges which do not even pass through Consolidated Revenue Fund or indeed through any other fund controlled by Treasury and involve more than \$5,000 million over and above the \$3,509 million now in the bill before us. The result is that they simply cannot be examined. In other words politicians, particularly those newly elected by the public to be custodians of their moneys, have no say in the disbursement of large sections of that money. This is a sham which the Premier should stop here and now from being paraded yearly before this House.

As the Leader of the Opposition said earlier in this debate, we have a limited and unsatisfactory incremental approach to allocations which are detailed line by line without any distinguishing features to tell us to what purpose moneys are to be put, in what priority they will be put, and what evaluative processes are to be used to account for the worthiness or otherwise of their results. So, in this Budget, we have no statement of strategies, objectives or options, and no statement of prevailing or expected economic, social and financial conditions in which they are to operate.

Does it need yet another abortive inquiry for the Premier to be told that the time is ripe for a single State capital budget containing and expressing the priorities, expenditures and objectives in all areas? As well, the whole machinery of the presentation of recurrent expenditure needs immediate modification so that it is presented by programme or function, not just cost. Such a programme would enable proper evaluation of its effectiveness, unlike the current position where we are today unable to explain what the effectiveness was of moneys that were appropriated twelve months ago. Is it too much to ask that all of this be done in a way which is intelligible to the public who fund the whole messy business? Of course, there are those who would suggest that the Government sees virtue in the current obscurity, but if they have to be prised away from their current incompetence and secrecy, then prised they most certainly will be.

Well may we ask what is the Government's record to date on this issue which is gathering more and more comment. When the Legislative Council decided earlier this year with commendable initiative to form a select committee to investigate the adequacy of the State Government's financial reports, the move was opposed in that

Mr McDonald]

Chamber by the Government. When the committee speedily set to work and produced significant results, commentators called for "favourable and early consideration", to use the words of a *Sydney Morning Herald* editorial of 7th April. It recommended the revitalizing of the Public Accounts Committee established under the Audit Act of 1902, to the point where the committee would have powers to inquire into any matters in connection with public accounts covering departments and statutory authorities. In recommending wider power for the Public Accounts Committee, the committee's report included a recommendation for efficiency audits and a further recommendation that the Government take urgent action to overcome the serious deficiency in the form and extent of the present procedures for parliamentary scrutiny of the State's public accounts and the financial accounts of the statutory authorities.

It was soon obvious that the existence of such probing by informed colleagues in another place might embarrass the pristine reputation of the Labor Government. The Premier was quick to act. He prorogued the Parliament, thereby terminating the functions of the select committee. Slowly the criticism started to filter through to the Premier. He does not like being criticized; we all know that. An editorial of the *Sydney Morning Herald* of 20th July had this to say:

It is now three months since the interim report of the New South Wales Legislative Council's select committee on government accounting was presented yet the Wran Government has offered no comment whatsoever on its recommendations.

It spoke of the curious decision of the Premier to prorogue the Parliament and of the great deal of what was described as unfinished business that such a committee had yet to do. Suddenly sensing danger, the Premier formed a joint committee of both Houses with identical terms of reference and waxed into strong praise of the upper House committee whose work he abruptly terminated months previously. But this committee has one significant difference in that it had a majority of government members—a convenience to enable unsavoury facts not to meet the light of day.

In a staggering but typical about-face, the Premier described the tasks of the committee as "serious matters". What had made them serious since May only the Premier can guess or advise us. How serious do matters have to be to merit the Government's attention and a report to this Parliament. At the end of all this, all we have is a Budget so drafted as to suggest that Wilenski, the select committee and the suddenly "serious matters" had never before existed.

As a central issue of this Budget the Premier ought to tell the House when he intends to overhaul the antiquated Audit Act; what his commitment to efficiency audits is; what the right of this House is to a report on the activity of statutory authorities; whether he believes the public are receiving in this Budget the detail they deserve; whether the Premier believes the Parliament and the people are entitled to uniform and intelligible accounting standards which have as their highest priority the revelation of financial truth. Until he does so, he is the charlatan and procrastinator that we have said he is, and bereft of the economic capacity to manage the complex affairs of this State.

It is no wonder that the *Australian Financial Review* of 7th September spoke of this document as being presented "in just the same deliberately confusing and uninformative fashion as is traditional. The remarks about the State deficit, for example, while arithmetically correct, are totally misleading. There is no attempt to reconcile the State accounts with national income concepts as is done with the federal Budget".

The article further refers to the Budget as an expression of "power without responsibility" and "contributing nothing in the way of policy making". I think it was Stanley Baldwin who said that power without responsibility was the province of the prostitute. Soon the Premier may be able to legislate himself out of trouble.

The *National Times* of 16th September referred to it as proof of the low standard of government the States have suffered for many years. That article describes the concept of a budget surplus or deficit as devoid of any economic significance. It referred to the deficit as a figure which is totally meaningless as it can be set virtually at any figure by a bit of juggling of accounts, and then added, "at which State officials are adept". What a condemnation. What an epitaph to two and a half years of phoney government. Appropriately the *National Times* article concludes by saying:

When we come to find the New South Wales Treasurer in his Budget speech asserting that the New South Wales Budget deficit for 1978–79 will be about \$2 million the only sensible comment is that this is meaningless nonsense.

As a Chamber we cannot develop a credibility with the public when we know this to be the truth. This is not just a condemnation of the Premier, the Treasurer and the Government; it is a denunciation of the Parliament to which we all have come, I hope, with some sense of idealism. If our financial accounting here is to be, as the *National Times* article describes it, an orderly process of hoodwinking the public, we are here, as representatives of the people, on false pretences. If there is one thing above all else that must come out of this facile document it is the need for urgent reform of the whole process that conceived it.

What of the Budget Speech and the Budget Papers? Let me quickly put to rest misrepresentations by this Labor Government about federal Government funding and the results of federalism. The advantages of federalism have been manifest again this week with lending authority and approval given for further capital works in New South Wales. A better briefed Premier, more attuned to the advantages of the policy, would have, like Victoria, fared better with better preparation. However, a modest start is better than none at all.

On page 13 of the Financial Report, the Treasurer said, "Our share of income tax is inadequate . . ." Last year the Premier in his Budget Speech described federal-State relations as being in tatters. This year he said also that the federalism policy imposed by the federal Government had failed completely. In the first year of the Wran Government, entitlements from the federal Government increased by 19.5 per cent over those paid to New South Wales in the last year of the Whitlam administration. In the second year of the Wran Government they increased by 16.5 per cent to \$4,341 million. For 1978–79, the increase in funds from Canberra rose by 10 per cent to \$4,777 million. No matter the level of allocations from Canberra, the New South Wales Government will extend rather than reduce taxes. That is where our whole financial thinking differs.

In his Speech the Treasurer referred to priorities. There are none. He spoke about programmes. He gave no details of any significance save a commendable improvement in the Department of Youth and Community Affairs for which the Minister is deserving of commendation. I am pleased that the Minister for Youth and Community Services has retained that portfolio.

Mr McDonald]

Programmes that were loosely enunciated last year fail to appear in this Budget, Revenue from taxation will again increase. There is no rest from the plundering that this Government has launched on the taxpayer's purse. Receipts for services rendered increased by \$15 million in the past financial year. How can we trust the new, guesswork estimate for this financial year?

Although the Premier is pledged to "cutting the fat and tightening the belt", which is his expression, the truth is that the Budget means an extra \$53 million appropriation to the department he heads, over a period of two years. Needy agencies like the police and prison officers are not the beneficiaries of this largesse. The beneficiary is the Premier himself whose head office staff has increased in two years by 110 persons to a total to June this year of 344. So much for trimming off the fat. The Premier has not increased the Hansard staff, which remains at thirteen, and in a period of two years he has increased the Opposition staff by only one, to a total of nineteen.

In transport it is interesting to see how the economic chickens are coming home to roost. In May, 1976, when Leader of the Opposition, the Premier paraded himself before the television cameras with claims that he would end the transport mess; that his first priority was to reduce the \$300 million deficit; and that if he did not do that he would regard himself as having failed. He added, "I don't intend to fail." On 8th October, 1975, as Leader of the Opposition, the Premier said to this House—and he did not allow the truth to get in his way in his search for power:

At the core of the State's financial problems is the public transport system. Any system that loses \$240 million can barely be said to be running successfully. Any system that estimates it will lose \$270 million in the current financial year can hardly be said to be a successful enterprise.

As always, his economic assumptions were not correct. It was not losing \$240 million a year. The transport deficit rose from \$204 million in 1974–75 to \$244 million in 1975–76, an increase of \$40 million. Then it rose under Labor by \$87 million in its first year of office; by \$62 million in its second year in office; and by \$43 million during the past year. Nevertheless the Premier boasted about containing the transport deficit. His Government escalated that deficit from \$244 million when he took office to \$436 million, an increase of \$192 million in less than three years. This demonstrates how fraudulent were the Premier's claims in 1976. He has failed, and for once he should be honest enough to admit it.

The Government's capacity to spend the taxpayers' money is matched only by its ability to bleed money out of them. Every time we on the Opposition side of the House highlight the urgent need for a reduction in taxation we are met with blank stares from Government supporters. A quick look at any page of the figures before members will show the truth of their willingness to wring more and more from the public.

Payroll tax, which is a tax against the employment initiatives of the struggling business community, has risen from some \$584 million in 1976 to \$682 million in the estimates for this year. The vaunted payroll tax exemption is a meaningless step along a long road. Payroll tax concessions amount to a paltry \$2 million this financial year, notwithstanding the Treasurer's statement that the Government was providing for further payroll tax concessions as a means of reducing costs and stimulating production, investment and employment opportunities in the private sector. There is no incentive in this proposal for businesses wishing to take on apprentices. The Budget makes no mention of apprentices. Page 22 of the Budget Papers may be described as a litany of increases in fees and charges from a government bent on deceiving the people into believing that the opposite is the case.

It is the central plank of this Government to increase government involvement and to load the dice in favour of the public sector against the private sector. Yet it is in the field of mounting social concern—the problem of unemployment—that this Government stands condemned. The Government is not acting responsibly when it rails against the federal Government every time the issue of unemployment is raised. Yet this is the knee-jerk reaction of the Government and the Premier—although, thankfully, not so much the Treasurer. The first question the Premier answered this week in this House started him on the well-worn tack. Maybe the Treasurer might have a knee-jerk reaction to it. I certainly would not imply anything to the contrary.

I challenge any honourable member opposite to tell me where the Budget Papers make any concessions to the problem of unemployment. Where are the appropriations? Where is the recognition even that such a problem exists? I say to the Government: do not ask what the federal Government has or has not done on this score; it is for this Government to tell the House what it proposes to do about unemployment. I challenge the Government to spell out its plan, to commit itself and to stand by the results. Last financial year the Treasurer, to his credit, said in a burst of conscience, referring to the specific measures set out in last year's Budget Papers—at least it did contain some specific measures—that four schemes were to be implemented to stimulate employment. In this burst of conscience the sum appropriated by the Government towards the relief of unemployment last financial year amounted to \$33 million.

In the outmoded system of financial accountability still being practised by the Government, we do not really know how that money was used, or if indeed it was used. But where has that appropriation gone this year? In its place is a figure of just \$1 million or about a quarter of the Budget allocated to the Premier's staff; it is less than the amount to be used for government advertising; it is equal to the amount for the Royal Commission into Drugs; and it is half the amount allocated for salaries to inspectors in the Corporate Affairs Commission.

Is the Premier so shut off from the realities of the world and this State that he does not know about the problems facing the young unemployed; or does he not care? If he does care, where is his care manifest in the Budget Speech? I should like to know what happened to last year's \$33 million. What philosophy determined that the allocation be discontinued? From which of the heap of inquiries instituted by the Government were the figures extrapolated to suggest that only \$1 million was the right priority for the unemployed?

These alleged reformists on the other side of the House went to the people in 1976 with programmes on unemployment saying that when elected they would tackle the problem of unemployment. I propose to make some observations on this issue. For some time member states of the European Economic Community have been compiling effective data to provide information on the socio-educational characteristics of school-leavers, and those leaving the educational system at later stages, and their subsequent destinations—to employment, to further education or to unemployment. I am delighted to see that some members of the Government have at least recognized the need to look at the socio-educational characteristics of school-leavers. Also, it is pleasing to learn that the Government proposes to establish a select committee to inquire into the socio-economic characteristics of Aborigines. Nevertheless, why will not the Government look at the position of all the citizens of this State, particularly the young and unemployed, not just that of the Aborigines?

When will this Government undertake to start to provide regular, up-to-date information covering education training, social and employment factors on an integrated and comprehensive basis about the unemployed? Before we can begin to frame

Mr McDonald]

policies and programmes there is a need for this information to be provided. There is an urgent need, also, for an effective diagnosis of problems and the elaboration of appropriate compensatory strategies for the most vulnerable group of young people during their period of transition from education to working life. Further, there is an urgent need to strengthen the interplay of regional, economic and educational policies. With three years ahead of it, the time is ripe for the Government to present programmes which indicate that it is not the do-nothing Government it is thought to be.

No modern budget should be presented and no moneys allocated without some plan for educational and training structures designed as part of an overall unemployment strategy. There is growing recognition of the mismatch between education and training courses on offer, and the interests of many young people—and I am now talking about people, not money. The education allocation of \$1,136 million represents 33 per cent of the whole Budget. It is valid to ask what is happening to all that money. How is it being spent? Where is the corporate plan for the Department of Education? What are the programmes directed to the areas of great concern? When we talk about education, we are talking about preparing people, well or badly, for the world of work, and this cannot be resolved without some systematic approach preceded by structured efforts to obtain information on the attitudes of the young.

All sorts of disparities between regions in the State produce disequilibrium which, apart from anything else, affects the prospects of the existing work force. This disequilibrium has unsatisfactory effects on the prospects of young school-leavers finding employment opportunities within their own regions. Faced with depressing job prospects the energetic and ambitious are tempted to move from such areas, thereby depleting the future work force and making it more difficult to attract job-creating activities to those places. Job creation in these areas requires a systematic and intensive programme of support in education and training if the adaptability of individuals is to be developed. Moreover, in areas dependent on primarily one economic activity, such as agriculture or coal mining, education and training need to be flexibly developed to take account of economic planning and the changing manpower requirements of these areas.

I was interested to hear tonight the maiden speech of the honourable member for Cessnock. The problem to which I have just referred affects areas like those in the Cessnock electorate. I am glad the honourable member is in the House for I am certain that my remarks on education and training will not fall on deaf ears. It is an unfortunate fact that in the current economic climate people who have moved to other areas cannot be absorbed into the work force there. The big cities once could offer the means for these people to acquire skills and experience that they could not otherwise gain. For this reason alone the Government stands condemned for its inaction, and society broadly stands condemned for thinking that miraculously the problem will go away—but it will not go away. What is worse, we still have the Premier refusing to answer the call by the Leader of the Opposition to come to the party by calling a conference of all people affected by unemployment, whether they are trade unionists, manufacturers or the unemployed.

I am concerned also about the failure of the Premier to meet another challenge issued by the Leader of the Opposition. I refer to the fact that the Budget contains no reference to the accommodation crisis in this State. It contains nothing to give encouragement to the building and housing industries. At least they could have been given some element of hope. I do not refer only to the people on the waiting list of the Housing Commission. I refer also to people who cannot get on to that list even though they have a desperate need for suitable accommodation. Some of those people would have been entitled to think that they could depend upon the new Land Commission—and I will have a lot to say about that later. I will also have something to say about

such things as the St Clair estate and what is happening to other estates where land is being developed by this Government, supposedly for the young, although it will be sold at such astronomical prices that many young people will be put into such penury that they will never be able to afford to build a home on their land. What hope can the building and construction industry have if the Minister for Consumer Affairs, Minister for Housing and Minister for Co-operative Societies carries on like he did in the House the other day about one of the leaders of that industry. I challenge the Government to document its programme in this House and to account publicly for the costs it appropriates to itself. Those costs are not accounted for in this Budget or anywhere else. The Government will not accept the challenge, presumably because it cannot.

Mr EGAN (Cronulla) [8.20]: Mr Speaker, I join with other honourable members in congratulating you on your re-election to the speakership. The last two days have provided the first opportunity for me to see you presiding in the House. From what I have seen so far, and from my personal association with you over a number of years, I know that you have the qualities to carry out your high office with great distinction. After many attempts I am privileged, at long last, to be the member for Cronulla.

Over the next few months I shall be raising a number of matters, of mainly local concern, in the House. Problems associated with the Kurnell peninsula beach restoration, the silting of Port Hacking and deficiencies in road and rail transport facilities are just some of them. But as this debate is on the Budget my remarks tonight will be directed to it. Before turning to the Budget I seek the indulgence of the House for a moment or two in order to pay tribute to my predecessor, and to thank those who assisted in my election campaign. Most honourable members will already be aware that Ian Griffith was a member of this Parliament for twenty-two years. At various times during that period he served as Opposition Whip, Government Whip, Chief Secretary, Minister for Housing and Minister for Sport and Tourism. When he was first elected to the House in 1956, Cronulla shared many of the problems of other rapidly-developing areas, and Ian Griffith set about overcoming those problems with great vigour. I came to know him best, however, in his capacity as my political opponent. In all he contested eight elections. I was his opponent at three of them. He was always a fair opponent and, as the results showed, a formidable one. He was finally defeated, not on the hustings, but in his own party by a faction whose ambitions were matched only by their atrocious sense of timing.

There are many people I should like to thank for my election. First, the 18 029 people who voted for me. To them, as well as to those who did not, I pledge a wholehearted effort to provide first-class representation. Also there are those who worked for me. Many of them were friends who did so as a personal favour, but most were fellow members or supporters of the Australian Labor Party. I thank them for their support, loyalty and perseverance over nine years and four elections.

I turn now to the Budget. I commence by making a few comments on the remarks made earlier by the Leader of the Opposition and the Deputy Leader of the Opposition. This afternoon I was a little worried when I heard that they were participating in the debate. I thought that I was being thrown in with the heavyweights but, having listened to the Deputy Leader of the Opposition for half an hour and to the Leader of the Opposition for two hours, I found I had nothing to worry about. However, members of the Opposition have a lot to worry about because they were the two men, to use the words of the Leader of the Opposition, who were going to "pitch" the Opposition out of the pit. If the performance of either of them is an indication of what will happen over the next three years I fear that the pit will become only deeper

and deeper. The performance of the Leader of the Opposition was absolutely abysmal. He spoke for two hours and, frankly, I heard little of substance from him. His major criticism seemed to be the so-called inadequacy of the Government's tax concessions. What a hide these people have: three years ago I remember the infamous petrol tax that was imposed by the Liberal—Country party Government, initially at 10 per cent of the cost of petrol but later raised to 15 per cent. I remember also the massive increases in motor vehicle registration fees and a whole host of other imposts. Now those people pose as tax reformers—only a few months after their own federal colleagues imposed some of the most savage tax increases ever introduced in Australia.

Apart from necessary technical amendments related to the allocation of ministerial responsibilities, the Budget is exactly the same as the one introduced prior to the recent elections. The people have had a rare chance of passing judgment on a budget, and there can be no doubt that their verdict was one of overwhelming approval. Only a few weeks ago the Leader of the Country Party, in anticipation of that verdict, made the disgraceful claim that the Budget was purely a pre-election gimmick and would be scrapped as soon as Labor was re-elected. That was an extremely grave charge to make against the Treasurer. It implied that the Treasurer, a man who has held the highest political office in the State and has been a member of the Parliament for more than thirty-seven years, would misuse the public service and vast sums of public money for the preparation of a bogus budget. Events have now shown the charge to be utterly without foundation. I trust that the Leader of the Country Party will have the courage to sneak in this debate and to apologize publicly to the Treasurer. The Leader of the Country Party has been hoist with his own petard. He can hardly criticize the Budget now after impliedly conceding its merits during the election campaign.

This is the most recent of many budgets that have been presented over the years by the Treasurer. Earlier in this debate it was said that this is the Treasurer's tenth Budget. I recall that early in 1965 during a Premiers' conference an article in the *Sydney Morning Herald* contained a comment that Jack Renshaw made the federal Treasurer of that time look inept. That seems to have been something of a habit for the Treasurer; he is still making federal Treasurers look inept, as a comparison of the federal and State budgets shows. A government's budget is, of course, a statement of its financial, economic and social strategy. It is also a concrete expression of its priorities. In other words, it is the opportunity for a government to put its money where its mouth is. The Government's programme, as outlined in this Budget, has three salient features: the stimulation of employment and business activity, social responsiveness and compassion; and good financial management.

It should hardly be necessary to say that the major objective of every government in Australia today should be the restoration of full employment. Almost thirty-four years have elapsed since the white paper entitled "Full Employment in Australia" was presented to the federal Parliament by Mr John Dedman, who was the Minister for Post War Reconstruction. In more recent years its objectives have come to be regarded as commonplace but at the time they were regarded by most as audacious and by some even as foolhardy. It was the first time any Australian government had unequivocally accepted that full employment could be achieved and maintained. It was the first real declaration that satisfying, productive employment, for all who wanted it, was a fundamental economic and social objective. Since then there have been a few occasions when we have experienced a degree of unemployment but when it has occurred we assumed it had more to do with a government's incompetence than its lack of resolve. Unfortunately, that seems to have changed. We now have a federal Government that has almost a flagrantly indifferent attitude. At a time when almost half a million people are unemployed it has introduced one of the most callous and contractionary budgets in memory.

Today there are new dimensions to the problem of unemployment. The economic weapons outlined in the white paper of 1945 are no longer adequate. We need additional weapons and we need a refinement of some of the existing ones. Clearly, we need some orderly and economically efficient mechanisms for coping with the structural changes which are being thrust at us. We need mechanisms for ensuring that new technology is not disruptive and that it is introduced in a way and at a pace which is socially and economically advantageous. Technological and structural change is confronting us with difficulties but that is no reason for us to throw up our hands in despair. These problems are no more imposing than the massive difficulties posed by changeover from war to peace at the time of the white paper. What we need now is a renewed commitment to the objective of full employment and a new charter for its achievement. Unfortunately, we have seen no response from the federal Government. It has simply given up the ghost.

I am proud to be a member of a government which has taken up the challenge. The strategy of this Budget and the initiatives taken since the elections—especially the establishment of the Department of Industrial Relations and Technology—are evidence of the Government's resolve to restore employment and business activity. The strategy contains a number of elements. First, the Budget has kept taxes steady for the third year in succession. When we take inflation into account there has been, in fact, a substantial decline over the past three years in the real burden of State taxes. On the other hand, the federal Government has introduced a host of new imposts. Personal income tax has risen, not by 1½ per cent as the innumerate Mr Howard would have us believe, but by 4.7 per cent on the previous rate of 32c in the dollar, 3.3 per cent on the previous rate of 46c in the dollar and by 2.5 per cent on the previous rate of 60c in the dollar.

As these figures illustrate, the proportion of income taken by the tax changes is higher for those on lower and middle incomes. Yet if the federal Government is serious about stimulating the proportion of disposable income consumed on goods and services, clearly it has done things the wrong way about. It has hit hardest the people on lower incomes who have the highest spending-to-saving ratio. Added to this example of economic incompetence we have the increased tax on petrol and other goods. I am again reminded of the petrol tax imposed in New South Wales by the former Liberal-Country party Government and, of course, the taxes imposed on a variety of other goods. Not only has this fuelled inflation, but also, by taking purchasing power from people's pockets, it will cause a further slump in demand and a further contraction of business. That means yet another increase in unemployment, causing another decline in consumption expenditure, and a further acceleration of a whole disastrous cycle.

I now turn to the level of expenditure on public works. I was fascinated by some of the comments made by members of the Opposition today and yesterday. The fact of the matter is that there has been a substantial increase in public works in real terms since the present Government took office. As the Treasurer reported in the Budget Speech, New South Wales is again deploying record amounts of capital funds. The State's works programme this year is some 10 per cent higher than it was last year. That is more than the projected rate of inflation and reflects a substantial increase in real terms. But it is even more impressive coming on top of a 16 per cent increase last year which, after inflation, represented a real increase of about 7 per cent. It is absolutely frightening to think how many more contractors would be out of business and how many more people out of work if New South Wales had pursued the course being followed by the Commonwealth Government. Considering the Commonwealth Government's massive cutbacks in funds to the States, which in real terms

Mr Egan]

have cost New South Wales about \$200 million this year, it is a credit to the excellent financial management of this Government that the increase in public works in New South Wales has been possible.

Before I go on to discuss the way in which that has been done, let me once again comment on remarks made by the Deputy Leader of the Opposition. He is the only person I have heard who has claimed that the treatment handed out to the States by the Commonwealth over the past few years has improved. Certainly his Liberal-Country party colleagues in Queensland, Victoria and Western Australia would not agree with him. Tomorrow, when I get a copy of the speech made by the Deputy Leader of the Opposition I should send it immediately to those gentlemen, for I am sure they would be fascinated to learn that someone in New South Wales believes that these cutbacks represent an improvement.

The increase in public works that has taken place in New South Wales has been achieved by cost-cutting in other areas: for example, by again freezing public service staff levels. It has also been achieved by making use of reserves that had been hoarded by various statutory authorities as a result of the sloppy financial management practices that had developed under the previous Government. The Deputy Leader of the Opposition referred to the accounting processes and format of the Budget. I remind him that they are exactly the same processes as those that have been in operation for many years, including the eleven years during which a Liberal-Country party government was in office in this State. Indeed, the deficiencies of those accounting processes have been recognized by the present Government. It was this Government that set up the Wilenski inquiry. I remember the trenchant criticism that came from members of the Opposition when Professor Wilenski was appointed to head that inquiry. These are things that the members of the Opposition conveniently forget.

Because of the way in which statutory authorities had been unnecessarily hoarding reserves it was possible for this Government to make funds available for the massive increase in public works that we have seen in the past two and a half years. But the scope allowed by these devices must come to an end sooner or later. Clearly, if the Commonwealth Government persists with its financial starvation of the States, New South Wales will be compelled finally to curtail essential and employment-creating public works. If that occurs, the prospects facing us are bleak indeed.

Long ago economists and governments realized that times of unemployment were appropriate for increases in public works expenditure. To reduce public works when other real expenditures are falling is the exact reverse of what is needed. That was the policy implemented by governments with such disastrous results back in the 1930's. Unfortunately, it is the same policy that is now being pursued by the Commonwealth Government. Certainly the Commonwealth's recent approval to the States to borrow overseas for certain works was welcome, but it should also be kept in perspective. In 1978-79 the decision will make available only \$158 million, and in 1979-80 only \$393 million. Compared with what is needed, those amounts are trifling. A former Liberal Party Prime Minister and former federal Treasurer, Sir William McMahon, has argued—persuasively, I believe—that an additional injection of \$1,000 million into the Australian economy is required this year. That is an amount well within the bounds of a responsible growth in the money supply. Certainly this year's projected growth of only 6 per cent to 8 per cent is entirely inadequate. In fact, it is likely to fall very much below the inflation rate, with the result that the economy will be further squeezed by what amounts to a real decline in the money supply.

There is another reason for stepping up capital spending in times of economic recession. It is certainly the least costly time to provide essential facilities. I am particularly disappointed that the federal Government has chosen this time to cut

back drastically the funds it makes available under the Commonwealth—State housing agreement. The Leader of the Opposition, when speaking about housing this afternoon, did not mention that agreement. I do not know whether he remembers that in 1974 and again in 1975 the Commonwealth Government of the day made available \$375 million to the States for welfare housing. That amount has been cut back. I think it is now about \$300 million—it is certainly considerably less than the amount that was made available by the federal Labor Government. Surely this is the time when tenders are likely to be at their most competitive. We all remember the situation a few years ago when the housing industry was booming and housing commissions throughout Australia had difficulty spending the money they had. That was as recently as 1973–74. Hardly anyone was interested in taking on Housing Commission work when far more lucrative work was available elsewhere. Surely this is the opportune time to catch up with the housing backlog. Already there are more than 100 000 Australian families on Housing Commission waiting lists, and these are people whose only hope of obtaining adequate accommodation within their means is through the housing commissions.

The wisdom of the policies pursued by the Government is shown clearly by a comparison of this State's economic performance with that of the nation generally. For the past three years our inflation rate has been marginally lower than the national average, but it is in the area of employment that the real differences show. Last year unemployment in New South Wales rose by 3 per cent—a not very satisfactory result until we realize that the national increase was more than 25 per cent. The Leader of the Opposition said nothing about that in his remarks this afternoon. In that context the performance of New South Wales is remarkable.

I congratulate the Government on its Budget. It is a budget with which I am pleased to be associated, and it is a government of which I am proud to be a member. I look forward to making as valuable a contribution as I can to the work of the Government, to the Parliament, and to my electorate, not just over the next three years, but indeed for many years to come.

Mr DUNCAN (Lismore) [8.39]: Before speaking to the Budget I wish to express my congratulations to you, Mr Speaker, and to the Chairman of Committees on being reappointed to the two most important offices in this Parliament. I hope that your work will be both satisfying and rewarding. We look forward to your impartial rulings. I have no doubt that all members of this House will assist you and the Chairman of Committees in the discharge of your tasks. I extend congratulations to the honourable member for Nepean, the honourable member for Cessnock and the honourable member for Cronulla on their maiden speeches in this debate. I congratulate all new members on both sides of the Chamber and express the hope that in the coming sessions their work will be most satisfying both to themselves and to the people whom they represent.

Most of us when we first enter this Chamber believe that we will be able to move mountains and do almost anything for our constituents. Already in this Budget debate we have heard Government supporters severely criticize the Prime Minister. I remind them that at one stage the Prime Minister said that life was not meant to be easy. I warn those new members who have already spoken in criticism of the Prime Minister that although the task here looks easy it is often much more difficult than they might imagine.

The Opposition acknowledges the victory gained by the Australian Labor Party in the recent general elections. Members on this side of the House take nothing away from that success. However, it must be borne in mind that the Labor Party went to the people with a theme of moderation in government and restraint in taxation measures. Labor has a massive majority in this Assembly and will control the Legislative Council

perhaps for the next three years. During that time we shall have the opportunity to see how moderate the Australian Labor Party intends to be in governing New South Wales. Perhaps we shall find that it is not the middle-of-the-road government that it claimed to be prior to 7th October last.

The Budget Papers give the lie direct to claims made during the election campaign that the Labor Government in New South Wales exercised financial restraint and was a good manager of the fiscal responsibilities of the State. The Budget Papers for 1978–79 reveal that the Consolidated Revenue Fund is estimated to reach \$3,508 million. This is an increase of \$788 million in three years. Certainly that is not an insignificant sum. That figure might be compared to \$2,720 million, which was the total of the Consolidated Revenue Fund in 1975–76, the last year of the Liberal–Country party Government's reign.

Perhaps one of the subjects most debated in this House is the dairy industry. If one dares to have a milking cow or a milk quota one is regarded by the Labor Government as a Barabbas. The real milking cows in this State are the people. Over the past two and a half years the Wran Labor Government has continually milked more and more taxation from their pockets. Government supporters frequently criticize the administration in Canberra and regard the Fraser–Anthony Government as a villain and big bad brother. They ignore the facts revealed by the figures contained in this Budget. In this financial year out of a total allocation of \$3,508 million the Commonwealth will provide \$1,464 million, including an additional \$486 million compared with last year.

Mr Walker: Not enough.

Mr DUNCAN: The Leader of the House says that that magnitude of federal Government assistance is not enough. Though many Government supporters say that sort of thing they are really not concerned about where the money comes from or how much it costs the people. The Hon. E. G. Whitlam was the great white hope of Labor. He was the man who was to make a name for the Australian Labor Party, the man of whom Government supporters were so proud and the man who many people of Australia thought was so great. The Government should bear in mind one underlying factor when considering funds that come to New South Wales from the federal Government. The Whitlam Government gave the States tied grants. In the main the Commonwealth Government now provides the States with money with no strings attached and the State Government may spend the money as it wishes.

When one considers that this year something like an extra \$302 million will come out of the pockets of the people of New South Wales how can the Wran Government contend that it is acting with fiscal restraint? The Government is bleeding the people white but does not have the courage to admit it. Unfortunately, prior to the recent elections we in Opposition did not get the message across to the people to show how deceitful the Wran Government has been in its financial management. The honourable member for Cronulla referred to motor vehicle taxation. Those new members of Parliament who are looking at this Labor Government through rose coloured glasses should be made aware that in 1975–76 the coalition Government received \$86 million from motor vehicle taxation. The Treasurer in his speech said that this year the Government will receive something in the order of \$200 million from motor vehicle taxation. That does not suggest restraint towards the motorists of New South Wales. That huge increase in revenue does not include income from freight increases. I have no doubt that the honourable member for Wollondilly and the honourable member for Armidale are aware of how much the Government has increased freight charges. Freights have been increased by 15 per cent in three years.

In 1975–76, the last year of office of the coalition Government, poker machine taxation amounted to \$92 million. The Auditor-General reports that last year the Labor Government received \$99 million from this source. This year, despite exemptions and claims of assistance given to clubs, I have no doubt that poker machine taxation will exceed \$100 million. That is an example of the helpfulness of the Wran Government to clubs in this State. Surely the question that people should be asking is not where the money is coming from, but where has the money gone. The people can see little improvement in services provided by the State under Labor administration.

I was interested to read a policy speech delivered by the Premier on 12th April, 1976, when, as Leader of the Opposition, he said, "Let us get an effective public transport system". Earlier this evening the honourable member for Cessnock was interjecting. I recall his predecessor telling the House once that he could not get a train to Cessnock. I wonder what the people of Cessnock think this Government has done to improve their rail system. Is the honourable member for Armidale happy with the rail system that the Government has provided for his electorate? Both the honourable member for Byron and I know that not one cent has been spent on improving the north coast service. We can guarantee that on 360 days out of the 365 days each year the Gold Coast MotoRail express will run late. I have no doubt that city commuters have the same sort of problems with trains and buses in their area.

Mr Wran then said, "Let us get fares down." I have to admit that the Wran Labor Government did reduce fares to both city and country commuters. He said also, "Let us reduce the crippling loss of State railways." That was the promise to the people of New South Wales in May, 1976. Yet the Treasurer, in his speech a few weeks ago, glibly announced that we have a public transport deficit of \$442 million and we will have to do something about it. Surely the people are entitled to know what the Government proposes to do about it. There are people in New South Wales, like my constituents, who have very little opportunity of enjoying the public transport system but they are paying for or subsidising these great losses. Surely they can demand from the Government at this time some practical policies to enable us to get away from this great drain on the State's finances resulting from the losses on our public transport system.

Mr Wran said: "Let us get prices down—basic necessities like milk and bread." If honourable members opposite can buy cheaper in 1978 than they could in 1975–76, they are a lot more fortunate than I am. These price increases are directly related to the Government's motor vehicle taxation, freight charges, payroll tax and all the particular measures in which the Government claimed it was going to assist the people. They are the matters that have been neglected. Government supporters have a hide to tell the House what great managers they are.

The Premier's policy speech continued with this statement, "Let us stop the rates spiral." I challenge anyone in the House to say that his rates are cheaper today than they were three years ago. What is the Government doing about the rates spiral? We know that big bad brother in Canberra has increased allocations to local government. Today the federal Government is guaranteeing at least a portion of income tax receipts to local government and giving it some worthwhile assistance. Despite the fact that this Government has an increase in revenue of \$788 million, it sees fit in this Budget to increase the allocation to the local government assistance fund this year to only \$9.5 million. It was \$7.75 million three years ago. How many ratepayers will that allocation help? How much assistance will it give to local government to bring down rates that are so important? Perhaps the greatest joke of all in that election policy speech was the statement, "Let us get land and housing costs down." Where are they

Mr Duncan]

cheaper? The policy speech continued: "Let us have at least truly free schools, Government and non-government alike." It is an example of the type of glib promises that this Government has made. Its members went to the people claiming to be the great white hope for New South Wales and the people were hoodwinked by the great publicity machine.

Let me deal with some of the increases that have occurred in State charges. In 1975–76 stamp duties totalled \$217 million. This year it is estimated that they will bring the Government \$325 million. In 1975–76 death duties brought in \$90 million. This year they are estimated to bring in \$98 million. Despite all the claims about the concessions and exemptions that the Government is granting, this year it will collect an additional \$8 million in death duties. Do we hear members of the Wran Labor Government telling the people of New South Wales that they are better off?

Payroll tax revenue was \$519 million 1975–76. This year it is estimated to be \$682 million, again in spite of concessions granted. Land tax produced \$99 million in 1975–76 and is expected to produce \$130 million this year. The honourable member for Monaro had a lot to say this afternoon. He had the audacity to say that the former Liberal–Country party Government introduced land tax, but he cannot see the wood for the trees. At least my colleagues and I exempted primary producers from that tax. If it were not for the action of that Liberal–Country party Government many primary producers in his electorate would be paying a shocking land tax bill today. Honourable members on the Government side who represent country electorates should be careful that this Government does not move to reintroduce land tax for primary producers. That might be behind the devious move to introduce site valuations into the Valuer-General's valuations that are coming to primary producers at present.

Racing taxation has increased in the period I have been quoting from \$65 million to \$90 million. In the same period tobacco taxation has increased from \$19 million to \$41 million and liquor taxation from \$38 million to \$61 million. We on this side could well ask, where is the money going? There are only two ways in which it can go—the Public Transport Commission deficit and the mismanagement of the Wran Labor Government. The present Government is better off financially than any government in the history of New South Wales. I suggest that it is unable to manage with proper fiscal policies the affairs and needs of the State.

One desperate need that every government, federal or State, must look to at the present time is the relief of unemployment. I suggest that, despite all the platitudes that have been expressed about this Budget, it contains no evidence in any field of a genuine attempt by the Wran Government to reduce unemployment. When criticizing the Leader of the Opposition who said that he was concerned about the growth of bureaucracies, the honourable member for Cessnock earlier today quoted this part of the Treasurer's speech:

Public Service staff levels have again been frozen, with the exception of teaching and hospital staff and the Police Force, and provision for a further Youth Employment Programme. Moreover all statutory authorities have been instructed to hold their staff numbers to the levels applying at 30th June last.

In dealing with this Budget I say there is no reason whatever for the Government to cut employment opportunities. At every turn it should be attempting to increase them. The honourable member for Cessnock said he does not represent an area of silvertails. In case anyone has the wrong idea, let me say that I do not represent silvertails in Lismore and I do not believe any honourable member, no matter which side of the House he sits on, is representing an area of silvertails. When one speaks about the unemployed one is speaking of honest and good people. In my electorate

there is a college of advanced education and high schools. Young people are leaving these establishments with excellent educations but many of them have little hope of employment. It irks me tremendously to find the Government so flush with funds and yet not measuring up to standard in creating job opportunities. Let me deal with some of the ways in which the Government could help.

The Premier in his policy speech in 1976 referred to 3 000 qualified teachers being unemployed and yet class sizes being the highest in Australia. Despite the fact that the Minister for Sport and Recreation and Minister for Tourism said that every unemployed teacher in New South Wales should be given a position, I ask honourable members genuinely how many of those unemployed teachers have since been employed? Much is said of the need for education. After the Budget was presented by the Treasurer this advertisement appeared in the *Sydney Morning Herald* of 26th September:

Mr Wran! NSW Teachers' Federation figures on State funds for public education *don't lie!* The fact is that Labor's proportion of *State funds* for *public* education is lower than the previous Government's! Education Minister Bedford's answer to Teachers' Federation claims about State funds for public education is misleading as it includes Commonwealth and private school funds as well. It also falsely understates the Willis Government's education effort by including, in 1975–76 total expenditure, a book entry of \$174 million which Labor Treasurer Renshaw himself discounted in his 1976–77 Budget Speech.

According to that advertisement funds for public education under the rule of this Government are \$50 million short. Indeed the funds were there if priorities were to be allocated by the Wran Government to create those employment opportunities. Today I heard—and I take it to be true—that the Premier has indicated that job opportunities for counselling staff at the technical and further education colleges are to be withdrawn—three positions will go at Sydney technical college, one at Granville, one at Seaforth, one at Hornsby, one at St George and one at Wollongong. In respect of existing vacancies, East Sydney, Gosford, Orange and Lismore will not receive those appointments. If honourable members of the Government in this House claim that they are genuinely interested in the unemployed when young people are attending technical colleges to increase their opportunities of gaining employment, and retrenched people are attending the colleges for retraining, yet this government is not prepared to provide funds for counselling staff, then they can be branded as crying crocodile tears.

During the term of the previous Liberal-Country party Government millions of dollars were expended on secondary school libraries. In ever State other than New South Wales second librarians are being appointed. But is the New South Wales Government prepared to do that? If this Government were prepared to train something like 320 unemployed teachers it would not only provide jobs for those people but also ensure that the students of this State are adequately using the magnificent facilities that have been provided. With available revenue greater than ever before in the history of this State, a budget of this nature brands the Labor Government with mismanagement.

Mr Boyd: Hear! Hear!

Mr DUNCAN: Prior to the last election the honourable member for Byron made the claim publicly, as I did, that this Government was moving to withdraw research workers from the agricultural research team in northern New South Wales. When the Liberal-Country party was in government millions of dollars were expended on first-class research facilities. These research workers have now been told that their positions have been withdrawn. Research workers at Wollongbar and Alstonville, people

in the regional office in Lismore, workers from Kyogle and Grafton engaged in important beef and dairy research will be withdrawn. When one looks at the amount of funding that this Government is receiving from Canberra and is gleaning from the pockets of the people of New South Wales, it places a serious question mark over the management policies of the Wran Labor Government. It puts paid to all the sympathy that this Government claims to have for the unemployed.

In concluding my remarks I suggest that it is time we had some honesty from the Wran Labor Government, which has been doing well from Canberra, with record revenue from State taxation, which cannot be denied because the Budget Papers do not lie. In these circumstances it is time that the Government bore its own responsibility. The honeymoon is over; it can no longer, after three years in government, put the blame on what the Liberal—Country party may or may not have done in its eleven years in government. This Labor Government now stands high and dry; it must measure up to its responsibilities. There can be no further excuses. The performance of the Labor Government in respect to its claim for good, sound, restrained fiscal policies is nothing short of a *furphy*.

Mr KEANE (Woronora) [9.9]: I preface my remarks by sincerely congratulating the honourable members for Nepean, Cessnock and Cronulla on the magnificent contributions they made in their maiden speeches in this House. They were an indication of the calibre of those members, who are destined to remain in this House for many years and will certainly add great lustre to it. [*Quorum formed.*]

It is good to see that the honourable member for Lismore, who for many years has been denied his rightful place, has now moved on to the Opposition front bench. One might wonder at the reason why the Opposition denied him this pleasure for so long, but having heard his contribution tonight one understands. I am afraid that his contribution was well below his usual level of competence. This is the level of competence that we can expect from members of the Opposition in their contributions to this most important debate. Members of the Opposition had the gall, hypocrisy and absolute effrontery to attempt to castigate the Wran Labor Government for the high level of unemployment in Australia today. [*Quorum formed.*] I am pleased that my remarks have stung the Opposition into calling two quorums in the last few minutes. I was saying that the hypocrisy of the Opposition in raising the matter of unemployment goes beyond all bounds. The people of this State showed by their returns in the ballot-box that the Wran Government has their absolute confidence. One important element in the rejection of the Opposition was that it was tainted with the federal policies of the inept Fraser Liberal Government. Because they did not disavow those inept financial policies they now find themselves in the wilderness, and that is where they are likely to remain for many years to come.

I am pleased indeed to have the opportunity of participating in this debate on the Appropriation Bill and the Budget for the financial year 1978-79. I should like to read a quotation from a leading Sydney newspaper:

Within its fiscal constraints the Wran third budget shows a greater degree of social concern than the Fraser federal budget which, with its pre-occupation with the objective of reducing inflation, displayed scant sympathy for the social tragedy of unemployment. Complementing the objective of maintaining employment and stimulating private enterprise set by the capital works programme, the Wran Labor budget makes a real attempt to provide new job opportunities.

I throw back in the teeth of the Opposition its claim that the Wran Labor Government is not doing all within its power to alleviate unemployment in New South Wales. When a newspaper that is not renowned for supporting Labor policies publishes an editorial

in those terms, it shows that it has its finger on the pulse of the people of this State. That is why we have been returned as the Government with a record majority and why the Opposition remains the Opposition and will do so for many years. Those words were published on 6th September after the Treasurer presented his Budget to the House. They indicate that even a conservative newspaper is willing to **concede** merit where it is due.

In my contribution I intend to highlight the important differences between the Labor Government Budget and the federal Fraser budget and to show how, as the Treasurer has stated, the State Budget is financially and socially responsible, humane and progressive. One commentator described the Fraser budget as having the support of the Liberal Government members because they believe it will be good for big business. That view was reinforced by the share market's prompt vote of confidence as evidenced by a rise in share values. But, if the federal budget is good for business, it is certainly not good for the ordinary Australian worker, and that is demonstrated by the tax slug that was imposed by the frightful Fraser budget. In a nutshell that is the essential difference between the philosophy of the Labor Party and that of the Liberal Party. As the Treasurer stated, the Labor Party has at the core of its political philosophy the need to assist those in greatest need, to support further the Government's policy of greater equality for all sections of the community with emphasis on the needs of families, children, women and migrants. By comparison, Fraser's budget, as Bill Hayden stated, is designed to penalize the poor and reward the rich. He said that it is unfair because it strikes most savagely against the people who are least able to defend themselves, while it is easiest on those with a capacity to look after themselves.

That is a good and fair summing-up of the Fraser budget. Wage and salary earners are being forced to buy economic recovery through increased taxes, both direct and indirect. This is the basic strategy behind Fraser's budget and, as it has proved, the tax axe falls most heavily on people like my soldier constituents stationed at Wolsworthy and Anzac Village. Because of their circumstances they are wont to save up their holidays and long service entitlement to obtain a lump sum when they resign or retire from the army. What has the Fraser budget done to my constituents at Holsworthy and Anzac Village? It has increased the tax from 5 per cent to **33.5** per cent. It is small wonder that in the recent elections my vote in Holsworthy and Anzac Village was an absolute record of **58** per cent.

Mr Einfeld: It was your ability as well.

Mr KEANE: I will not deny what the Minister has said. In **1973** the vote was 17 per cent. At the recent election it was **58** per cent. That is indicative of the disrepute in which the Liberal Government in Canberra is held.

Mr R. J. Clough: It is also indicative of good representation.

Mr KEANE: I agree. I refer now to the personal and indirect tax hikes in the Fraser budget which will rip off the Australian public **\$1,585** million this financial year. The average wage-earner on **\$200** a week will pay nearly \$4 a week in additional tax. The personal tax rip off is only the tip of the iceberg.

Higher excise duties on alcohol, cigarettes and oil, which represent hidden indirect taxes, will cost consumers an estimated **\$1,015** million this financial year. True to the Liberal class philosophy, industry and big business are not called upon to share the burden with the Australian workers. Company tax rates are not increased. There is little wonder that the share market reacted so enthusiastically. Ordinary Australian workers did not share the stockbrokers' enthusiasm and showed their displeasure in no uncertain manner when, through the ballot-box on 7th October, the people of New South Wales compared the humane Labor Government Budget, with

its emphasis on the needs of the people, with the bitter, bleak and draconian **Fraser** budget with its vicious attack on the living standards of the ordinary people. **The** citizens of New South Wales returned the Wran Labor Government with the greatest majority in the history of elections in New South Wales. That provided the people's answer to Opposition claims. No matter how the Opposition prevaricates or draws red herrings across the trail, the people of New South Wales have given their **answer** through the ballot-box.

The Renshaw budget is a splendid document that avoids tax increases and introduces a number of important tax concessions. For the third successive year **the** Budget contains no increase in State taxes. It provides for further progress in education, health and welfare services, places the emphasis on assisting those in **the** greatest need, and supports the Government's policy of greater equality for all sections; of the community, with particular emphasis on the needs of families, children, **women** and migrants. As a means of reducing costs and stimulating production, investment and employment in the private sector, the Government has provided for further **payroll** tax concessions. The Government is fulfilling its undertaking to provide further relief from poker machine taxation for those clubs that provide welfare, youth and sporting activities or programmes of particular benefit to the community.

This year the Government will employ a further 500 people under the youth employment programme. That gives the lie direct to the Opposition's claims that the Wran Government is not doing enough to reduce unemployment. I find it incredible that the Opposition should have the effrontery to raise the matter of unemployment when the philosophy of their mentor, guide and leading light in Canberra and **the** basic concept of the Liberal Party's financial policy is to create massive unemployment. Their policy is to create massive unemployment, to drive down the living conditions; of the people and at the same time increase the share of profits to big business. **It** is no secret, as Fraser has revealed on many occasions, that that is Liberal-Country party philosophy. Its supporters have said that the citizens of Australia have too large a share of the national cake and that it must be reduced. They assert that a bigger share must go to big business and that the way to do it is to create mass unemployment which they hope will keep the unions quiet and prevent their claiming a fair **share** of the fruits of their productivity. That policy will not succeed.

I challenge the Prime Minister to call an election now and let the people of Australia decide this matter. If the federal Government had the intestinal fortitude to go to the people, it would be swept into oblivion. Because it is terrified of the **result**, it will not go to the people. Public opinion polls, and the people in the pubs and in the shopping centres express the view that the people's aim is to get rid of the reprehensible Fraser Government. If it had the courage of its convictions it would go to the people and not hide behind the fact that as the result of an early election it has another **two** years to remain in office.

The Prime Minister showed great political foresight when he brought on **an** early federal election. He realized that before long the people of Australia would recognize that they had been deceived and hoodwinked and thus would take the first opportunity to throw the federal Government into oblivion. It is no secret that the tremendous political success of the New South Wales Government will be **repeated** in Canberra, in Victoria and in every other State of Australia **as** soon as the **citizens** have been given the opportunity to bring in their verdict through the ballot-box.

Opposition members **know** that unemployment is the tremendous **sociological** problem that is exercising everybody's minds. In their callous, cynical manner **they** have said: "As unemployment is worrying the people, we must go into their **homes**

and on to the highways and byways and say that unemployment is a terrible thing. We must ask the people what the Government is doing about it." The Opposition shows its hypocrisy by daring to take this approach. Opposition supporters and the people know that unemployment is the keystone of the Fraser Liberal philosophy. The Opposition parties depend on unemployment. They consider that it keeps workers in their place and the trade unions quiet. If they can have a pool of unemployment they contend that there will be less demand for wage increases. The people will not be deceived.

One reason that the Wran Government was returned to office with a record majority was that a broad spectrum of people said that they supported the Wran philosophy and the Wran humane Budget that considered the people's needs. They rejected entirely the inhuman draconian attitude of the federal Government that it was not interested in the people, human values or the tragedies created by unemployment. The federal Government was interested in a bigger share of profits for business. That philosophy is as bankrupt as that Government's financial and general policies. The Australian people are awaiting the first opportunity to reject the Fraser philosophy and all the evil that goes with it. The Wran Budget is humane as it cares about people. For instance, under the heading of health one observes an increase of **12** per cent in expenditure over last year's expenditure.

The Budget provides for increased assistance to be given to many organizations concerned with the health needs of the people of this State. These organizations include Disabilities Unlimited, the National Heart Foundation, the Royal Flying Doctor Service and the Dental Health Foundation. The Budget illustrates the Government's willingness to do all it can to care for the needy. This year **\$1,137** million has been allocated to education, an increase of **\$102** million, or **10** per cent, on last year's expenditure. That money will be spent on reducing class sizes further. The high priority given to education is reflected by the increase of **10** per cent in the allocation. It is well-known that the Government endorses the objective of improving the quality of education. Teaching staffs have been excluded from the general freeze on additional public sector staff numbers. The funds available for technical and further education have been increased by **14** per cent, to **\$122** million. The Wran Government has not neglected the arts. The Conservatorium of Music will receive **\$3.7** million, which is **12** per cent more than the allocation last year. Expenditure on adult migrant education will total **\$4.6** million, an increase of **20** per cent on last year.

The Opposition made great play about unemployment, and stated that the Wran Government was doing little to solve the problem. Everybody knows that claim is untrue, for the statistics show that the increase in unemployment in New South Wales is lower than in any State in Australia. The Government will expand its programme to increase training opportunities for young people, and some **2000** pre-apprenticeship, secretarial and business training places have been provided for in the Budget; that is, **600** more positions than were provided last year. Youth and community services are the nub of the Government's humane policies. The Government has allocated **\$78** million, **14** per cent more than last year, to welfare services, and there will be an increase of **10** per cent in the payments made to foster parents and child care organizations. The Budget provides for an increase of **20** per cent for the development of family and children's services, by government and community organizations. The home help service, which assists elderly people with their housework, will receive a subsidy of **\$3.75** million, or **29** per cent more than last year.

The Government has increased its subsidies to pre-school kindergartens by **33** per cent, to almost **\$4** million. However, this will not offset the large cuts in subsidies made by the federal Government. The Government is managing the economy of the State under tremendous difficulties as a result of the inhuman cutbacks imposed by the

Mr Keane]

federal Government. I congratulate the Treasurer on his ability to achieve such a result despite the difficult economic circumstances. Local government is an area in which I have a great interest. This year special allocations to local councils will total \$41 million, 12 per cent more than last year. I know from my association with local government that the Government's policies in this area have been well-received.

Also, the Wran Government has not neglected the cultural needs of the State. This year it has allocated almost \$31 million for cultural activities, excluding administrative expenses. The sum of \$3.75 million has been allocated to cultural bodies by way of grants and other assistance. That sum represents an increase of 15 per cent on the expenditure last year. An amount of \$2.5 million has been allocated to the New South Wales Film Corporation, by way of a grant of \$1.5 million and a borrowing allocation of \$1 million.

The Ethnic Affairs Commission and the Ethnic Affairs Branch of the Premier's Department are to receive almost \$1.9 million, an increase of 10 per cent on last year's expenditure. The Women's Co-ordination Unit and the Women's Advisory Council have been allocated \$280,000, an increase of 50 per cent over last year's expenditure. [*Quorum formed.*] It must be something of a record to have three quorums called during one speech. I can understand the honourable member for Clarence, who called for the quorum, being bitter. He was almost defeated in the last election, winning his seat by only 1 500 votes. The honourable member's opponent in that election is present in the public gallery: no wonder the honourable member is upset. The allocation to the Department of Sport and Recreation from consolidated revenue this year is \$6.4 million, 12 per cent more than the allocation last year after allowing for the cost of racing taxation administration. The allocation to planning and environment—a most important area—has been increased by 11 per cent to \$13.7 million, to provide for the activities of the Planning and Environment Commission and the State Pollution Control Commission. Honourable members often hear Opposition supporters speaking about the importance of the police force. While they speak, the Wran Government does something about the police force, and this year it has allocated \$182 million to it.

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

Mr J. A. CLOUGH (Eastwood) [9.39]: Mr Speaker, first I should like to congratulate you on your re-election to your high office.

Mr Gordon: You do not sound very sincere.

Mr J. A. CLOUGH: I am sincere. The Minister and I may differ about a lot of things, but I reserve my right as a member of this House to stand up at the appropriate time and say what I believe. I congratulate the new members who on this occasion have been given an opportunity so early in the life of the Parliament to make their maiden speeches. The honourable member for Woronora criticized the Fraser Government for imposing increases in excise duties, customs charges, and extra taxes on fuel, liquor and tobacco. He said that the action of the federal Government would result in the prices of those commodities being increased. No doubt that is so, but what he did not say was that the Government of New South Wales will receive some flow-on benefits from those increases. The extra charges will be added to the wholesale selling price of those commodities, resulting in the New South Wales Government receiving increased licence fees. I estimate that they could be in the vicinity of \$20 million. Therefore, the State will not be completely bereft of some benefit from the federal budget.

The honourable member for Cronulla referred to the excellence of management and manipulation of statutory reserves by the Wran Government in the past year or two. It certainly did that to a great extent but what happened in consequence was

that the statutory authorities—I am thinking particularly of the Electricity Commission of New South Wales—immediately had to increase charges to consumers by at least 14 per cent. I understand that another increase is just about to be imposed. It is the old story: You cannot have your cake and eat it too. The Government is in a position of requiring statutory bodies to increase charges to consumers, and doubtless it will be necessary for them to increase their borrowings. Let us not take for granted that all that has been done has been done to the best advantage of the people of New South Wales. It was a temporary relief and assistance for the Government, but will have long-term effects on the people of New South Wales.

Honourable members have heard a great deal from earlier speakers about the Government's efforts in reducing the transport deficit. At page 12 of the Financial Statement the Treasurer made reference to the Public Transport Commission deficit. Me took some pains to point out that the deficit last year was \$64 million above that of the previous year, but was contained to 11 per cent. When one talks about percentages on the past year's deficit, that is how it might appear; but I point out that it does not matter what the Treasurer says or what the Financial Statement says. The Budget Papers tell the story. It was interesting to find in the Budget Papers that the Treasurer transferred from consolidated revenue to meet transport losses a sum of \$390,845,000 in the year ended June, 1978; also according to the Budget Papers, the net adjustment on account of recoupment of debt charges by the undertakings mentioned to the Consolidated Revenue Fund and contributions from that fund towards losses of the undertaking is \$435,139,000 for the current year. One can do a lot with figures, statistics and percentages, but the real test is to find out how much money the Government is pouring into the transport undertaking from consolidated revenue. In the year ended June 1978 it was \$390.8 million. The estimate for this year is \$435 million. The Government is claiming great success in this regard, but I do not consider as a success an escalating transfer of hard-earned taxpayers' money taken from consolidated revenue to offset the public transport deficit.

This is the third budget in a catalogue of missed opportunities. Where are the tax cuts that the Labor Party has talked about for four years? They are nowhere to be seen. For example, where is the cut in payroll tax? Honourable members were told this afternoon that the gross take in payroll tax will be considerably more in the current year than it was in the past year and the net gain, despite the additional exemptions, will be only \$2 million to the taxpayer. The Government had the opportunity to support the Opposition's policy of a rebate of income tax under stage 2 of federalism as proposed by the previous Leader of the Opposition. We are ready to do so at any time. I am speaking for myself when I say that. I challenge the Labor Party to say why it refuses to cut income tax. During the election campaign the Premier, skilfully but wrongly, flourished a piece of paper on the television screen and said that it was the taxation bill that would be imposed by the Liberal Party. That was a complete falsification. The bill that was introduced was for rebate of income tax only. In his usual way the Premier misled the people, as he has done time and time again. But the people will wake up to him. Why are the people of New South Wales the highest taxed and the highest charged in Australia? That fact has been demonstrated by earlier speakers.

Indeed, the Budget demonstrates that it is Labor Party policy to maintain and increase the highest State tax charges and costs in Australia. It shows up the four years of tax relief talk by the Labor Party for what it is—rhetoric that is empty and cheap though it is expensive to taxpayers. It means fewer jobs for young people and fewer home ownership opportunities for them. Above all, it confirms in the public

Mr J. A. Clough]

mind that Labor Party policy on taxation in New South Wales is the same as that outlined by Labor's federal shadow treasurer, Mr Willis, at the Labor economists convention in June of this year, when he said:

We would face the mammoth task of re-building the public sector and maybe an equally mammoth task in convincing the electorate that it should pay a higher level of tax to enable us to do so . . . The solution to that problem can only be in public education.

That is Labor Party policy in New South Wales also. Let there be no mistake, that the federal and State arms of the Labor Party stand for the same things. That party says that the public must be educated to pay higher taxation to foot the bill for grandiose public spending schemes. After all, it was the present Attorney-General of New South Wales who told this House in August 1975 that greater public spending was needed—and naturally it would be financed by higher taxes—as a necessary adjunct to the implementation of Labor's wide-ranging social programmes. Those are the future plans of this Government.

I emphasize the future and not the past because that is where constructive discussion lies. I shall deal briefly with the delvers into ancient history, like the Premier and the Treasurer, who like to draw comparisons with former New South Wales governments. I draw attention to the level of *per capita* State taxation when the Treasurer, who was then Premier, lost office. The legacy of twenty-four years of poor Labor government under the policies of the honourable member for Castle-reagh and his colleagues was the highest *per capita* State tax in Australia. When the present Treasurer, as Premier, lost government the people of New South Wales paid \$52 a head in State taxes. That was higher than in any other State. Furthermore, during the eleven years of Liberal and Country party government, from 1965 to 1976, the *per capita* State tax rose at a slower rate in New South Wales than in all States except Queensland. For the information of the Premier and Treasurer, the States with the highest rates of increase in *per capita* State taxation during that period were South Australia and Tasmania, which were both Labor States. So much for the humbug of the Government's selective comparisons. My colleagues and I on this side of the House look to the future, not to the past. I suggest that members of the Government should do the same. If they want to dig up relics of the past they need look no further than the present Treasurer and his record in the matter. They will then think again.

Look at the Treasurer's record over the past two years. He has increased taxes and charges on New South Wales taxpayers, who are now the highest taxed and charged in Australia. Numbers on the public-sector payroll have risen by 6 per cent in a Whitlam-style trend towards big Government, at a direct cost of \$250 million to New South Wales taxpayers. Bigger Government is being financed by higher taxation. The State's finances are in a chaotic condition with record hoardings of taxpayers' money by way of cash in interest bearing deposits—the Government preferring interest on cash to the interests of people—and with raids on reserves of Government business undertakings, some of which, like the Metropolitan Water Sewerage and Drainage Board, have had their reserves halved.

When I say that the Government has preferred interest on cash to the interests of people, I remind the House that at the end of March 1978 cash balances were \$645 million. They were reduced at the end of June this year to \$479.5 million. Honourable members received the Auditor-General's report only late this afternoon and it has not been possible for them to make proper comparisons. However, I notice that at page 45 of the Auditor-General's Report there is a reference to transfers of between \$80 million and \$100 million. The Auditor-General notes, "Comment on

these accounts and funds is given elsewhere in the report". Because the Government has delayed the presentation of this report to the House, it has not been possible to discover at this stage where those amounts have gone. It seems to me that the Government has been very smart in transferring them to special deposits, and it could well be that if the necessary adjustments were made, the cash balances would be the same as they were in March.

The Government has continued to leave cash balances on interest bearing deposit. Indeed, its interest earnings for the year ended 1978 were \$74 million, even though the estimate was only \$61 million. It is quite clear, therefore, that the Government has been hoarding this cash, despite what it says, for it would need another \$130 million at 10 per cent to achieve that additional increase in interest earned. The Government has still not answered to the satisfaction of members of the Opposition the question we ask about what it has done with the funds to which I refer, and which are needed to provide employment for the people of New South Wales, especially the young, who are desperately searching for work.

This is the Treasurer who says that he cannot lay his hands on enough money, and that the Commonwealth Government would not give him enough money. Yet he has these cash balances available, and they are earning interest and growing. I have never claimed, as the Premier tried to make out, that the Government has surplus funds. What I have maintained is that the Government is not spending its money where it should be spent and when it should be spent. I have never said that the Government has divers surplus funds. I have said that it has been hoarding its funds instead of spending them. The proof of the pudding is in the eating, and in that connection I refer to the additional interest earned on funds invested.

Several weeks ago in this House the Premier repeated Labor Party policy of increasing tax revenues "in real terms"—and they are the Premier's own words—as a means of financing extravagant public sector growth at the expense of the private sector. Times have changed for the Premier. In October, 1974, he had this to say to the House:

We believe . . . that too much revenue is being raised and that a much higher deficit could be carried and relief given from some of the taxes.

In December 1975 during the Wagga Wagga by-election campaign, the leader of the Labor Party promised cuts in State taxes. Where are they? In February 1977 the Premier said that Mr Fraser was "on the wrong track" with his continued resistance to tax cuts, and in April 1977 he said that the Prime Minister could not afford to continue to refuse to cut taxes. Where is the Government's commitment to keep taxes down?

For two years now the Government has run the line that there has been no increase in taxes or charges, but the fact is that charges, which are a form of double tax, have gone up in at least twenty-five areas at a direct cost of more than \$100 million to New South Wales taxpayers. So let the Government record be seen for what it is—a recipe for higher taxes and charges, public sector growth in the pursuit of big Government and a policy of hoarding taxpayers' money while constantly ignoring the plight of the unemployed.

I repeat, I have never claimed, as the Premier tried to imply on an occasion before Parliament rose for the recent election, that the Government had divers sums of surplus money. What I said was, and what I repeat is, that the Government has money in hand and is not spending it for the purposes for which it was intended. It has big balances in special deposit accounts, and that money was set aside for specific purposes but has not been used for those purposes and has been left to earn interest. Government supporters do not have to believe me. Let them look at the Budget Papers

Mr J. A. Clough]

and at the Auditor-General's Report, where they will find for themselves exactly what I have been saying. Indeed, a few months ago when I made my assertion, Mr Ross Gittens, economics writer for the *Sydney Morning Herald*, supported me in a leader on the finance pages. He knew that I was correct in what I said. It still pertains. Let Government supporters get busy with their Ministers to ensure that that money is made available. I would be happy if they did so. The Minister for Education, for example, might be persuaded to spend a couple of million dollars consolidating schools in the Eastwood electorate instead of having the money lying idle. I am sure that every honourable member would applaud such a decision. I again accuse the Government of mismanagement and of an inability to use its money effectively.

Mr Morris: Gosford has been fixed up; the Government should be getting to Eastwood soon.

Mr SPEAKER: Order! The honourable member for Maitland is to speak on the adjournment motion. We have not yet reached that stage.

Mr J. A. CLOUGH: When the Premier was asked his opinion of the Opposition's bill proposing a rebate of taxation—which I remind honourable members was designed to reduce the income taxes paid by taxpayers in New South Wales—the Premier replied that it was an insult to anyone's intelligence. What a poor response from a man who is leading the State of New South Wales, the great mother State of Australia. After analysing what the Premier has been saying during the past four years about so-called tax relief we need hardly wonder just who is insulting whose intelligence. It is from the words of Labor politicians that we learn what Labor policy really is—to rip off the public by imposing higher taxes to finance the party's grandiose socialist dreams. It was the Premier himself, in this Chamber on 9th October, 1974, who advocated higher taxes. That is, he advocated Labor's policy of higher taxes to pay for bigger Government.

I now come to the subject of death duties. Whom are we to believe on the subject of Labor Party policy on death duties? I am pleased to see that the Government has taken up Liberal Party policy and will abolish death duties. I understand that it is proposing to abolish them over the next three years. I certainly hope it will abolish them, and that it will do so more quickly than it has promised. In this connection I make reference to a matter that came to my attention today in regard to bequests to approved charities. On such bequests the death duty is 25 per cent. That is a matter the Government might look at in the very near future in connection with its 3-year programme, and decide to abolish those duties immediately. I learnt today of one worthwhile charity, which all of us would support, that lost \$60,000 to the Government in that way. Let us know now what Labor Party policy is on that matter.

When in May 1978 the Fraser Government moved to abolish federal death duties, the federal shadow treasurer moved an amendment seeking that the bill be withdrawn until such time as an alternative form of tax on capital is introduced. In that same debate Labor Senator Wheeldon said:

It is the view of the Australian Labor Party—I would have thought that this is a view held not only by socialists but by a number of people who believe in the equality of opportunity and in a more egalitarian society—that there should not be an unrestricted flow of capital from one member of a family to another member of a family.

And also in that same debate the Labor member for Bonython, Dr Blewett, said:

We do not have very effective measures in this society for redistributing wealth. Let us not give away one of the few . . . that we have. They make at least some contribution to redistribution in this society.

When the Labor Party returns to Government in 1980 we will ensure that wealth, as in every European country, will bear its fair share of taxation. Whether this will be done through the re-imposition of death duty, the introduction of a wealth tax, by re-vamping capital gains taxation, or a combination of all these actions is something that will be determined in the years ahead. I am certain . . . a tax on capital will be imposed.

I am sure that each and every one of us would agree that members of the Labor Party in New South Wales wear the same coloured jersey as the federal Labor Party to which Senator Wheeldon and Dr Blewett belong. Let us not fool ourselves and lull ourselves into a false sense of security that all is well in the Wran Labor Government. Now, with a majority in both Houses of the New South Wales Parliament, things will start to happen. So much for Labor promises. There is no doubt about the real aim of the Labor Party. It is to gain control over the levers of power and then to tax New South Wales taxpayers to the hilt. The Wran Government would do this at a time when New South Wales desperately needs tax cuts to attract investment and jobs to New South Wales.

New South Wales has the worst record of all the States in attracting new investment. The Premier has boasted about \$1,400 million worth of additional investment for this State's economy. That sum represents 17 per cent of the total investment for all Australian States. That is an indication of the economic bankruptcy of this Government. The new Budget has done nothing to change the competitive position of New South Wales relative to other States in terms of new capital investment. Under this Government New South Wales will continue to lag behind all other Australian States.

On a per capita basis Victoria has 60 per cent more investment than New South Wales, Queensland has 150 per cent more, South Australia has 178 per cent more, Western Australia has a massive 560 per cent more and even the little apple isle of Tasmania has 200 per cent more than New South Wales. The 17 per cent of total new investment in New South Wales is despite the traditional 40 per cent of capital investment for manufacturing industry. Even the Loan Estimates announced by the Treasurer on 29th August have done nothing to change the desperate situation of New South Wales in relation to the other States. Admittedly the Premier has just attracted some additional finance after gaining permission of the Fraser Government to raise loan moneys. I hope that the Government gets on with the job of raising that money.

Mining investment in New South Wales has now declined to 13 per cent of the national total. New South Wales has traditionally attracted 26 per cent of total mining investment in Australia. Currently we are attracting less than half our share of new investment in manufacturing and only one-third of our traditional investment in mining. Yet all the Government can do is to bring in a soft budget in which it has shown an increasing reliance on federal funds. The Premier has been hypocritical. On the one hand he has criticized the financial arrangements of the second stage of federalism; on the other hand, this year the State's share of Commonwealth general revenue has yielded an increase of \$138 million. Without this additional Commonwealth revenue State revenues would have increased from \$1,973 million last year to \$2,044 million this year, or an increase of some 3.6 per cent. In other words, leaving aside the Commonwealth's contribution, in real terms State expenditure has decreased by 4 per cent. The strategy on which the Premier has relied for this Budget may be described as increased reliance on Commonwealth funding to sustain his spending programmes.

Mr J. A. Clough]

Revenue from licence fees in New South Wales has increased by 12.5 per cent, reflecting the rise in State charges. Motor vehicle registration fees have increased by 25 per cent and registration charges for many business activities have risen by up to 900 per cent. In the months ahead I hope that the Government will be able to obtain some of the investment that it has said it will obtain. In the Budget Papers I noticed a large decrease in the amount expected from royalties. If the Government gets all the investment in New South Wales that it has said it will get, royalties could be increased enormously and so too could the State's income. But I believe that all those statements were merely words and that anybody who knows anything about investment realizes that a projected programme such as that mentioned and envisaged by the Premier would take probably three years to get off the ground. What are we to do in the meantime for the people of New South Wales? One thing the Government can do is to spend the funds I have referred to and get public works rolling in this State so that there will be more schools and hospitals, and better roads.

Debate adjourned on motion by Mr R. J. Clough.

ADJOURNMENT

School Certificates

Mr BOOTH (Wallsend), Minister for Sport and Recreation and Minister for Tourism [10.8]: I move:

That this House do now adjourn.

Mr MORRIS (Maitland) [10.8]: One of the ugly features of the year 1978 is the serious unemployment situation that affects honourable members representing most electorates, particularly as it applies to young people. As we consider the position of the young people who will soon be leaving school and realize that 40 per cent or more of them will have difficulty in finding employment, I believe we all agree that we and they face a sad and demoralizing time. A few years ago most of us thought that the spectre of unemployment and perhaps prolonged unemployment for thousands of our citizens, particularly the young, was behind us. Certainly those honourable members who as children witnessed in the depression years the suffering and shame of parents out of work and on the dole, had hoped that this would never arise again.

With that as the theme, I raise with the Minister for Education a matter that was recently brought to my attention. A representative of W. J. Treloar Pty Limited, a firm which decentralized to Maitland from one of the inner city suburbs and has provided employment not only for a number of tradesmen and their assistants but also for a number of apprentices, spoke to me about the quality of some of the young men who had been sent to the firm from high schools in the district on the excellent work experience scheme.

In my electorate over the past couple of weeks I have noticed in the local newspaper office, the hospital and other places young people who are doing a week or two of this commendable work experience. The politician's dream is to meet a newspaper photographer at a function and on one occasion I noticed that the photographer from the local *Mercury* newspaper was being assisted by a young fellow who wished to engage in this type of work as his profession. A representative of W. J. Treloar Pty Limited spoke to me about one of the lads to whom the company had offered a period of job experience. His name is Garry Sharp, a lad in year 10 at Maitland Boys High School who intends to enter the trade of fitting and turning. The company has a vacancy for him and wished to engage him at that time.

The Minister would be aware that under the rules laid down by the department a school certificate is not issued to a student leaving school before 1st December in any year. I understand—and the Minister will correct me if I am wrong—that the Secondary Schools Board's firm view is that all school certificate holders should have equal employment opportunities, which means that everybody leaves at the same time and no one gets a flying start. That might have been all right in the days when employers were on their knees waiting for schools to discharge their students on to the labour market, but that situation no longer exists.

It seems to me that there is a case for rethinking in regard to the issue of school certificates, not to issue them willy-nilly but perhaps to require proof by the employer of the fact that the student has obtained a position if he wishes to leave before 1st December. This matter was brought to my attention because of the interest of an employer in engaging a first-class lad. He could have been faced with the dilemma of leaving school to obtain employment as an apprentice fitter and turner, bearing in mind that a probation period of three months had to be served and there would be no doubt that this lad would have been indentured at the end of the period. If he were not indentured he would lose both the school certificate and the job. If he were to be retained as an apprentice, as this lad no doubt will be, perhaps the possession of a school certificate would not assume the importance that it might otherwise have. His charter to go through life would be his indentures to the trade of fitting and turning.

The employer suggested to me that it was far better from the industrial point of view to start the employment of young people during October or early November rather than in December. With the flood of young people coming on to the employment market early in December most employers ask them to return after Christmas so that the employer will not be caught up with the payment of holiday pay. Over the Christmas period most industries go flat. If a lad using his initiative finds employment when it is available he should not be penalized by not receiving a school certificate because he did not stay at school until 1st December. There does not seem to be any purpose for this except that it conforms with the rules of the Secondary Schools Board.

I know from experience that it is hard to change rules. Something that has been done for 50 or 100 years or that has been on the statute book or the book of rules of a department or statutory authority is difficult to change. No doubt the Minister will be given reasons why it is not possible to make a change. I might mention that he slipped into my electorate on the eve of the recent elections and visited half a dozen schools. But it did not hurt me; I am back here to tell the tale. I like the Minister very much. I believe he is sufficiently enlightened and humanitarian to want to do something about this problem. The case of which I speak is only a test case for the circumstances could apply to many hundreds of students. Thanks to an enlightened employer the lad in question was able to stay at school and get his school certificate. The employer will take him on the day he comes out of school.

The Minister knows that once work for the year is over the students are out on the new football field trying it out and going on all sorts of outings, such as botanical and geological excursions. There is not a momentous amount of work done by these young people, particularly those who do not propose to go on to year 11, in the last few weeks of the school year. I put it quite simply and sincerely to the Minister that he might look at this matter and see whether it is possible to help these young people who could be in work now and who, because of the disastrous situation that is facing us on the employment front, ought to be helped if it is possible to do so.

Mr BEDFORD (Fairfield), Minister for Education [10.17]: I thank the honourable member for Maitland for raising this question, which has been raised by many other honourable members—some from this side of the House. I could make the

observation that it is just as well for the honourable member for Maitland that I did not spend two days in his electorate before the last elections. I thank him for the sincere manner in which he placed his arguments before me and I assure him that it is a matter that has not occurred only this year. I went through a tortured time about it last year when the date was fixed for the last day of school for students undertaking the school certificate. The Secondary Schools Board has not taken the decision lightly and I do not think it has approached the matter on the basis that because something has been on the statute books for years it should be maintained.

The argument that the honourable member for Maitland put—that the situation was better a few years ago when once the floodgates were opened employers were waiting to receive these young people pouring into the work force—probably has less to support it in the situation that now exists. The reasoning behind the idea of holding all students back until a certain stage is that we are trying to ensure that they all get a fair go when they go on to the job market. That view has been taken by the board not on educational grounds but strictly on social grounds. I asked the Secondary Schools Board to give me some advice on how it saw the situation and perhaps with the indulgence of the House I might mention it. A student of school-leaving age may leave school at any time, although without the expectation of receiving a school certificate. In previous years when there was a school certificate examination, board policy required attendance up to the commencement of the examination, that is, until the completion of the board's courses. These examinations occurred in early or mid-November. The reference tests in English and mathematics are conducted in July.

Many parents hold the view that when their kiddies come home from school and say that on that day they finished their tests, the course has ended. Honourable members, particularly the honourable member for Hornsby who was a former Minister for Education, know that the reference tests are not a test of the children themselves but of a school's level of attainment. After the tests are marked they are returned to the schools as advice to them on the gradings they can give in the schools' assessment of the students in those two particular subjects. Apart from the two reference tests, there is a requirement that in the other subjects studied by these children a school certificate expressing how satisfactory they are shall be provided for the issue of a certificate.

As the honourable member for Maitland said, this year the date that has been determined is 1st December. There is a saving part to the whole matter: principals are empowered to grant leave of absence to pupils in special circumstances, such as a family moving interstate within a few days of 1st December or a candidate being obliged to go on a family holiday which, because of, say, the nature of the father's job, cannot be arranged at any other time. Other reasons could be advanced. Leave to commence any form of employment is not regarded by the Secondary Schools Board as sufficient reason for non-attendance prior to 1st December.

The honourable member for Maitland and many other honourable members have raised some doubts about the logic behind the board's stand on this matter. I welcome the views expressed by them. I am willing to present to the board for its further consideration any submissions or views, and particularly specific cases. I must say though that the board is made up of people who do not live in any kind of ivory tower; they are people involved in education in many ways and as part of the community. I am sure that they would be looking at the matter on the basis not only of educational requirements but also of social and employment opportunities that may or may not exist.

Mr Morris: Is the board autonomous?

142 ASSEMBLY—Adjournment

Mr BEDFORD: Yes.

Mr Morris: The other board is no good either.

Mr SPEAKER: Order! The honourable member for Maitland has addressed the Chamber.

Mr BEDFORD: I give an undertaking to the honourable member for Maitland and to other honourable members that I shall bring this matter to the attention of the board to ensure at least that, if all of these views have not already been taken into account by the board, it will have regard to them when determining policy for future years. I repeat, there is the saving provision that if there are very special circumstances the principal of a school will grant leave of absence for the last few weeks of school.

Motion agreed to.

House adjourned at 10.23 p.m.

