Legislative Assembly

Tuesday, 14 ***November,*** 1978

Divisions: Seating — Petitions — Questions without Notice — House Committee — Parliamentary Contributory Superannuation Fund (Legislative Assembly Trustees) — Joint Committee on Public Accounts and Financial Accounts of Statutory Authorities — Joint Committee upon Parks for Mobile Homes and Caravans — Appropriation Bill (No. *2)* (Cons.) — General Loan Account Appropriation Bill (No. 2) (second reading) — Industrial Arbitration (Reinstatement Awards) Amendment Bill (No. 2) (Int.) — Motor Dealers (Amendment) Bill (Int.) — Irrigation (Amendment) Bill (Int.) — Water (Amendment) Bill (Int.) — Valuation of Land (Rating and Valuation) Amendment Bill (Int.) — Local Government (Rating and Valuation) Amendment Bill (Int.) — Gaming and Betting (Poker Machines) Amendment Bill (second reading) — Educational Institutions (Stamp Duties Exemption) Amendment Bill (second reading) — Adjournment (Walsh Group of Companies).

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

Mr Speaker offered the Prayer.

DIVISIONS: SEATING

Mr SPEAKER: The alterations to the seating arrangements since the House rose on Thursday last will be apparent to all members. I do not think any comment from me is necessary, except to say that when a division takes place those members seated on the centre crossbenches will be deemed to be voting with the Government.

PETITIONS

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

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 modem 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[m] — 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 and in view of the fact that M.A.C.O.S. and S.E.M.P. have been withdrawn from Queensland schools;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 New South Wales primary and secondary schools and teachers' colleges, and conduct an independent public inquiry into their suitability and conformity with the provisions of the New South Wales 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 New South Wales.

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

Petition, lodged by Mr Duncan, 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 Duncan, Mr O'Neill and Mr Rozzoli, received.

QUESTIONS WITHOUT NOTICE

OIL INDUSTRY DISPUTES

Mr MASON: I address my question without notice to the Minister for Industrial Relations, Minister for Technology and Minister for Energy. Is this State now up to No. 7 in a series of rolling fuel strikes which over the past two months have disrupted business and industry to the point that a crisis has been reached throughout the country? Will the Minister indicate to this House and the people of New South Wales what action he proposes to ensure the resumption of normal fuel supplies?

Mr HILLS: It is a fact that over recent months a number of industrial disputes have affected the oil industry. As all honourable members know, there is to be a 24-hour stoppage from midnight tonight. This has been caused by a dispute that is funning at present in Victoria. The national body of the Transport Workers Union in a telephone vote decided that there should be a national stoppage for 24 hours. So obviously, although the dispute did not commence in New South Wales, it affects us substantially. I hope that at the meeting to be held in this State tomorrow there will not be an extension of the 24-hour stoppage. I understand that a recommendation to that effect is to be made to the meeting by officials of the union.

All honourable members must feel concerned about the number of oil industry disputes that have occurred in this State, particularly at the oil refineries of Shell and Caltex. They have been generated because of the common agreement negotiations that have been proceeding in the federal Arbitration Commission, particularly under the chairmanship of Commissioner Neil. Concurrently with those negotiations, negotiations were proceeding between union members at the Caltex oil refinery and the company about a new agreement. I do not want to bore honourable members, but they may recall that about two years ago Caltex made an approach to the Commonwealth court to have operators at the Kurnell oil refinery brought under the jurisdiction of that court. This was resisted by not only the employees but also this Government, which appeared before the court and opposed the application. The Government felt at that time that such a move would only cause industrial disputation at the Kurnell oil refinery. How true that was: it is exactly what happened. As honourable members are probably aware, I have had at least twenty conferences with the parties involved in connection with the Kurnell oil refinery and its operations.

I am sure the Leader of the Opposition would have read with interest the comments of Mr Justice Macken yesterday when this matter came before him at 12 noon. I hope that the conference that has been called by the Premier for 9 a.m. tomorrow for the purpose of having the oil companies and the unions confer with him will result in a return to industrial peace in New South Wales. It is essential that both the companies and the unions approach the conference with an open mind and a desire to bring industrial peace to the people of this State. For once the people should be assured of being able to obtain fuel for their vehicles, whether for commercial purposes or private needs, and industry should be guaranteed sufficient fuel to keep it in operation.

RURAL ASSISTANCE BOARD

Mr McCARTHY: I direct a question to the Treasurer. Will he inform the House of the circumstances that led to the seizure last week by the Rural Assistance Board of a farmer's cattle and sheep? What answer does the Treasurer have to the charge levelled at the board by Mr Barry Cassell, who described the board's action as typical of fly-by-night moneygrabbers and called upon the Government to reverse the board's decision?

Mr RENSHAW: Naturally a person becomes upset when any of his property is repossessed, just as other people become upset when they lose their means of livelihood and become unemployed. The matter raised by the honourable member for Armidale concerns persons who have dealings with the Rural Assistance Board. He referred in particular to publicity given in the media to the repossession of stock from the property of Mr Lloyd Fleming, a farmer of Delungra in the Northwest of New South Wales.

I have had an opportunity to study the board's file and to question the board's director, Mr Sirnpson, about this matter. The director told me that this is one of the worst cases to come to his notice in the past six years. The facts are these: Mr Fleming commenced receiving rural reconstruction assistance in 1971. A scheme of arrangement was established to help him overcome his financial difficulties. As is usual in such cases, the board negotiated with the farmer's creditors, and secured acceptance of a plan under which the farmer's first mortgagee—his bankers—were to receive interest only on their debt for a period of five years. A trust account was set up receive all income derived by the farmer. Funds were made available to him for the purchase of stock and plant, and to enable him to carry on. As security, the board held a third mortgage over the farm and mortgages over the stock and plant. In effect the board is the third person on the list of creditors that might be considered to have a substantial interest in this property.

By July 1975 it was evident to the board, and to Mr Fleming's bankers, that he had exhausted any real prospect of successful rehabilitation. He was urged to sell stock and plant and to account for the proceeds. Had he taken this advice, he would not be in the virtually insolvent position that he is now in. However, Mr Fleming did not take that advice. Instead he abandoned any pretence of co-operation with the board, failed to account for income received, and traded outside the scheme of arrangement. Although he had been assisted by the board to acquire plant for use on his farm, this was used in a sharefarming venture elsewhere, in defiance of the board's requirements.

This pattern of deliberately breaching his covenants has been followed by Mr Fleming over the past three years, during which time his financial position has, in consequence, continued to deteriorate. His bank debt is now almost double what it was in 1971, as he has made no money available to the trust account to meet the

interest payments in terms of the scheme of arrangement. As a result, the board's third mortgage over the farm is now ineffective to secure the debt. Realizing that there was likely to be a loss of the public funds advanced to Mr Fleming, the board commenced legal action for recovery of its debt. In March it signed judgment in the sum of $37,874.

The farmer still remained obdurate. In a final endeavour to resolve the issue he came to Sydney, at the board's invitation, to discuss some proposal for repayment. In the course of his interview with the board's deputy director, he refused to account for his current wool proceeds, to give security over his sharefarmed wheat crop, or to suggest any feasible plan for repayment of the board debt. The board then took the only action open to it: it directed repossession of the farmer's stock. Although legally entitled also to repossess Mr Fleming's plant, the board has deferred this action to enable him to harvest the current wheat crop.

That is a summary of the events which led the board, as a last resort, to take action last week. The board is an autonomous statutory authority charged with the responsibility of properly administering public funds at its disposal under the rural reconstruction agreement and the rural adjustment agreement. Current outstandings now exceed $73 million and assistance has been provided to some 3 700 farmers. The board's seven members include four farmers who are all respected leaders in the rural community. The board has to make its own decisions in these matters. In my view it has been most indulgent to Mr Fleming in allowing him so much latitude over such an extended period. Essentially the board is a lender of last resort. It begins to lend where normal commercial lenders leave off. Consequently it has some bad cases, and to deal with them it must be allowed to exercise its proper legal remedies.

Mr Cassell has referred to the board's action as high-handed, and has said that it smacked of a police state. Presumably he had in mind the fact that three policemen were present during the mustering of the stock. The police were present only because the farmer's wife had previously threatened to shoot any representative of the board who set foot on the property. That is a matter of record, as it was reported to the police by the director at the time. Such repossession action has been taken before on behalf of the Rural Assistance Board, and it may be taken again in similar circumstances. Much has been said about the waste of public funds by public authorities. If Mr Cassell had taken the trouble to check his facts before rushing into print in such intemperate terms he might well have concluded, as I have, that the board's actions in this case were proper in all the circumstances.

FUEL SHORTAGE

Mr PUNCH: I address a question without notice to the Minister for Industrial Relations. Minister for Technology and Minister for Energy. Does section 33 of the Energy Authority Act provide that whenever the available supply of any energy resource is, or is likely to become, less than is sufficient——

Mr Walker: On a point of order. The Leader of the Country Party continues to frame his question incompetently. The standing orders prevent honourable members seeking legal opinions on amendments to sections of an Act and information on matters that are of public record. The Act is on public record. If the Leader of the Country Party wants to know what is in it, all he has to do is to go to the Parliamentary Library or to another place in this building and get a copy of the Act. It is not competent for him to frame the question in the way he has.

Mr Dowd: On the point of order. I submit that it is competent for an honourable member when asking a question to raise sufficient matters to be able to identify the nature of the question precisely. Obviously a question about the use of ministerial power cannot be asked without referring the Minister concerned precisely to the section of the Act to which the question is related. The point of order is quite improper. The Leader of the Country Party is not asking about the section of the Act; the substance of the question has yet to come.

Mr SPEAKER: It is in order for an honourable member to state sufficient facts to explain his question. I believe that is what the Leader of the Country Party is doing.

Mr PUNCH: Does section 33 of the Energy Authority Act provide that whenever the available supply of any energy resource is, or is likely to become, less than is sufficient for the reasonable requirements of the community, the Minister may give notice in writing to direct the resumption of supply? Does the Minister recognize that if the present petrol strikes continue a state of emergency will exist throughout New South Wales and, if so, will he invoke forthwith sections 33 and 34 of the Energy Authority Act which his Government introduced into the House?

Mr HILLS: The Energy Authority Act does have a section 33. That measure, which was brought before the Parliament by the Government, was amended in some respects by Liberal Party and Country Party members in another place. That was regrettable because it prevented the extension of the gas pipeline to certain country towns in this State. That legislation contains provisions for dealing with emergencies. Those provisions give me power to recommend to His Excellency the Governor that a state of emergency should be declared by notification in the ***Government Gazette.*** Surely honourable members are aware that when an emergency is declared fuel will not be available to all sections of the community. As the Minister for the time being administering the Energy Authority Act——

Mr Fischer: For the time being?

Mr HILLS: None of us is here forever. We have all pot to face that situation. As the Minister responsible for the Energy Authority Act, I shall act on the advice of the committee composed of representatives of the oil industry and certain members of the public who will make recommendations to me whether the emergency powers under the Act should be brought into effect. I have to decide when such an emergency is in existence and then make recommendations to His Excellency the Governor. I have no intention of causing members of the public any more inconvenience than they are presently being occasioned, and only when it is necessary to invoke the emergency powers shall I make recommendations to the Governor. Obviously some people providing essential services will require fuel, for example, petroleum. They include people carrying out essential services such as ambulance personnel, doctors and the like. The machinery is already established to bring into effect the operations to be carried out in a time of emergency. The regulations have already been prepared and when it is necessary for them to be invoked they will be brought into effect forthwith. At this point of time there is no necessity to use those emergency powers.

DEPARTMENT OF AGRICULTURE STAFFING

Mr AKJSTER: My question without notice is directed to the Minister for Agriculture. Has the Minister's attention been invited to statements issued by Opposition spokesmen, claiming that the Government had directed the Department of Agriculture to reduce its staff by 300 people in addition to some 400 people claimed to have already been dismissed? Can the Minister say if there is any truth in these assertions?

If there is no truth in them, can he give me and the House some accurate information on the true position about staff ceilings over the past few years, particularly recently? Is the office of the Department of Agriculture at Queanbeyan to be affected by staff priorities?

Mr DAY: My attention has been invited to some quite irresponsible statements, other than those made in the House last week by the honourable member for Barwon, about this matter. Though the honourable member's remarks were irresponsible and inaccurate, the Leader of the Opposition took the cake when he announced that staff reductions in the Department of Agriculture would total approximately 700. That estimate is the highest that I have heard so far. The fact is that the reverse is the case. As was pointed out by the Premier when responding to the spurious urgency motion moved last week by the honourable member for Barwon, staff ceilings have, properly and responsibly, been imposed upon government departments and all departments must keep within the stated levels. This action is necessary in the light of the present economic circumstances. Anybody who suggests that there should be some irresponsible growth in the public service is doing this State, his constituents and the people of New South Wales a disservice.

Staff levels in every government department, including the Department of Agriculture, are being monitored. An indication has been given to every department that all new initiatives should, as far as possible, be accommodated from the staff levels that have already been approved. However, this is not necessarily inflexible, because special approval can be given to increase staff levels. The Department of Agriculture has become responsible for a number of new initiatives, including increases in market reporting. the formation of the new Meat Industry Authority and new meat inspection staff associated with classification of meat. Also, staff increases have been caused in connection with the eradication of brucellosis and tuberculosis in cattle throughout the State.

The Government has increased the number of high priority research schemes undertaken. Additionally, an increase has been necessary upon the adoption of the new pesticides legislation. On the other hand a reduction in the number of lower priority researches undertaken has been effected. Further, there has been a reduction in what might be termed excess office support, and the department's regulatory functions have been critically examined. When this Government came to office the division of dairying and the Dairy Industry Authority of New South Wales, between them, employed one person for every six dairyfarmers. The Government. in my view quite properly and responsibly, immediately turned its attention towards correctinp that quite ridiculous situation. Following the release of the extensive Grafton–Copmanhurst area from quarantine restriction, there has been a reduction in the staff required to maintain control in the tick quarantine area.

In fact, quite the reverse situation applies to that suggested by the Opposition. As at 30th June, 1976—just after this Government came to office—the staff ceiling of the Department of Agriculture was 4 175 employees, including 308 personnel at the Hawkesbury Agricultural College. Immediately after the recent reappraisal, the staff numbers in real terms have increased. The number is now set at 3 983 employees and, if one includes the 308 employees at Hawkesbury Agricultural College, 117 additional people have been employed in the Department of Agriculture since this Government assumed office. That indicates quite clearly the sort of priorities that the Government assigns to the importance of agriculture.

It is interesting to look at the record of the previous administration over its last two years of control of this portfolio. The coalition Government reduced the staff ceiling in the Department of Agriculture from 4 391 to 4 175, the figure to

which I referred earlier. In fact, in two years the coalition Government reduced the personnel of the Department of Agriculture by no fewer than 216. Of course, that information was carefully buried by the former Government. The honourable member for Barwon did not endeavour to move a motion of urgency when that was done, and he did not suggest that the coalition Government was destroying the department. That matter was carefully buried, and neither the honourable member for Barwon nor any of his colleagues referred to it. They did not allow that sort of thing to hit the light of day. The Opposition buried its betrayal of the department in the manner typical of its hypocritic approach to these things.

It is most interesting to compare the Treasurer's allocation to the Department of Agriculture in the Budget, which is at present being debated by the House, with the allocation made by the coalition Treasurer in 1975. This year the allocation is $53.8 million, an increase of 28.75 per cent over expenditure in the last year of office of the Liberal-Country party Government. Those figures give some idea of where the Government's priorities lie in comparison to the hypocrisy practised by members of the Country Party and their colleagues on the Opposition side of the House.

The honourable member for Monaro asked me about services to primary producers in the Queanbeyan district. The honourable member has taken an active interest in all matters relating to primary producers in his electorate. I commend him for his attitude. He has quite properly brought this matter to my attention. I have had discussions with departmental officers about this matter, and I can assure the honourable member that there will be no reduction in the excellent services normally rendered to primary producers in his electorate.

PETROL PRICE

Mr FACE: I direct a question without notice to the Minister for Consumer Affairs, Minister for Housing and Minister for Co-operative Societies. I refer to the decision by the governments of New South Wales and South Australia to intervene in the forthcoming Prices Justification Tribunal inquiry into the application by the Shell Company of Australia Limited for another rise in the price of petrol. Will the Minister ensure that the two governments use the opportunity presented by this inquiry to press the need for fundamental research into the whole system of fuel costing so that consumers are not exploited in the purchase of this essential commodity? Also, will the Minister make clear that the purchase of petrol by Bankcard does not allow a retailer to prevent a discount being given on petrol by charging a different price from the ordinary price, a practice that is most prevalent in the electorate of Charlestown?

Mr Barraclough: The honourable member should try to buy some petrol.

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

Mr EINFELD: In reply to the last part of the question asked by the honourable member for Charlestown, let me say clearly that it is illegal for any petrol reseller to charge more than the maximum price determined by the New South Wales Prices Commission. The presentation by a customer of a Bankcard or any other credit card does not give a petrol reseller an excuse for charging more than the fixed price. He cannot and must not do so. It is a breach of the law for him to do so.

It is true, as the honourable member for Charlestown so aptly mentions, that the Labor governments of New South Wales and South Australia have agreed to appear again at a hearing by the Prices Justification Tribunal, this time into the latest application by Shell Oil for an increase in the price of petrol. As the honourable member for Charlestown always tries to safeguard the interests of consumers, I inform him that no member on the Opposition side of the House would even know that Shell

Oil had made an application for an increase in price. The Government of New South Wales, knowing that the hearing is to begin on 20th November, will press the Prices Justification Tribunal strongly to widen the inquiry to enable it to investigate all aspects of the price structure, including transfer pricing, which is a significant factor in the total price.

The Government welcomes intimations that the tribunal will take such an approach. Indeed, as acting chairman of the Prices Justification Tribunal, Mr F. C. Pryor, recently told me that he agreed entirely that "the time has come to review the whole basis of petroleum product pricing". Mr Pryor was reported in the press last week as having said that the coming review would have important implications for all sectors of the community and that the Prices Justification Tribunal was looking forward to organizations inside and outside the oil industry playing an active part in the inquiry. The Minister for Industrial Relations, Minister for Technology and Minister for Energy, a tried and experienced Minister who has intervened so successfully in the many disputes that have taken place in the petrol industry, said today that the Premier is calling a meeting tomorrow of all parties concerned in the present petrol dispute. That shows how seriously the New South Wales Government treats this industry.

The decision of the governments of South Australia and New South Wales follows their successful intervention in the Prices Justification Tribunal hearings into the Mobil Oil application earlier this year for a total increase of 0.8c a litre. As a result of this intervention the tribunal rejected Mobil's application. Instead, it allowed well short of what the company had requested and, for the first time, took into account the effect on petrol prices of discounting, the proliferation of service stations, and other marketing practices by the oil companies. The result of the Mobil case proved to be of enormous benefit to consumers and industry who previously had faced constant increases in the price of petrol without being given any real information about the reason for the increases. That was an important victory in the campaign waged by both governments in support of an orderly national system of marketing petrol.

The honourable member for Charlestown keenly brings up this matter and I am grateful to him for doing so, for it gives me an opportunity of telling him, other members of Parliament, and the people of New South Wales that the New South Wales Government is vigilant in trying to protect the interests of consumers against increases in prices, particularly those sought by the oil companies, which are represented in this place by members on the Opposition benches—who are provoking as much industrial unrest as possible. The Government of New South Wales will remain vigilant in its efforts to protect the consumers of this State.

FUEL FOR AGRICULTURE

Mr MURRAY: I address my question without notice to the Minister for Industrial Relations, Minister for Technology and Minister for Energy. In view of the impending harvest in rural New South Wales and the fact that the current series of fuel strikes has led to insufficient stored fuel to meet harvesting needs, can the Minister give an assurance that sufficient fuel will be made available to meet the urgent requirements of farmers and so avoid the devastating effect that lack of petrol would produce?

Mr RILLS: In answer to the honourable member for Barwon, the north-western area of New South Wales receives its fuel from Queensland——

Mr J. H. Brown: There is no problem there.

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

Mr HILLS: For the honourable member's information, let me say that there has been a serious shortage of fuel in Queensland, with a consequent reduction in the amount of fuel being delivered to the northern and northwestern areas of New South Wales. Supplies of fuel to that area have to be made up from fuel being supplied from Newcastle. One of the problems on the North Coast is that the Trial Bay pipeline is out of operation because of its relining. That work is being undertaken by the oil companies which have tanks located in that area and it should be completed by December. The Government is aware of the impending needs in rural areas for the harvest. It is making every endeavour to ensure that distillate for this purpose can be shipped through Newcastle and provided for people in northwestern New South Wales.

ROAD AND FOOTPATH RESTORATION

Mr CAHILL: I ask the Minister for Local Government and Minister for Roads whether there is a dispute between the Sydney County Council and many municipal councils over the decision of the Sydney County Council to carry out road and footpath restoration work by private contract? Will such action make redundant the jobs of many persons in the councils' work force and create further unemployment? Can the Minister advise the House of any action that can be taken to resolve the problem?

Mr JENSEN: The matter raised by the honourable member for Marrickville has been of particular concern for some time, and representations have been made to the Department of Local Government by a number of councils. This all resulted from the Sydney County Council's decision to inform constituent councils that for some time it had been concerned at the increasing cost of road and footpath restoration works which had been contracted to them following the installation or repair of underground electricity cables. The county council decided to invite tenders for future reinstatement works. Some councils decided that they would refuse to submit tenders for this work.

The Sydney County Council believes that its action in calling tenders for its street and footpath restoration work is in accordance with the provisions of the statutes under which it was incorporated. As much as $5 million will probably be expended by the county council on the restoration works that follow in the wake of the repair and installation of underground cables. It is of great importance that the work be carried out by local government. Rather than use that section of the Act which enables the Minister to conduct a public inquiry when disputes occur between councils, I have authorized the Department of Local Government to convene a conference between interested parties in the hope of reaching an amicable settlement.

WATER RESOURCES PROGRAMME

Mr MAIR: I direct a question without notice to the Minister for Conservation and Minister for Water Resources. The Leader of the Opposition in speaking on the Appropriation Bill said that $20 million had been allotted to New South Wales for dam construction and flood mitigation works under the national water resources programme. Is it a fact that the $20 million is to be dispersed among all the States of the Commonwealth and is not allocated exclusively to New South Wales? If so, will the Minister advise the House of the amount allocated to New South Wales by the federal Government under the national water resources programme for 1978–79?

Mr Fischer: On a point of order. At this stage the General Loan Account Appropriation Bill (No. 2) is still under discussion and as the matter raised by the honourable member in his question relates to that debate I submit that his question is out of order.

Mr SPEAKER: As the General Loan Account Appropriation Bill (No. 2) is still under discussion, and as the Minister for Conservation and Minister for Water Resources has not yet spoken in that debate, I rule the question out of order.

CABARITA BEACH PONY CLUB

Mr BOYD: Did the Minister for Lands during a recent visit to the Byron electorate confer with members of the Cabarita Beach pony club? Did he promise the club that his department would finance a clubhouse costing some $7,500? From what fund does the Minister intend to procure this money and when will it be available?

Mr CRABTREE: I do recall going to the Byron electorate where the results in the recent elections were amazing. The swing against the honourable member was the greatest in the State. If the Labor candidate had received another few votes, the honourable member for Byron would not even be here.

Mr Boyd: The Minister did not meet people in the electorate.

Mr CRABTREE: I did. I have met quite a lot of people during my visits to the Byron electorate, including members of the Cabarita Beach pony club. I gave certain undertakings to them and these people, who have dealt with me direct, know that I will offer them every practical assistance. As the honourable member is well aware, during that visit members of the Byron Shire Council, the deputy mayor of Mullumbimby, members of the Byron Bay Parents and Citizens Association and the Tweed Heads Shire Council paid tribute to the work of the Wran Government. The Cabarita Beach pony club can rest assured that any undertaking I have given to it will be honoured.

HOUSING FINANCE

Mr A. G. STEWART: Has the Minister for Consumer Affairs, Minister for Housing and Minister for Co-operative Societies seen allegations that $2.5 million is still unspent from the $15 million in special unemployment relief allocated to welfare housing? Are these allegations true? Can the Minister inform me and the House what special measures are being taken to boost welfare housing in New South Wales at a time when the federal Government has cut down housing finance?

Mr J. A. Clough: On a point of order. I submit, Mr Speaker, that a similar objection can be made to this question as that which applied to an earlier question that you ruled out of order. I submit that the matter raised by the honourable member for Manly in his question is covered in the Budget Papers and the Minister for Consumer Affairs, Minister for Housing and Minister for Co-operative Societies has not yet spoken in the debate on the Appropriation Bill (No. 2).

Mr SPEAKER: I ask the honourable member for Manly to repeat his question. I missed the import of it.

Mr A. G. STEWART: Has the Minister for Consumer Affairs, Minister for Housing and Minister for Co-operative Societies seen allegations that $2.5 million is still unspent from the $15 million in special unemployment relief allocated to welfare housing? Are these allegations true? Can the Minister inform me and the House what special measures are being taken to boost welfare housing in New South Wales at a time when the federal Government has cut down housing finance?

Mr SPEAKER: Order! I rule the question in order. The earlier matter was one of debate. The Leader of the Opposition allegedly made some remark that the honourable member sought to have denied by the Minister for Conservation and

Minister for Water Resources. As the General Loan Account Appropriation Bill (No. 2) is still under discussion I ruled that it would be possible for the Minister to deny that remark of the Leader of the Opposition at a later hour. This is an entirely different question. I rule it in order.

Mr EINFELD: It augurs well for the honourable member for Manly that he should have asked a question that is in order: it shows his ability. I can only counsel him not to take an example from the honourable member for Eastwood who does not know what is in order and what is not in order. I have seen a report that $2.5 million of money made available by the Treasurer in the 1977–78 Budget for welfare housing remains unexpended. I say immediately that the allegations are false and that the Government's unemployment relief scheme ——

Mr J. A. Clough: On a point of order. The honourable member for Manly did not reveal in his question the source of his information. I understand that the source was a newsaper report.

Mr EINFELD: We did not say it.

Mr J. A. Clough: I submit that as the honourable member has not revealed the source of his information, he should be required to do so. My understanding of procedure is that he should reveal the source of his information. If it is a newspaper report, he should be asked to vouch for its accuracy.

Mr SPEAKER: There is no point of order.

Mr EINFELD: Can I repeat my counsel and advice to the honourable member for Manly: provided he does exactly the opposite to that which is done by the honourable member for Eastwood he will do very well in this Parliament. The Government's unemployment reiief scheme totalled $66.3 million, of which $15 million was applied to project homes, which meant that the New South Wales Government applied $17.5 million of its resources to project homes and $10 million to the Housing Commission. The sum of $17.5 million has provided and is still providing jobs for about 2 600 workers, and it has resulted in the building of 790 homes, some of which are still under construction. A little over $800,000 of that money was not actually paid out on 13th November, because the building work on all the houses was not finished and the contracts provide that the money is not paid until the purchaser has obtained possession of the house.

The Housing Commission's allocation of $10 million has already been spent on 29 contracts for 319 homes, resulting in the employment of about 1280 extra workers. I am sure that fact will excite the interest not merely of the honourable member for Manly but of all honourable members. This welcome initiative tried to offset the Fraser Government's policies, which have caused disastrous unemployment and have seriously depressed the housing industry. It is relevant to note that the Housing Commission has been allocated $10 million from the General Loan Account for 1978–79. Also, the Housing Commission has been authorized to raise $1 million in local borrowing and has been granted $1 million from revenue for housing for the aged. These extra initiatives have gone far to offset the possible adverse consequences of the Fraser Government's cut in public housing funds. Under the Commonwealth–State housing agreement, funds allocated to the Housing Commission for 1977–78 were $128 million and for 1978–79 $103.7 million.

Mr McDonald: On a point of order. The press report to which the question referred related to the Auditor-General's report, which did not refer at all to a date in November. The figures reported in the press dealt specifically with youth unemployment. The Auditor-General's report clearly states that only $12.5 million was spent on welfare housing.

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

Mr EINFELD: The honourable member for Kirribilli ought to remember what was said by the judge in the Community Development Pty Limited case when he said of the honourable member, "I would not describe him as a reliable witness". If the honourable member for Kirribilli wants disclosure, I could mention his transactions in Queensland and New South Wales. I would not need much provocation to repeat it. To continue, after meeting current commitments the Housing Commission had only $31.1 million left for new homes and the upgrading of older ones this year. It would have been much worse if the New South Wales Government had not injected extra funds into housing. When I attend the conference of housing Ministers in Adelaide next Friday, at which the Commonwealth Minister and all of the State Ministers will be present, I shall say on behalf of the New South Wales Government that it is shameful that this State received less money this year than last year and I shall ask for more money to be injected into housing to help to stave off further unemployment in this depressed industry and so that in the future we shall not be subjected to this sort of unfortunate situation where people are deliberately put out of work because of the Commonwealth Government's policy.

SESSIONAL COMMITTEE

House

Motion (by Mr Walker) agreed to:

(1) That the House Committee for the present session consist of The Speaker, Mr Barraclough, Mr Boyd, Mr Brereton, Mr Caterson, Mr Degen, Mr Gabb, Mr Hunter, Mr Ryan and Mr Wotton, with authority to act in matters of mutual concernment with any Committee appointed for similar purposes by the Legislative Council.

(2) That the Committee have leave to sit during the sittings of the House.

PARLIAMENTARY CONTRIBUTORY SUPERANNUATION FUND

Trustees

Motion (by Mr Walker) agreed to:

That in accordance with section 14 (1) (b) of the Parliamentary Contributory Superannuation Act. 1971, the following members be and are hereby appointed as Trustees of the Parliamentary Contributory Superannuation Fund — The Honourable William Henry Haigh, Mr Ernest Neville Quinn, Mr James Arthur Clough, Mr David Bruce Cowan.

JOINT COMMITTEE UPON PUBLIC ACCOUNTS AND FINANCIAL ACCOUNTS OF STATUTORY AUTHORITIES

Mr WRAN (Bass Hill), Premier [3.8]: I move:

(1) That a joint committee be established—

(a) To examine and report upon the future form and construction of the public accounts and the financial accounts of statutory authorities with particular reference to the presentation of the accounts to ensure that they—

(i) comprehensively report on the receipt and expenditure of public moneys;

(ii) fairly disclose the financial position at the close of each financial year;

(iii) may be clearly understcod and assessed by the community; and

(b) Without restricting the generality of the foregoing to report on any matters relative to the presentation of the accounts which the committee considers as a result of its examination to be necessary or desirable in the public interest.

(2) That such committee consist of five members of the Legislative Assembly and three members of the Legislative Council.

(3) That Mr Durick, Mr R. J. Brown, Mr Rogan, Mr McDonald and Mr Wotton be appointed to serve on such committee as the members of the Legislative Assembly.

(4) That the committee have leave to sit during the sittings or any adjournment of either or both Houses, to adjourn from place to place, and to make visits of inspection within the State of New South Wales and other States of Australia and the Australian Capital Territory; to have power to take evidence and to send for persons and papers; and to report from time to time.

(5) That the committee be empowered to take into consideration the recommendations contained in the interim report of the select committee of the Legislative Council appointed on 2nd March, 1978, to examine and report upon public accounts and financial accounts of statutory authorities, and the minutes of evidence received by that committee.

During the last session of the previous Parliament a joint committee was established with identical terms of reference to those proposed in this motion. Due, however, to the dissolution of the Legislative Assembly, the committee met but once and at that meeting transacted only formal business.

Honourable members will recall that the committee was established consequent upon an interim report of a select committee of the Legislative Council on this subject. On the previous occasion there were those in this Chamber who decried the action of the Government in setting up the committee; there were those who suggested that the Government's action was designed to thwart the further work of the Legislative Council committee, and to stifle any further investigation into the public accounts. This motion puts the lie to allegations of that nature.

The Government has previously illustrated its determination to carry out a systematic review of public sector budgeting and accounting systems. It has illustrated this resolve by the appointment of the Wilenski inquiry and, as a result of preliminary

recommendations of that inquiry, by the setting up of two further committees to examine this subject. The Government has established a task force on budgeting to undertake urgent investigations on potential for improvements to budgetary procedures, particularly as might apply to the 1979–80 budget cycle. In addition a working party on public accounts has been separately established to review the format of New South Wales public acounts. The working party is aimed at improved reporting procedures and clearer presentation.

When I last spoke in this House in relation to the establishment of a joint committee on public accounts I gave credit to the work of the Legislative Council committee. The Government and I recognized the value of the preliminary work done by the committee. We recognized also that the continued operation of that committee without the representation of members of the Legislative Assembly may well prove to be a duplication of effort. I am confident that an analytical investigation of the accounts of public and statutory authorities and comprehensive recommendations on improved accounting techniques will prove of tremendous value to the Government, and. taken into consideration with the reviews being conducted by the task forces I mentioned previously, will pave the way to more efficient and more effective economic management. I commend the motion to the House.

Mr McDONALD (Kirribilli), Deputy Leader of the Opposition [3.12]: The Opposition supports the motion. In doing so it commends the Premier for what appears to be a genuine attempt to bring sanity and accountability at last to the financial management of the State's affairs. The House will recall that I made a call for such reform in my budget speech of 1977 and again last week. I understand that never before has such a review been undertaken by a New South Wales joint parliamentary committee. I am glad that the motion makes reference to the construction of the public accounts: the necessity for such accounts to include statements for all instrumentalities, departments and authorities where government moneys are expended; and the presentation of such accounts. The intention is for such accounts to be comprehensive, accurate and easily understood. The committee has, indeed, an onerous task, given the current appalling presentation of the State's accounts.

There would be little argument on either side of the House that the current management of the State's economy in terms of public accountability defies comment. The corollary to this is that it ill behoves honourable members opposite, of whom the Premier is the arch villain in this instance, to rail daily about the increased charges of other arms of government, and in the next move to take advantage of the current accounting procedures to fiddle the books and in sinister ways fleece the public of New South Wales. As I said last week in my speech on the Budget, the position is worse than just the unavailability of proper accounting statements for government expenditures. We are never told the programmes for which money has been appropriated; whether previous programmes have been successful and to what extent; what economies of scale are practised; what proof exists that departments and intrumentalities are run as efficiently as possible. We have no evidence to this effect. There is evidence to suggest that the opposite is the effect.

Why has it taken the Premier so long to come to the understanding of the need for this review? Although the Wilenski report was in the Premier's hands in November last year, as far as the House knows it has been ignored. That report recommended at paragraphs 2.86, 2.87 and 2.88 that a study group on the recommendations should report to the Parliament by November this year. The Premier made no reference to that. Although he made reference to a task force, he did not go on to say that the study group should report by this month. The Premier made no

mention of whether this study group has met or of any of its findings. The Wilenski report states, ". . . but this does not mean that some changes should not proceed in the interim." They have not proceeded.

We have had dished up to us this week the same old tired, inaccurate, insubstantial economic fare called a budget. The extent of the current financial malaise should not be underestimated. I refer the House to the statements of the chairman of the select committee formed earlier this year in the other place. He said on 9th February in moving to establish the committee:

> The true extent of reserves of statutory bodies is not generally known. In the past two years this Government decided to draw on reserves of various statutory bodies, but how much was revealed about its decision? Very little. A question on notice in respect of this remains unanswered after some time. I should like to know how the future earnings of those authorities may be affected. Why were those reserves originally set aside? Are the reasons not now applicable? Was it a wise decision to draw on them? It may well have been, but we do not have enough information to make an accurate assessment as to whether the Government made a wise decision in doing so.

Paragraph 5 of the motion refers to that committee and honourable members could do worse than read the debates in the other Chamber at that time to understand the gravity of the current position and the urgency of the motion before the House. All of the debate on the motion serves to highlight the fact that we need an expansion of the role of the Auditor-General to one which can properly identify waste and examine efficiency or, as I suspect, the lack of it. It will also prevent the current hordings and cash transfers that the Premier is obviously instructing departments to undertake so that some pet project can be financed in political trouble spots. Above all, it would help immensely in the current horrendous trouble spot of the Public Transport Commission.

Although the evidence given before the upper House select committee by the director of finance of the Public Transport Commission is honest, some of it is alarming, when it is weighed against what could be occurring elsewhere. In the first instance he cited reasons, too confusing and confused to repeat here, as to why the Public Transport Commission presents an unaudited annual report. Ferry service figures do not appear in the public accounts of the Public Transport Commission, for what are described as historical reasons. It is still a conglomerate of three separate Acts awaiting the convenience of the Government for the position to be changed, or understood.

Even an august economic spokesman for the Public Transport Commission finds the whole of the processes confusing. I refer to the evidence given to the Legislative Council committee by George Leonard Corkill, director of finance for the Public Transport Commission, and particularly the evidence relating to the debt of that commission to the State Treasurer. I offer this evidence not in any way to cast aspersions on the finance director but to demonstrate the essential need for paragraph (1) (a) of the motion moved by the Premier for the accounts to be clearly understood and assessed by the community. Again, I do not offer it as criticism of the finance director but rather to express pleasure for the availability of truths which clearly point to the need for an overhaul of accounts as envisaged by the motion. The particular question to which I refer was in these terms:

> Would it be fair to say that there is no detailed record of the land owned by the Public Transport Commission?

Mr Corkill replied:

> That is something that is not in my sphere; I could not say one way or the other. It might be right, or it may not be, I do not know.

Mr Corkill was then asked:

> We understand that there is no register of land and certainly no up-to-date valuation of the land held by the Public Transport Commission, or at least not known by the Public Transport Commission. Can you comment on that?

Mr Corkill replied:

> I think it would be quite true to say that there is no up-to-date valuation of all land under the control of the commission.

This kind of position is clearly untenable. It is further proof of the need for a change from what passes for annual budgeting, appropriation and accountability of past expenditure. I must highlight further what I am saying, what the Government — in common with all governments — has too long ignored, what the principle is that forms the motion and what the nature of the brief will be. During the same evidence to which I have referred Mr Corkill was asked:

> In relation to the Eastern Suburbs Railway land which was acquired by the Commission when it was first envisaged that it would go to Bondi and is now not being used, where is that land reflected in the accounts? . . . do you know how much land was acquired and the cost of the section that is not being used?

Mr Corkill replied:

> No. Those figures would not be readily identifiable from our records.

When the director of finance of the Public Transport Commission was asked whether records were kept in accordance with section 41G of the Government Railways Act, which provides that full and true accounts shall be kept by the commissioners of the assets, liabilities, income and expenditure, and that complete and separate financial and cost accounts of the railways workshops shall also be kept, he said that they were not. I could go on and on with the evidence given by Mr Corkill in connection with the Public Transport Commission, to use but one example of the need for the establishment of the joint committee.

It would be unfair of me not to refer to the imbalance in the membership of the committee. There are to be five members of the Legislative Assembly and three members of the Legislative Council. It would appear that, unless appropriate resolutions are passed, having only three members from the Legislative Council may render the operations of the committee particularly difficult in view of the standing orders of that House. Doubtless the Government is unlikely to change the complement of the committee and its size. Given the appropriate changes and acceptance by the Houses, with the waiving of the provisions of the standing orders, the committee should be effective and might at last get to a consideration of the terms of reference. It should be effective provided it gets the support of the Wilenski study group and receives input from it. If that happens the Committee will do a great service not only to the Parliament but also to the people of the State.

Mr HATTON (South Coast) [3.22]: I support the motion. As honourable members know, I have taken a keen interest in government accounting. This is an important step that the Government is taking. The first of the two key points in the motion is that the accounts should fairly disclose the financial position. That has not

been so to date, particularly in relation to reserves. The second is that a comprehensive report should be made on matters relating to the presentation of accounts. It is also critically important that the role of the Auditor-General be examined. At the moment his role is extremely limited. The Auditor-General cannot ask questions about the prudence of the spending, though he can canvass whether the expenditure was legal. Obviously padding of estimates, which is common not only to State authorities but also to federal authorities and local government, is of critical importance. The appointment of an economic advisory team by the Government to advise the Treasurer is a step forward. It could look also at how estimates are arrived at and whether work within the estimates refers to prudent expenditure.

The joint committee should look at procedures in the Ietting of contracts in order to safeguard against sweetheart agreements. The appointment of architects, consultants and others needs attention. In my brief experience in the Parliament and in local government I have found that fertile fields exists in those areas. Investigations should be made into the number of times that consultants are employed, exactly what they do and the value derived from them. I am particularly interested in the power of statutory authorities to appoint public servants. I should like the Public Service Board of New South Wales to take an interest in what is happening in statutory authorities and to control carefully the number of employees in those authorities.

The desirability of employing a purchasing officer in the many government departments where one does not exist should be considered. The purchasing officer could examine minutely the numerous small items that each year add millions of dollars to costs. Internal audit procedures should be reviewed to see what procedures are operating in government departments and statutory authorities and to determine whether those procedures are adequate. Another matter that needs attention is the purchase and allocation of motor vehicles. The payment of telephone accounts and granting of privileges in that respect to employees merit more attention.

I am particularly interested in debt recovery. Honourable members doubtless will have noticed a question by me on the ***Questions*** and ***Answers*** paper relating to outstanding road taxes. I have chosen in my question to go back only to 1975. The information I have is that debts outstanding for road taxes are considerable. It is important also to look at computer crime. Even banks in the United States of America, which have a high reputation for professionalism in accounting, have discovered frauds involving $2 million. Experts in the computer field should be available as constant watchdogs to assist the Auditor-General by roaming through government departments to look at what is happening in the electronic data processing sections.

I support the establishment of the committee. I hope to see many of the fruits of its labours come before the Parliament. I am sure that some staggering things will be revealed. That is particularly so in view of the fact that the upper House committee intimated at the outset that of the order of $5,000 million in government expenditure received little more than a cursory glance.

Mr DURICK (Lakemba) [3.27]: I shall not speak for long but I wish to refer to three things in particular. The Audit Act has remained virtually unchanged throughout this century. The section dealing with the Public Accounts Committee circumscribes the work of that committee in such a way that it has not been able to do any of the things suggested in the report tabled in another place by the committee set up there. By the powers of the Audit Act the Legislative Assembly's Public Accounts Committee can only deal with matters referred to it by the Auditor-General, the Parliament or a Minister or relating to the expenditure of unauthorized or unappropriated funds. Consequently, the committee has not been able to initiate any inquiries. Over the years many complaints have been made about the lack of power of the committee. It has

been referred to as a toothless tiger. Mr Murphy, the former honourable member for Concord, who died recently, was interested in public accounts and on many occasions tried to have the powers of the Public Accounts Committee extended. Nothing was done about that by the previous Government. Indeed, nothing has been done about it by any government during this century. This is the first occasion on which anyone has initiated any action to try to do something about the matter.

The report tabled in the other House came from a committee that was set up by the Opposition in that House which was controlled by the Opposition, which had superior numbers. Doubtless the prorogation of the Parliament at short notice led to the report being tabled and the recommendations in it. It has been suggested that the people who were called as witnesses were called in order for the committee to find appropriate evidence for the recommendations it made. One of the tasks of the committee that is now proposed will be to take into consideration all of the evidence that was given to the upper House committee and to consider the recommendations made by that committee. It will also call witnesses of its own.

The honourable member for Kirribilli spoke about the quorum. I remind him that by resolution of the committee investigating the use and abuse of drugs it was decided that a quorum would be five members. The resolution was agreed to by both Houses. It would be quite competent for the proposed committee to come to a similar decision and, provided agreement is obtained from the two Houses, four, five or six members could be a quorum. Then it would not be necessary to have three members of the upper House present on every occasion. If any one of them were absent the work of the committee would not be aborted for that session. I support the motion. I sincerely hope that I shall have the full co-operation and assistance of the honourable member for Kirribilli when the committee gets down to business.

Motion agreed to.

Message

Message sent to the Legislative Council advising it of the resolution and requesting it to appoint three of its members to serve upon the committee, on motion by Mr Wran.

JOINT COMMITTEE UPON PARKS FOR MOBILE HOMES AND CARAVANS

Mr JENSEN (Munmorah), Minister for Local Government and Minister for Roads [3.31]: Before moving the motion, I seek the leave of the House to amend it by leaving out the word "four" in paragraph (2) with a view to inserting the word "three".

Leave granted.

Mr JENSEN: I move:

(1) That a joint committee be appointed to inquire into and report upon the establishment and standards of conduct and facilities of parks for movable dwellings and caravans in New South Wales.

(2) That such committee consist of five members of the Legislative Assembly and three members of the Legislative Council.

(3) That Mr Akister, Mr Boyd, Mr Jones. Mr Maher and Mr Rozzoli be appointed to serve on such committee as the members of the Legislative Assembly.

(4) That the committee have leave to sit during the sittings or any adjournment of either or both Houses, to adjourn from place to place and to make visits of inspection within the State of New South Wales and other States of Australia and the Australian Capital Territory.

(5) That the committee be empowered to take into consideration the Minutes of Proceedings of, and evidence taken before the Joint Committee of the Legislative Council and Legislative Assembly upon Parks for Mobile Homes and Caravans during the Session 1976–77–78 and laid upon the Table of the House on 5 September, 1978.

Mr ROZZOLI (Hawkesbury) [3.33]: I am pleased to support the motion. The Opposition believes that the task to be carried out by the proposed joint committee will be important and that the work of the previous joint committee should be continued and brought to a conclusion. I intend to comment on the proposal to reduce the representation of the Legislative Council upon the proposed joint committee from four members to three members. The previous joint committee found the contribution of the four members of the Legislative Council to be extremely valuable. I fail to see any purpose in reducing the membership of the proposed joint committee.

The Government should have taken this opportunity to widen the proposed committee's terms of reference. The terms of reference of the former committee were somewhat limited. They should be expanded to include a number of the matters that some members of the previous joint committee felt restricted them in their deliberations. Clear evidence was presented to the former committee on the need to look into many aspects of caravan parks. Members of that committee felt a grave doubt about whether certain issues came within their terms of reference. For that reason the Government should have taken this opportunity to include in the proposed terms of reference the matters that were the subject of doubt.

Of necessity, the proposed joint committee will be restricted by being required to keep within those limited terms of reference. They should include an investigation into all aspects of permanent residency of caravan parks. This issue has created a grave problem for people concerned with the caravan industry in New South Wales. The previous joint committee found that there is serious conflict between the various planning ordinances covering zoning of areas. Difficulties sometimes occur where planning codes are designed to determine population density and in the part occupied by a caravan park the large numbers of permanent residents exceeds that density. The construction of a caravan park in a particular area can upset the local population balance.

At this stage I do not propose to comment on whether the present situation is good, bad or indifferent, but it is certainly an aspect to which the proposed joint committee should give its attention. It is so tied up with all the issues in regard to caravan parks that it should not be kept outside the proposed committee's terms of reference. I agree with the Government's proposal to continue the work of the former joint committee, which I compliment for its achievements. I became a member of that committee towards the latter part of the first stage of its deliberations. The committee compiled a massive quantity of information and it is now nearing the stage of drafting a preliminary report. The Opposition sees no purpose in moving amendments to the terms of reference, but it takes this opportunity of putting its attitude on record.

Mr WALKER (Georges River), Attorney-General and Minister of Justice [3.40]: I move:

That the Question be amended by inserting after paragraph (2) the following paragraph—

(3) That at any meeting of the committee any five members shall constitute a quorum, provided that the committee shall meet as a joint committee at all times.

A similar amendment was made to the terms of reference of the drug committee. In view of earlier debate today I believe it proper to include this paragraph in the terms of reference of the Joint Committee upon Parks for Mobile Homes and Caravans.

Mr MAHER (Drummoyne) [3.41]: I support the motion and the amendment. I support also the comments of the honourable member for Hawkesbury. All members who have been appointed to a select committee are aware of problems that arise when members, particularly country members, are unable to attend meetings of the committee. Other members of the committee gather together only to find one or more of their number not present or available. In these circumstances a whole day can be lost to a member, and the members who attend cannot even recoup their travelling expenses. I am pleased that the Government has reconvened the Joint Committee upon Parks for Mobile Homes and Caravans. I was a member of the original committee and had the good fortune to serve as its chairman.

The committee received an enormous number of submissions from local government bodies, individuals, tourist organizations and caravan parks owners throughout the State. The committee interviewed many witnesses, particularly from country centres. In fact, the committee gave an undertaking to visit the electorate of Raleigh and other areas. The committee worked hard and sat on many Mondays when the House was in session. In fact, its report would have been completed had the House not sat continuously through the summer in order to effect amendments to the Constitution relating to reforming the Legislative Council. Honourable members will recall that the House sat in January and February of this year, sometimes five days a week. This preciuded the select committee from undertaking its duties during that time.

The suggestion made by the honourable member for Hawkesbury is an important one. Perhaps the terms of reference should be amended. However, a problem would then arise. A large sum of money has been outlaid on advertising throughout Australia the committee's terms of reference. If those terms of reference were to be amended to include the whole question of mobile homes as an alternative form of housing it would be necessary for the committee to undertake a further advertising programme and perhaps receive amended submissions. Also, the committee's report would not be available until probably the middle of 1979. Goodwill prevailed among the committee members and there was a good working relationship. I believe the committee will bring down its report by about March of next year.

I pay a compliment to members of the earlier committee who are not being reappointed. The Hon. R. W. Manyweathers has recently retired from the Legislative Council and the Hon. J. R. Johnson is not available to serve on the committee. Both honourable members contributed a great deal to the work of the original committee. The committee was ably assisted by the Serjeant-at-Arms of the Legislative Assembly, Mr W. G. Luton, and later by Mr Peter McHugh. Both served efficiently and diligently as the committee's secretary. The members were indeed fortunate to have the services of Mr Trevor Jones from the Department of Local Government, who offered invaluable assistance. I support both the motion moved by the Minister for Local Government and Minister for Roads and the amendment moved by the Attorney-General and Minister of Justice.

Mr BOYD (Byron) [3.45]: The Country Party recognizes the need and worth of this joint committee. When the coalition parties were in government they set up a backbench committee to look into this matter. The work performed by that backbench committee suggested the need for early implementation of proper control and regulation of caravan parks. That backbench committee made some recommendations which were under consideration when Labor was elected to office in May. 1976. Many of the recommendations made by that backbench committee will obviously be

included in the recommendations that will come forward from this joint committee. It is regrettable that so much time will have passed before the committee's report comes to light. Obviously there is a great need for positive guidelines in this industry. Country members would be particularly aware of the extensive use made of caravan parks and camping areas.

Over the years many problems have arisen in regard to caravan parks and mobile homes. For example, the shortage of housing in this State has led many people to live permanently in a caravan park, most of them in substandard conditions. I do not like to see any Australians living permanently in those conditions. I am aware of one caravan park in my electorate that has about twenty-seven permanent residents, all of whom are required to use the same toilet and ablution block, whatever the weather. That is not good enough for Australians. Something must be done to avoid that sort of thing. Country members of Parliament would regularly see the sort of thing I am talking about in their electorates. The Country Party believes that this joint committee should bring to a conclusion the work of the previous committee as soon as possible so that the recommendations might be put into effect.

Many valuable broad hectares of foreshore land along the New South Wales coastline are not used even though there is a great demand for use of these areas for recreation purposes. Many people believe that this foreshore land should be preserved for posterity. Sometimes I wonder whether over-stringent control is exercised of foreshore land. Perhaps some of this land, particularly in less populous areas, might be used for recreation purposes. I hope the proposed committee will look carefully at this possibility. I look forward to studying the committee's conclusions and recommendations. Certain anomalies have occurred in the administration of caravan parks. Earlier I referred to the conditions confronting permanent residents of caravan parks. I am aware of one caravan park operator who has accepted the challenge and has constructed individual toilet blocks for every caravan site in his park. Also he has installed a solar water heating system for each site. That park offers a high standard of living.

Regrettably some people, through economic circumstances, are forced to live in caravan parks. Some time ago the Treasury imposed stamp duty for leasing on-site vans in caravan parks. This form of tax discriminates against the user of a caravan park compared with a person who chooses to stay in an hotel or a motel. I ask the Government to look at this anomaly and to give serious consideration to its abolition. Although it is probable that the terms of reference proposed for the joint committee would not cover this aspect, I hope the committee will give some consideration to it and make a recommendation to the Treasurer that will lead to the abandonment of this charge.

I look forward to being a member of the proposed joint committee and working on it. I suppose that I have in my electorate of Byron the biggest concentration of caravan parks of any electorate in New South Wales. Some of them are of a particularly high standard. The caravan park at Tweed Heads will cost the Tweed Heads shire council something like $1.5 million by the time it is finished. It will become one of the most popular caravan parks in the State, if not in Australia. Many fine caravan parks have been established by free enterprise. They form a valuable part of the tourist industry in the northern part of New South Wales, and right down the coastline. I am sure the honourable member for Raleigh will tell the House effectively what is happening in his area. The Country Party supports the proposed committee and looks forward to some positive recommendations from it.

Mr JONES (Waratah) [3.51]: I support the motion, and the amendment moved by the Attorney-General. I was a member of the joint committee appointed by the former Parliament to examine caravan parks, and I know it is true that on occasions

the committee did not have a quorum to enable it to continue its work. The chairman of that committee, the honourable member for Drummoyne, has said that if country members came to the city to attend a meeting and there was not a quorum, they were not even paid an attendance fee. The amendment moved by the Attorney-General will overcome that problem with the new committee.

There is a need for a report on caravan parks in New South Wales. When I was overseas recently I took the opportunity of looking at caravan parks and mobile homes. I spoke about the matter to the Consul-General for Australia in the United States of America and asked him whether it would be possible to obtain some films showing the best and the worst aspects of mobile home parks in the United States. When I was in Edinburgh I saw a couple of mobile home parks that did not impress me. The difficulty is that they are administered by local government, and are being allowed to deteriorate to the point where they will become slums. That should not be repeated in New South Wales.

Another aspect that needs consideration is that people are being sold caravans in this State and told that they can use them as mobile homes. They are being misled. There is no provision on the statute book dealing with mobile homes, and it is not true that they can be bought and set up anywhere in the State. The former select committee looked at this problem and even attended a conference at the University of New South Wales to hear speakers put the case for mobile homes. They put forward some interesting points.

The ramifications of ordinance 70 under the Local Government Act gives rise to a number of problems in respect of caravans and mobile homes. My belief is that the proposed joint committee should recommend the adoption of guidelines, and it can be left to the officials of the Department of Local Government to work out the details. I pay tribute to the chairman of the former committee, the honourable member for Drummoyne, who did a magnificent job.

Mr J. H. Brown: The honourable member's tongue is poking out of his cheek.

Mr JONES: That is not right. He did a good job. He organized the proceedings of the committee very well, particularly in regard to the taking of evidence. I hope that the honourable member for Drummoyne is appointed as chairman of the joint committee now proposed. The need for recommendations on this industry is urgent. Everybody concerned is up in the air, not knowing what will happen. For example, a caravan park at Berowra called La Mancha is operating outside the local council's code. The finance company that lent money to the firm concerned to enable it to open this park made a survey of the position and found that the venture would be sound economically if operated as a tourist caravan park. As it turned out, that was not right. The operators could not make ends meet without taking in permanent residents. It is a wonderful caravan park. It is well laid out, and the only improvement I could suggest to produce the perfect park would be the provision of concrete pads on which each caravan would stand. The park has 195 sites and about 140 permanent residents. The suggestion is that it needs between 150 and 163 permanents if it is to become an economic proposition.

These sorts of matters must be looked at. In other areas local councils have allowed caravan parks to become slums. That cannot be tolerated. Caravan parks must be respectable, clean and livable for the benefit of the community. The former caravan committee was doing a good job in looking at such details, and I believe that if a joint committee is appointed to continue that work, there is every possibility that it will be able to bring down recommendations by May of next year.

Mr J. H. BROWN (Raleigh) [4.0]: I support the regeneration, or perhaps the more appropriate term would be the resurrection, of this committee. The former committee set out to report on an extremely important matter that is of vital concern to many people in New South Wales. Unfortunately, it had insufficient time to bring in a report. In 1976 when this Government took office a definition of a mobile home had been prepared for publication in the *Government* ***Gazette,*** but the Government has been unwilling to grasp the nettle, taking the easy way out by appointing a joint committee. I regret that the chairman of that committee said that the committee lapsed because country members did not attend meetings. My information is that country people were represented when the meeting lapsed for want of a quorum. To use a well-known phrase, I think the first-named member of the committee may prove to be a bit of lead in the saddlebags. However, the matter of mobile homes has to be resolved as a matter of urgency.

With the help of the University of New England, Coffs Harbour shire council carried out in one month a study of caravans and mobile homes. The committee was set up in May 1977, and completed its report by July 1977. It defined a mobile home as a dwelling designed to comply with ordinance 70 and for continuous occupation on a year-round basis, transported in a complete unit, whether on wheels or by a special towing vehicle, and designed without a permanent foundation so as to stand on a prepared site, but equipped with complete service facilities and connected to external services. That seems to be a simple but wide definition. It is said that events in Australia closely follow those in the United States of America. For instance, they experienced the drug problem years ago; it is now apparent in Australia. The proponents of mobile homes suggest that Australia will eventually follow the trend in the United States. This may be true for some aspects of life, but I doubt whether mobile homes will develop here along American lines.

The honourable member for Waratah said that he inspected some mobile homes in the United States and in Scotland. I have seen them in the United Kingdom and in the United States. Although I saw some that were particularly attractive and served a useful and valuable housing purpose, some of them left a lot to be desired. Figures show that in the United States in 1967, 23 per cent of people over the age of 50 were accommodated in mobile homes, compared with 40 per cent in all other types of homes; in 1970 those with mobile homes comprised 37 per cent compared with 48 per cent in other homes; and in 1976, 59 per cent were housed in mobile homes, compared with 37 per cent in other homes. The market forecast was that the number with mobile homes would increase by 25 per cent, but it grew by 150 per cent.

The proposed joint committee should investigate the standard of construction of mobile homes. The honourable member for Drummoyne was a very fair chairman and had the respect of the previous committee. Those who served on the committee would welcome him as chairman once more. At odd times he was called away from the committee to go to the telephone to check on the provision of a bus stop at Drummoyne, but when he got that business out of the way the committee returned to its deliberations again. I had the greatest respect for that committee. In the Raleigh electorate the standard of construction of mobile homes is very high. I invite the committee to visit the electorate and to see the mobile homes constructed in factories in the area. The delay in the report of the joint committee has caused concern to the Kempsey shire council. The proprietors of the White Albatross Holiday Centre, Mr Fred Locke and his wife, brought from the United Kingdom tremendous know-how and a vast knowledge of caravan park development. They are not young people but have worked bard to build a magnificent holiday centre and ventured into the development of mobile homes. The White Albatross Holiday Centre made an application to Kempsey

council for the development of a caravan park and mobile home centre on the White Albatross Garden estate on the southern outskirts of Kempsey, but the interim development order did not provide for mobile homes. The council wanted the development to proceed but could not approve it as it did not conform with the interim development order. However, they forwarded it, with a strong recommendation for approval, to the Planning and Environment Commission of New South Wales. That commission refused the application and the Kempsey shire council could do nothing about it. The commission was the ogre, but the council is being blamed.

The White Albatross Holiday Centre put mobile homes in the area and the council had no alternative but to inform them that they were contravening the law. The caravan park is wanted by the council, those in need of housing, and the applicants. All that is required is a decision. It is possible that the matter will be taken to the Equity Court, involving heavy expense on both sides. If the council loses the case, the ratepayers will have to pay, and if the company loses, it will be up for heavy expenses. This has been brought about because governments have been unwilling to define a mobile home.

The committee is being reconstituted, the honourable member for Drummoyne, the honourable member for Waratah and the honourable member for Hawkesbury being renominated. I do not know whether any of the upper House members will be renominated. The motion will enable the evidence given to the previous committee to be used by the present committee. However, the factories engaged in constructing mobile homes will go out of business unless there is an early decision. This is all attributable to the great delay and the refusal of the Planning and Environment Commission to approve the development.

It is imperative that parks for caravans or mobile homes have high standards. I know that the committee will recommend high standards, but I implore it to get on with the job as a matter of urgency and to come to a decision as soon as possible. The use of mobile homes is a way of life today. Many people want to live in mobile homes that provide a high standard of accommodation, with nice bedrooms, beautiful kitchens, and good toilet and bathroom facilities. Mobile homes today can be connected to the sewerage system in the same way as a normal home. I hope that the chairman of the committee will arrange for the committee's first visit to take place at the park of which I have been speaking, so that they can see the construction of the mobile homes there and the standard of the park. I am sure that the members of the committee would agree that the mobile homes there could be used as a standard for parks everywhere. I wish the committee well in its deliberations.

Mr HATTON (South Coast) [4.12]: I rise to support the re-establishment of the joint committee. The economy of the electorate of South Coast, like the economy of many coastal electorates, depends to a large extent on the vast numbers of people who flock to the area each year. The caravan park industry deals with a mobile market. One matter that I should like to see studied — though it is not within the bounds of the present committee — is the impact of caravan parks on the economy of coastal towns and selected towns west of the ranges and on the ranges. The industry is important from the point of view of decentralization and its impact on employment and the year-round economy of the towns concerned. The caravan and mobile home industry caters for a wide range of people, including the relatively affluent traveller as well as the traveller of limited means.

The importance of parks for caravans and mobile homes in the minds of the community was shown by the unprecedented wave of objections that was stirred up by the decision of a former Minister for Lands, the Hon. T. L. Lewis, that caravan parks should be moved back from the waterfront. I have been concerned by a

rumour circulating at the moment that an attempt will be made to have the National Parks and Wildlife Service take over many of the reserves that are now under the administration of the Department of Lands. I draw that matter to the attention of the committee. My experience has been that the Department of Lands is to be commended for the job it does. Its expertise in handling leases, protecting the public interest and at the same time encouraging private enterprise should not be wasted. I believe the National Parks and Wildlife Service has not yet acquired the same level of expertise. Its philosophy is not as generous to private investment and the use of reserves by the public as is the philosophy of the Department of Lands. I should not like to see it lose that area of administration.

I note that the committee is to investigate and report on the establishment of standards of conduct, facilities and location in relation to caravan parks. The distinction drawn between mobile homes and caravans is well made. In the five years that I have been a member of this Parliament I have noticed an increasing trend in the use of caravan parks by retired people, who stay in a place for three or six months and then move to another location. That section of the users of caravan parks creates peculiar problems. For example, they influence the design and location of amenities blocks, as well as where the caravans of aged persons are to be located. The maintenance of grounds and the disposal of wastes are two other important problems.

An important matter that was referred to by the honourable member for Raleigh is the anomaly that exists because minimum standards for dwellings are laid down in ordinance 70 of the Local Government Act but there are no minimum standards for caravans and mobile homes. When I was a member of the Shoalhaven shire council I had the privilege of taking part in a pioneering move in New South Wales to try to establish some basic standards for caravan parks, covering toilets and showers, laundry facilities, the number of vans in a given area, access roads, the provision of services such as water and sewerage where it was available, garbage collection, the provision of electricity and safety in the use of electricity. Another aspect of caravan parks that causes me concern is fire protection. I should like the general question of safety in caravan parks to be examined and, in particular, the provision of safe playing areas for small children. Caravan parks are often located close to areas that present a hazard for small children. I consider that first-aid facilities and the location of health services should also be studied.

It must be remembered that when vast numbers of people move to caravan parks they create a potentially explosive health situation. The doctors and medical facilities in areas where large numbers of people congregate at holiday periods are generally already overloaded, and the situation is aggravated by the time of the year when holidays occur and the great influx of visitors. In the heat of summer we have a potentially explosive situation, with huge numbers of people in a confined space. The privacy of caravan occupiers is another matter that has been neglected but is worthy of consideration. This involves design, because a surprising degree of privacy can be given to individual caravan occupiers by intelligent layout of the caravan park and the strategic placement of hedges and other vegetation. The committee will obviously consider the questions of noise and traffic safety. The Department of Lands, in its administration of caravan parks, placed great emphasis on access for the public to waterfront areas, and I believe the right of local people to use waterfront areas for picnics and barbecues should be preserved.

I hope that the committee will deal in great depth with the subject of advice to caravan park owners. The establishment of the small business agency in New South Wales did much to assist people in small businesses; I believe its activities should be extended to caravan parks. Because of the high level of investment in them, the

owners should have access to advice on all sorts of matters. I shall give some examples. Advice should be available on design of hot water services. Sullage disposal is an important matter on which there has been a lot of experimentation and much money wasted. Advice should also be available on the types of trees that should be planted, and the types of trees that should be avoided because they are a fire hazard or are a danger when damaged in storms. Also, they should be advised on the location and design of amenities, the reliability of plant and fittings, van storage areas, the provision and location of small stores in relation to general park management, the desirability of the use of certain materials for construction purposes and the whole question of safety, security and supervision.

Further, advice should be available to park owners on techniques of collection of fees, allocation of sites, turnover of sites, investment and financial control. When I was a candidate for election in 1968 I suggested to the Department of Decentralisation and Development that the caravan park industry should qualify under the country assistance scheme for finance under the 60–30–10 scheme. I am pleased that the present Government accepted that suggestion, although it applied it in a limited way, making it applicable mainly to low-cost holiday accommodation and not to caravan parks generally.

I said earlier that caravan parks are becoming increasingly important in the provision of low-cost accommodation. The Department of Decentralisation and Development should examine this question from that point of view, as well as from the point of view of the importance of caravan parks to employment of local people and the economy of the local town. Safety of caravans on the road and road worthiness are crucial matters but are not within the terms of reference of the committee. It disturbs me that a P-plate driver can be in charge of a vehicle that is drawing a 16-foot or 20-foot caravan behind it. Some attention should be paid to that road hazard. In general. the re-establishment of this committee recognizes the fact that caravanning and mobile homes constitute a major industry and a major investment. They are of great importance to individuals as well as to the economy of many towns and villages throughout New South Wales. The re-establishment of the committee is to be commended.

Mr DUNCAN (Lismore) [4.21]: I do not want to delay the House for long but I wish to express misgivings about the need to re-establish the select committee at this stage. The previous select committee was established in March 1977 and had ample time in the intervening eighteen months to make a report to this House. It has to be said that the Government has shirked its responsibility and has shown poor management and administration in not pointing out to the committee during the eighteen months prior to the general election that there was ample time to bring down a report on this important issue. I do not know whether the figures I am about to give are absolutely correct, but to date $21,430.43 has been spent on this committee. That is a considerable amount of public funds, but probably it would not represent the true picture if air fares and other costs of travel were taken into account. As public funds are involved, I hope that the Minister will not allow the committee to freewheel. In view of the amount of work that has already been done, I hope that within a matter of months a report will be submitted to this Chamber.

Before concluding I want to say that I am not against select committees or joint committees on matters of great public interest. Benefits are gained when the public becomes involved and as many parliamentarians as nossible take part in making decisions, but I am sure that the Minister for Local Government and Minister for Roads, as well as the Minister for Lands and Minister for Services, have within their departments already a wealth of information on caravan parks and mobile homes. Indeed, honourable members know the number of insnections that have been carried out and the

work that has been done by the former committee. It is with that in mind that I express the hope that the reconstituted committee will be able to pick out the desirable features and standards as opposed to those that are not so desirable, and will bring in its report as quickly as possible. Since the committee visited parks in my electorate, a number of people who want to make improvements to their parks have telephoned me and asked when the committee's report would be presented. They want to know where they stand in regard to the standards that the New South Wales Government will impose. The reconstituted committee should not be allowed to go on and on at great public expense. Select or joint committees in future should not be allowed to freewheel; they should get on with their job and bring down their report as early as possible.

Amendment agreed to.

Mr JENSEN (Munmorah), Minister for Local Government and Minister for Roads [4.25], in reply: I should like to thank everyone who contributed to this debate. It was confusing to hear members of the Opposition presenting such diverse views. Some of them said that the terms of reference should be expanded so that the committee could conduct further investigations. Others said that the committee had existed for too long and that not enough had been done, that already sufficient is known about the subject and that it need not be gone into further. Still others—particularly those who have been reappointed to it—said that to reappoint the committee was a wonderful idea.

Generally the remarks made have been constructive but it is unfortunately true that the reason why the Government had to appoint a select committee was that it inherited a state of confusion from the government that preceded it. A report was put before the Government, but it was not the kind of report upon which a responsible government would want to make a decision. There was insufficient information in it to make possible the establishment of the kind of standards that this Government wants to apply in New South Wales. The committee made an exhaustive examination of the subject but it did not have time to reach the conclusion that the Government was seeking. I am confident that the reconstituted committee will come down with a report in the course of the next few months, and that as a consequence of its deliberations and recommendations, standards in caravan parks in New South Wales will be better than they could have been but for the committee's activities.

The honourable member for Raleigh made an observation that marred the whole discussion. We said that one member of the committee was lead in the saddle-bag. He referred to the first member of the committee; I assume that he meant the honourable member for Monaro. I regard the honourable member for Monaro as earnest, honourable, diligent and energetic. He is completely worthy of being a member of this Parliament, and he will contribute effectively to the work of the committee. I have no reluctance in recommending him, along with the other members selected to constitute the committee, better to advise the Government on how caravan parks should be conducted.

Motion as amended agreed to.

Message

Motion (by Mr Jensen) agreed to:

That the following message be sent to the Legislative Council:

The Legislative Assembly has this day agreed to the following resolution:

(1) That a joint committee be appointed to inquire into and report upon the establishment and standards of conduct and facilities of parks for movable dwellings and caravans in New South Wales.

(2) That such committee consist of five members of the Legislative Assembly and three members of the Legislative Council.

(3) That at any meeting of the committee any five members shall constitute a quorum, provided that the committee shall meet as a joint committee at all times.

(4) That Mr Akister, Mr Boyd, Mr Jones, Mr Maher and Mr Rozzoli be appointed to serve on such committee as the members of the Legislative Assembly.

(5) That the committe have leave to sit during the sittings or any adjournment of either or both Houses, to adjourn from place to place and to make visits of inspection within the State of New South Wales and other States of Australia and the Australian Capital Territory.

(6) That the committee be empowered to take into consideration the Minutes of Proceedings of, and evidence taken before the Joint Committee of the Legislative Council and Legislative Assembly upon Parks for Mobile Homes and Caravans during the Session 1976–77–78 and laid upon the Table of the House on 5 September. 1978.

And the Legislative Assembly requests that the Legislative Council will appoint three of its members to serve with the members of the Legislative Assembly upon such joint committee.

APPROPRIATION BILL (No. 2)

In Committee

Consideration resumed (from 9th November, *vide* page 193).

Clause 12 agreed to.

Adoption of Report

Bill reported from Committee without amendment, and report adopted on motion by Mr Renshaw.

Third Reading

Bill read a third time, on motion by Mr Renshaw.

GENERAL LOAN ACCOUNT APPROPRIATION BILL (No. 2)

Second Reading

Debate resumed (from 8th September, *vide* page 82) on motion by Mr Renshaw:

That this bill be now read a second time.

Mr MASON (Dubbo), Leader of the Opposition [4.32]: When the Treasurer delivered his second reading speech on the Loan Estimates in August he stressed that Commonwealth loan funds to New South Wales had been severely cut back. He claimed at that time that our poor prospects for capital works development this financial year should be blamed entirely upon the Comonwealth Government. Apart from delineating

the loan works programme itself, that was the main purport of the Treasurer's contribution. He went to great lengths to attempt to demonstrate to the House that the Commonwealth Government, that terrible bogy, had restricted the borrowings. He asserted that that Government was to blame for the cutback in the State's capital works programme. If the Treasurer's claim was wrong then—as it most certainly was—it is laughable now because since he delivered his speech some eleven weeks ago New South Wales has been granted approval to borrow an additional $299 million, of which $79 million is to be used this financial year. The State's total loan funds direct from the Commonwealth and those in the nature of payments from the Commonwealth is $81 million more than last year—not the meagre $2 million increase that the Treasurer claimed New South Wales had received. He repeated what he did so effectively in his Budget Speech. On both occasions, he misrepresented the true picture by telling the House only half the story—the half that appeared most favourable to his Government and most damaging to the Commonwealth Government.

In his Loan Speech the Treasurer spoke only of the normal loan allocations without making any reference whatever to the special infrastructure loan programme that was well in hand at that time and was formally approved on Monday of last week. The fact is that these special project loans must be included in the total loan programme for New South Wales if one is to analyse and assess properly the loan programme in New South Wales. Regardless of whether funds are arranged by the Commonwealth or by the State, they contribute equally to the capital works programme and add to the repayment commitments imposed upon taxpayers of New South Wales. That is the important thing because taxpayers have to repay these loans by the State in the same way as normal loans arranged by the Commonwealth Government are repaid.

To get a complete picture of the total loan funds approved this year, one has to add $79 million to the normal allocations for New South Wales, $45 million to the allocation for Victoria, $9 million to the allocation for Western Australia and $25 million to the allocation for Tasmania. In this financial year alone that represents a total additional programme of $158 million. In addition, last week's Loan Council meeting committed the States to projected borrowings of $393 million next financial year; $316 million in 1980–81; $313 million in 1981–82; $236 million in 1982–83; $283 million in 1983–84; $44 million in 1984–85; and $24 million in 1985–86. This represents a massive borrowing programme of $1,767 million in addition to the normal loan programme. When one looks at the complete loans programme it is certainly not true to say that the Commonwealth Government was miserable in its handouts.

In addition to the normal loan allocations, the Commonwealth approved every infrastructure project that was proposed by the six States. I want to refer the House to these special loan funds and to place on record how delighted I am as Leader of the New South Wales Opposition that New South Wales has been given permission to borrow funds overseas. The projects will give our export industries a boost and assist the economic recovery that we all want to see in New South Wales. Further, they will provide jobs and help to renew prosperity. I am delighted also as this return of borrowing powers to the State is a vindication of the policy of a new federalism to which Opposition supporters have committed themselves. For the first time in fifty-one years the States can now exercise some direct control of their own development by borrowing overseas. This is a noteworthy occasion and one can thank the federalism policy enunciated by the Prime Minister.

This federalism policy, which brought about a windfall for the States, is the same policy that the Treasurer described in the recent State Budget as a complete failure, to use his very words.

Mr McDonald: He said that it was in tatters.

Mr MASON: That is what he said last year. I wonder whether he is still of the same opinion. He has not been too proud to put out his hand to accept the extra $299 million that this policy has provided. The real crux of what I am saying is that the disappointing feature to the Opposition is that the $299 million could and should have been an even greater sum if the New South Wales Government had taken the trouble to submit comprehensive plans for the future development of New South Wales. The Government has failed abysmally in its responsibility as the representative of the people of New South Wales to put forward to the Commonwealth adequate programmes. In June the Government was asked to submit its programme to the Loan Council. It had plenty of notice. If the Government had done that, or had followed Victoria's example and again approached the Loan Council last Monday and asked for money for new projects, such as for urban freeways, water conservation or railway development, obviously the federal Government and all the other States were ready to get behind this new concept and assist.

As I shall show as I proceed, New South Wales is so far behind the other States in what they asked for that it is disgusting. The Treasurer and the Government ought to be ashamed of themselves. The Opposition believes they have let down New South Wales dreadfully. All the projects that I am suggesting should have been put up fall clearly within the Loan Council guidelines that had been laid down for special assistance and they should have been pressed upon the Loan Council as areas in urgent need of development in New South Wales. But in June, and again last week, New South Wales missed the boat because the Premier took no plans with him to Canberra and had nothing prepared. All he had was the Eraring power station which, as the honourable member for Young clearly demonstrated last week, was commenced by the former Liberal–Country party Government. He had also the Port Kembla and Balmain coal loader projects, on which the feasibility studies had been carried out by the previous Government when consideration was being given to whether the new loader should go to Botany Bay or where the future development of coal loaders should occur. All the Premier had to do was to pick up the files and take them to Canberra. Really, he did absolutely nothing for the people of New South Wales. He had no new projects and no new concepts on how to get the State going.

The Premier went along to the Loan Council with nothing new, nothing of his own invention. He failed in June and he failed again last week to grasp a new opportunity for economic recovery in New South Wales. Last Monday's meeting provides the classic illustration of how iaept the Treasurer and the Premier are as planners and spokesmen for this State. 'They had no new requests; they sat dumbfounded and embarrassed, and they were upstaged once more by the Premier of Victoria who came along with supplementary requests. He went for $56 million, for a trade centre which was not within the guidelines, but it was approved. That gives a good indication of this Government's inability to provide the sort of leadership needed in New South Wales.

I want to examine this aspect in some detail because it is important that honourable members and the public of New South Wales should know how far behind all the other States New South Wales is slipping in terms of public works. The total borrowings approved at that Monday meeting of the Loan Council consisted of $299 million for New South Wales, $399 million for Victoria, $205 million for Queensland, $186 million for South Australia, $568 million for Western Australia and $110 million for Tasmania—a grand total of $1,767 million. To really understand the figures one has to look at the per capita basis. New South Wales is the biggest and most populous State, and with the largest number of unemployed, yet it has only the third-largest

borrowing in absolute terms. The picture is worse when one relates it, as one must, to population. On a ***per capita*** basis, New South Wales received $60 a head, Victoria $105, Queensland $93, South Australia $143 and that wonderfully governed State of Western Australia received $450 a head of population. Even Tasmania puts New South Wales to shame. It received $260 a head of population, by contrast with ***$60*** for New South Wales. In loan approvals on a ***per capita*** basis New South Wales clearly and easily fared the worst of all the States.

I refer now to the total public sector investment in each of the projects approved last week. It is important to understand that a special allocation has to be linked to the total picture. The total amount of public funds to be invested is made up of special loan approvals, internal revenue generation, depletion of reserves and normal loan allocations. Let us put them together. New South Wales has $771 million or $154 a head of population. Victoria has $2,106 million or $554 a head of population. Queensland has $1,315 million or $597 a head of population. South Australia has $256 million or $197 a head of population. Western Australia has $603 million or $482 a head of population. Little Tasmania, which is about the size of the Manly municipality and Warringah shire combined, has $392 million or $953 a head of population. So when one looks at the total public sector investment in New South Wales it is clear that this State ranks only third among all the States and is in an even worse position on a ***per capita*** basis. The picture becomes worse for the people of New South Wales when one looks at the total investment in the projects, that is, public sector and private sector investment combined. It is significant that the Western Australian Government put up projects with private sector involvement in them such as the Dampier–Perth gas pipeline, the Worseley rail and water facilities and the Pilbara electricity project.

Mr Rogan: When do those projects start?

Mr MASON: Some of them are under way. New South Wales is in the same boat as far as electricity undertakings are concerned because the former Liberal-Country party Government had the foresight to get them going, as it did with every other project that has been put up in New South Wales. In this State there is a total investment of $771 million or $154 a head of population. Victoria has a total investment of $2,106 million or $554 a head of population. The figure for Queensland is $1,455 million or $661 a head of population. South Australia has $905 million or $696 a head of population. The staggering figure for Western Australia is $3,856 million or $3,084 a head of population. That is the public works loan programme that Western Australia is setting about. Tasmania receives $392 million or $953 a head of population. In terms of total capital investment in the specially approved projects that were the subject of the special Loan Council meeting, New South Wales is last among the mainland States. That is tragic. It has poor leadership that lacks understanding of the need to get capital works going. New South Wales is not only last—it is a bad last.

New South Wales is $3,085 million behind Western Australia and $1,335 million behind Victoria. This State is $684 million behind Queensland and $134 million behind South Australia. Fancy being behind South Australia; that is a position no State should get itself into. In terms of total ***per capita*** investment in the specially approved projects, New South Wales is so far behind the other States that it is not even in the race. I know these figures are tedious but they are important to the people of this State. ***Per capita*** investment in New South Wales is $2,930 less than in Western Australia. The figures I now give are on a ***per capita*** basis. Investment in New South Wales is $400 less than in Victoria, $507 less than in Queensland, $543 less than in South Australia and a staggering $799 less than in Tasmania.

These figures clearly support the point I made earlier, that New South Wales has completely missed the boat because this Government has fumbled the opportunity; it has failed to represent our interests adequately at the Loan Council, and it has clearly let down the whole of New South Wales, particularly the unemployed. Every capital works programme that can be started in this State means more employment—jobs for people. The figures I have given indicate clearly that New South Wales did not receive loan borrowing approvals that bear any relation to its strength in the Commonwealth. New South Wales is no longer the No. 1 State.

I have given the figures based on the Commonwealth statistics on an earlier occasion. In terms of investment for new developments in the private sector New South Wales has slipped to fourth position. Now these Loan Council figures show that New South Wales has gone to the bottom of the list. The differences revealed are so glaring that they constitute an irrefutable argument for greater investment in special infrastructure projects in this State. New South Wales is well on the way to becoming a disadvantaged State and having to appeal for help to the other States. It will have to be given special attention because we have been so badly treated as a result of the fumbling ineptitude of the Treasurer and the Treasury of New South Wales.

Surely the Premier should have used this argument in June last for he knew all the facts. He could have gone to the Loan Council meeting last Monday and at least said that New South Wales had the worst unemployment figures in the Commonwealth. He could have said to the Loan Council, "Will you do something for New South Wales?' The Premier had nothing in his bag. He failed to use that argument, not because he was unaware of the position but because he had no other projects in mind. He was completely lacking in imagination. The Premier could have asked the Loan Council for funds to be used on Windamere Dam. Water is the lifeblood of New South Wales. Water is needed for new cotton growing projects in the Macquarie Valley in the Treasurer's electorate. People in my electorate and the Treasurer's electorate are desperate for water. They want adequate supplies to grow more cotton and vegetables.

We all know how the Labor Party stopped the construction of Windamere Dam. The honourable member for Burrinjuck certainly knows how that project was started by a former Liberal-Country party government and how the work was stopped by Labor. The Labor Government said that work would stop because it did not have any funds. I should like to know why the Premier did not stand up at the meeting of the Loan Council and put on one of his grandstanding performances that we are accustomed to seeing in this House. Why did he not say to the Loan Council: "My Government does not have the money to complete Windamere Dam. The work will have to stop." He could have talked about urban freeways, the most desperate need of this State. I should like to know why the Premier did not seek from the Loan Council special permission to borrow money overseas to build more urban freeways.

The Premier should have gone to the Loan Council meeting with some imaginative projects. He could have emphasized the need for a second bridge across Sydney Harbour. Something will have to be done about the dreadful flow of traffic across Sydney Harbour Bridge. That great waterway needs [millions of dollars spent on it for the benefit of the people of Sydney. The Premier was silent about such matters. He could have sought the Loan Council's permission to borrow funds overseas to extend the natural gas pipeline to Newcastle or to further extend the electrification of our railways. Where are the projects the Premier should have been producing? Why did he not go to the Loan Council and say that something would have to be done to put New South Wales on the move again—that something would have *to* be done to get the great city of Sydney going and to create employment opportunities right across the State? The Premier failed the people of New South Wales.

***Mr** Mason]*

Even though we need the funds that the Premier has been given approval to borrow, and even though they will contribute to some extent towards economic revival in New South Wales and provide additional jobs, the fact is that this State will slide further downhill by comparison with all the other States, because this Government is bereft of long-term development plans. The Premier failed the people of this State at the special Loan Council meeting last Monday. That is a disgraceful situation. Some associated matters should be raised at this stage because they relate directly to the decision of the Loan Council to permit the States to borrow overseas. They are of major concern to this Parliament. I raise them now and ask the Treasurer to give a full explanation of the Government's policies on them at the earliest opportunity. I appreciate that he will not be able to give that explanation now, but I ask him to give consideration to my request because they are important to the people of this State and the economic well-being of New South Wales. I ask the Treasurer to give me a considered explanation in due course.

The fact must be squarely faced that there are problems and potential hazards associated with the State's ability to raise loans on the oversea money market. In particular, loans raised by New South Wales—indeed any loans of foreign capital raised by any Australian government or company—will not be provided with forward cover. I understand that the federal Treasurer made this quite clear in federal Parliament last Tuesday when he indicated that there could be no forward cover given for these borrowings of oversea funds by the States. In view of the dramatic fluctuations in exchange rates, which are now commonplace, it is not possible to provide forward cover—or insurance—against currency revaluations on long-term capital transactions. It follows that a long-term oversea loan raised in a foreign currency may eventually cost more to repay in real money terms than is indicated solely by the rate of interest on the loan. Such a loan may cost more because currency values, which cannot be fixed like a rate of interest, may change dramatically over the period of the loan.

Let me give one illustration. If we had borrowed the equivalent of $A1 million in foreign currency six months ago, the current cost of that loan would depend largely on the currency which had been borrowed. If we had borrowed $A1 million in Japanese yen, we should now have to repay $A1.2 million. If the $A1 million had been borrowed in United States dollars, the loan would now cost only $A900,000. The diierence to us, as the borrower, would be a massive $300,000 or 30 per cent of the original loan. It is obvious just how significant currency values are in determining the true cost of oversea loans. It is equally obvious how important it is to insure whenever possible against entering into escalating borrowing arrangements. As I have said, forward cover, or insurance, against these fluctuations is not available to New South Wales or any other State in regard to capital transactions. Neither, for that matter, is forward cover available to the Commonwealth, though I should add that the effect of currency fluctuations upon loan commitments presents less of a hazard to the Commonwealth than the States because the Commonwealth has such a large spread of borrowings in a mix of different currencies; it is able to mix them all up and weather the fluctuations. This will be the first time for fifty-one years that New South Wales has been able to enter into this field. The first reality to be faced by the Government is that New South Wales is now entering a new, complex and potentially expensive area of capital funding.

Neither our Treasurer nor our Treasury officials have had any practical experience in this sort of negotiation. I cast no reflection upon them whatever. This is an entirely new ball game. They will need expert counselling to detect and avoid the pitfalls that will be ahead of them. The first assurance this Parliament should be given by the Treasurer is that he will bury the political hatchet and without reservation

or qualification accept the most generous offer by the Commonwealth Government through its Treasurer to advise the State Treasury with regard to arranging foreign loans. That offer has been made and appears to me to be clear cut, practical, sensible and untied. I urge the Treasurer and his advisers to accept the offer from the Commonwealth Treasurer, who said further that he would make available some of his best officers to work with our Treasury officials so that the best advantage might be gained.

The second thing that this House has every right to expect from the Treasurer is a policy statement providing definitive answers to such questions as in which currency the loans will be raised. The Parliament is entitled to know the currency in which these loans will be nominated and raised. It should be told how the State will cover the foreign exchange risk on account of both capital and interest payments. How will exchange gains and losses be reflected? Will the State Treasury account for gains and losses or will the authority to which the Australian dollar equivalent of the proceeds are lent take the gains and losses? Does the Government contemplate raising taxes and charges still further to compensate for exchange losses?

Will the State hold the foreign exchange proceeds on its own account or will proceeds be surrendered to the Reserve Bank of Australia? Will the money be raised through foreign bond issues or Euro currency loans? Will the funds be secured by private placement, public issue or syndication? These are critical questions that the Opposition is entitled to ask and to which it should have clear answers. I press the Government and the Treasurer to answer these questions as quickly as possible in the interests of the people of New South Wales. The Treasurer should reply to these questions at the earliest opportunity, preferably in a ministerial statement. These questions need careful consideration. They are too important to be the subject of an immediate reply, merely brushing them aside. I hope the Treasurer will make a ministerial statement and give a clear intimation of the policies he will follow.

There are, of course, many aspects of the ordinary Loan Estimates that I should like to question, but as they were debated during the last Parliament I am willing to co-operate with the Government in concluding this debate early. The Opposition appreciates the Government's co-operation in allowing the new member for Vaucluse the opportunity to make her maiden speech in this debate. I shall conclude my speech and not traverse many areas of concern. Important questions must be answered. New South Wales missed out badly at the special loans meeting. It has come off worse than any other State. It is now last of all the States in terms of loan raisings. The Treasurer has let down the people of New South Wales in a most dramatically bad way.

Mrs FOOT (Vaucluse) [5.5]: First, I congratulate you, Mr Speaker, on your re-election to the chair of this House. I am grateful for the way in which you, the Clerks of this Chamber and the staff have assisted me. I should like to thank also members on both sides of the House for their co-operation. Particularly I thank all those people who assisted me in my election. I take this opportunity also to congratulate other new members on their maiden speeches.

It is a great honour to be the representative in this Parliament for the electorate of Vaucluse. I wish to pay tribute to my predecessor, Mr Keith Doyle, who served the people of Vaucluse for more than thirteen years in a most dedicated manner. Vaucluse is a visually exciting electorate surrounded by Sydney Harbour and the ocean which pounds onto world famous Bondi Beach. The largest part of its area falls within the municipality of Woollahra though a great part of its population resides in the municipality of Waverley. It spans the socio-economic spectrum. I see it as my duty to serve the needs and aspirations of all my constituents. As I take my seat

in this Parliament I am proud to recall that members from both sides of my family have sat in this Chamber. First, my great-grandfather, Sir John See, was the member for Grafton from 1880 for many years. As Premier he introduced the vote for women. Second, my grandfather, James Ashton, was the member for Goulburn and Minister for Lands prior to becoming a member of the Legislative Council in 1907. He served in the Parliament from 1894 until 1934.

Turning to the General Loan Account Appropriation Bill, I note from the Treasurer's speech that funds for the last stage of the Bondi Junction bypass will be provided this year. I am glad that this proposal, which originated under the former Liberal-Country party administration, is finally coming to fruition. It will benefit not only those who live in the southern section of my electorate but also the many people who shop at Bondi Junction. I note that a further capital sum of $15,884,000 is to be spent on the eastern suburbs railway, which I understand will commence services in the new year. I am most concerned that with the advent of the railway fewer buses will run from Vaucluse into the city. Only a month ago I was informed that the Public Transport Commission had announced a plan for an interchange at Edgecliff. During off-peak periods no buses will proceed beyond Edgecliff and in peak periods only one in three buses will proceed into the city. I regard this decision as not being in the best interests of the residents of Vaucluse, particularly the elderly and infirm who fear using the high-speed escalators at Martin Place.

The Treasurer has referred to unemployment in New South Wales and the Government's determination to assist with its alleviation by means of capital expenditure. When considering the expenditure of $588 million as portion of the $2,000 million of the Government's capital works programme for 1978–79, I query whether the sheer expenditure of such a large capital sum is achieving the desired result. In the context of this vast expenditure I suggest that neither capital works programmes nor deficit budgeting are the answer to rising unemployment. Rather, there is a need for new work patterns to meet changing economic and social needs. The allocation of scarce, available work may have to be re-thought. I suggest to the Government that in the light of increased automation, computer technology, inflation, unemployment and changing social values the right to work may have to become the right to share work.

The October figures of the Commonwealth Employment Service indicate 136 844 unemployed persons in New South Wales with an expected rise as school-leavers join the work force. I urge the Government to examine the findings of the interim report on permanent part-time work which was nationally distributed to all Australian parliamentarians, many employers, unions, government departments and community groups in June of this year. All members of the Forty-fifth Parliament of New South Wales received a copy of the report and may have noted the wide media coverage it received. The interim report on permanent part-time work stresses the need for permanent part-time work as a viable employment option in addition to full-time work and casual work. Full-time work enjoys all the normal benefits. Casual work carries penalty loadings on normal wage rates but enjoys no benefits.

Permanent part-time work is not casual work. It is permanent work offering regular but shorter working hours than the accepted pattern of full-time work. It can include a variety of flexible working patterns: for example, full-time hours for less than five days a week; less than full-time hours on five days a week; a regular number of hours each week in a varying daily pattern making less than full-time hours; and job sharing where a full-time job is divided between two or more persons who share responsibility for the total workload. Permanent part-time work carries the normal benefits applied to full-time work: holiday pay, sick leave, long service leave and superannuation, accumulated in proportion to the time worked.

As convenor of the permanent part-time work study, I point out to honourable members that the study was neither sponsored nor funded by an employer group or a government department. It was sponsored by two New South Wales voluntary welfare organizations, and it has been funded entirely by the private sector. The steering committee consists of persons of differing political persuasions so that both union and employer viewpoints have been ably represented. The permanent part-time work study arose from the basic concern of Future Lobby and the New South Wales Association for Mental Health for working parent families. From economic necessity or personal choice many two-income families exist as well as a growing number of lone-parent families. These families are struggling to provide the sort of committed care that they, themselves, want to give their children. Permanent part-time work is one solution which parents consistently see as a means of meeting the various needs of both themselves and their children. It is evident that the introduction, of permanent part-time work would greatly relieve pressures on the modern family, give our children a better emotional start in life, provide our youth with job opportunities, and enable women in particular to make more responsible choices regarding their personal, family and working lives.

If honourable members believe that it is our duty to understand and meet the needs of the general community, we have an obligation to examine all New South Wales industrial awards relating to casual and part-time work, penalty rates, overtime rates and staff loadings, in order to recommend orderly and effective changes to current employment practices that will benefit both employees and employers. The traditional assumptions, such as one man—one full-time job, planning for a lifetime career, a woman's place is in the home, and continued economic growth, are the bases upon which all of today's hours of work, conditions, benefits, wage rates, industrial awards and superannuation have been structured. Full-time work may well remain the answer for a large number of the work force. However, there is a growing demand for permanent part-time work, as distinct from casual part-time work, which has increased rapidly of recent years.

Between November 1972 and November 1975 part-time employment in Australia increased by 27.6 per cent while full-time employment increased by only 1.1 per cent. The number of part-time workers in Australia has grown from 370,000 in 1964 to over 900,000 in 1978. Of those working part-time 730,000 are women and of these almost 550,000 are married. This trend away from full-time to part-time work highlights the need to introduce permanent part-time work as a separate employment option. There are many men and women who want to plan and arrange their lives around the care of their families, their work. alternating periods of study and other pursuits. These people fall into two broad categories. First, there are those who are fully employed and would seek permanent part-time work if ***pro rata*** benefits applied. For example, there are persons phasing into retirement who could do so without abrupt change and at the same time train a replacement; there are parents wanting more time to look after their children with or without the help of a spouse; there are those whose family commitments have been met who would like to spend more time on education, community work, creative pursuits, sport, hobbies, travel or leisure; and there are those who are changing careers who wish to phase out of one while studying or training for another.

Second, of course, there are those who are not employed. There are many executives, retired persons and pensioners with a need for useful occupation and extra income, handicapped persons perfectly competent to work part time who have restraints due to their handicap, and women who want to maintain their skills and experience in a part-time capacity during hours that will allow them to meet their home and family responsibilities. Then, of course, there are young people for whom a long

Mrs Foot]

period of unemployment means a wasting away of confidence and skills, the onset of boredom and apathy or, indeed, a preference for pooling unemployment benefits rather than seeking many of the jobs that are being offered by employers. This has resulted in a growing lack of understanding between the older employer and the younger employee on the whole question.

As we have seen, study findings reveal a widespread demand for permanent part-time work to suit changing social and economic needs. After copious investigation, the study's industrial consultants consider that permanent part-time work could well be incorporated into awards if unions and employers will co-operate within their respective industries. On the one hand we have employers concerned with the efficient and economic use of resources in the face of escalating costs and recurring wage demands. On the other we have the unions determined to preserve the conditions and wages of full-time workers against the threat of part-time workers. We have the service industries being crippled by penalty rates and the unions adamant that these rates remain enshrined in the awards.

As the elected representatives of the people of New South Wales we must seek some way out of this impasse. Indeed, the Nobel Prize in Economics was recently awarded to Herbert A. Simon, who believes that personal choices are overly influenced by the institutional structure of society. I respectfully suggest that for many people and many industries permanent part-time work provides the most equitable and practical answer. As honourable members are aware, the hours of work, pay rates and conditions of employment are regulated by a complex array of awards and industrial legislation. Some industries come within the jurisdiction of the Australian Conciliation and Arbitration Commission, others come within the jurisdiction of the State industrial tribunals. They are the Industrial Commissions in New South Wales, Queensland, Western Australia and South Australia; and the Wages Boards in Victoria and Tasmania. The existing awards differ considerably in their treatment of part-time work and casual work. Certain awards make no provision for part-time work of any kind, and others already accommodate the concept of permanent part-time work.

For the proper introduction of permanent part-time work there is a need to ensure that all desirable safeguards are incorporated into appropriate awards and legislation. Areas where safeguards need examination and elaboration include definitions of permanent part-time and casual work rates of pay, conditions and notice of termination, whether they be weekly or monthly, and change of contract with respect to hours worked and union agreement. They include also statutory holiday provisions, annual leave, sick leave, long service leave, overtime allocation between full-time and part-time, full-time and part-time priorities in retrenchment, promotion to higher classification and grades, changing status if moving between full- and part-time, superannuation and. last but not least, the right to share work and decide working times between people sharing a job. A workable charter for permanent part-time work award provisions will be required to ensure success of this scheme.

Initially, both employers and unions will bear the brunt of full-time staff being required to help and instruct permanent part-time workers on the job and, threatened by loss of overtime, many full-time workers may resent the conditions and flexibility of permanent part-time workers. However, many employers will have access to a wider range of skilled, experienced labour and there will be an opportunity for an economic balance of staffing to match variations in the workload. There is an employee tendency to maximize work effort because application and motivation are higher for the period employed and more easily sustained if other personal goals are being satisfied. Dissatisfaction may be reduced by offering the opportunity to share unpleasant jobs for a lesser time.

The great advantage of more permanent part-time work to the traditional aims of the trade union movement is that it would overcome the disadvantages of casual dispensable work—and, I might say, would increase the potential membership of unions and meet the needs of a growing proportion of the work force. Of course, some jobs are not suited to part-time work, because of continuity, communication and responsibility constraints. But the scope for expansion exists in many areas, such as the retail industry, the tourist, accommodation, entertainment and sporting industries, the food service industry, manufacturing, insurance, banking and finance, public service organizations, semi-government and local government and also health services and education. Permanent part-time work is not a new concept in Australia. Its social desirability now has the impetus of economic necessity. In addition to valued pioneering by others in the past, an active interest in the subject has been evinced by the Commonwealth, New South Wales and South Australian public services, by major retailers in New South Wales and by women's lobby groups inside and outside the trade union movement. Substantial steps have been taken by governments and organizations overseas to introduce systems of permanent part-time work. In a review of New South Wales government administration the Wilenski interim report recommended that an affirmative action plan be introduced for permanent part-time employment throughout government administration.

Following the introduction of rosters to cope with late night shopping, major New South Wales retailers have been increasing the number of permanent part-time and casual workers and reducing full-time staff. Rising labour costs have also motivated retailers to examine closely sales patterns and staff levels for peak periods. While part-time work has been increased, the overall number of staff employed has fallen. This has caused union concern over the number of casuals being employed in preference to permanent part-timers. The union would prefer a defined ratio between full-time, permanent part-time and casual employees. At the same time, the Retail Traders' Association of New South Wales is examining a new form of employment contract, dependent not upon hours worked but on permanency of contract. As recently as last week a prominent retailer suggested in his annual report that the shopping week be extended to seven days, with the abolition of penalty rates. The relevant union expressed uncertainy about this move. The retail industry may need government assistance in resolving these questions.

The permanent part-time work study is proceeding with its final phases of developing the models and guidelines for the effective introduction of permanent part-time work in those industries to which it is suited. This Government might heed its conclusions and help to facilitate the introduction of this form of work. I reiterate that I do not seek permanent part-time work as a substitute for full-time or casual work but as a third employment option. Government, employer and union member response to the interim report has been more than encouraging. I appeal to members of this Government to exercise their influence with the union officials so that permanent part-time work may become an employment choice for the citizens of this State.

It has been a privilege for me to address the House. I hope that I shall be granted many years to expend whatever talents and energy I may possess in the service of my constituents and the people of New South Wales.

Mr RENSHAW (Castlereagh), Treasurer [5.24], in reply: I congratulate the honourable member for Vaucluse on the contribution she has made in her maiden speech in this House. Obviously she has devoted a great deal of time and thought to

the important aspect of placing people in employment, particularly in this State. The calibre of all the maiden speeches by the large number of new members of this House has been excellent.

My purpose in speaking in this debate is not to pat people on the back but to comment on what was said by the Leader of the Opposition in relation to the Loan Estimates. His argument was put in two ways, on one hand defending the federal Government's loan allocations and, on the other, subsequently debunking them. If the Leader of the Opposition wants to know what happened he should stay in the House and listen. At the Loan Council meeting in June, the Prime Minister stated that there would be no percentage increase in the loan allocations to the States and that they would be pegged at the 1977–78 levels. An elementary analysis showed that there was an effective curtailment of the capital works programme for New South Wales. A few months later representatives of the States returned to Canberra, but certain things had happened in the meantime. For instance, there were the Earlwood and Werriwa by-elections, the New South Wales general elections and the Ballarat by-election. The Prime Minister was made aware in no uncertain manner that there was considerable dissatisfaction with the economic policies being pursued by the federal Government. The Premier of Victoria was outspoken in blaming the federal Government for the disaster in the Ballarat by-election. Even the Premier of Queensland, who is against everything, whether it be progress or in the interests of the community, was critical of the federal Government's economic policies.

The guidelines were never properly laid down. At the Loan Council meeting in June the Prime Minister suggested that the matter be looked at from an officer level. For approximately six months, officers of Commonwealth and State departments considered what might be laid down as guidelines. There was much conjecture. Even the many bookmakers who were in Melbourne on the day before the Melbourne Cup, when the Loan Council meeting was held, would not have anticipated that the Commonwealth would come to the party to the extent that it did.

Mr Mason: You should have been ready for anything. Victoria was.

Mr RENSHAW: This applied to every State. Victoria submitted a log of claims that disregarded priorities and guidelines. The people of New South Wales and other States had spoken in many elections and by-elections. The major labour-intensive or capital-intensive undertakings proposed by Western Australia had to be commenced within the next several years. The Government of that State was not seeking a significant allocation of funds for those projects over the next three or four years. The same applied to South Australia. The allocation to New South Wales in the first year represents 50 per cent of the total allocation to all States. When further submissions are made under these guidelines in three years' time there could be a different Prime Minister with a different financial policy. New South Wales is in the fortunate and sensible position that the programmes submitted to the federal Government can proceed immediately. To a degree, the programmes submitted by the other States were pie in the sky, starting in three years' time and having capital funds allocated to them when a different federal government with a different attitude may be in office. This Government prefers to have a bird in the hand for the next two or three years and fight the real battles in three years' time.

Mr Mason: If you did not read the guidelines I can give you a copy.

Mr SPEAKER: I call the Leader of the Opposition to order.

Mr RENSHAW: They were not approved under the guidelines.

Mr Mason: I have them here.

Mr SPEAKER: I call the Leader of the Opposition to order.

Mr RENSHAW: No one could give the Leader of the Opposition the answer to the second question he raised, namely, the cost of borrowing overseas and the premiums that might be involved. The Government is anxious to obtain the advice of the most competent people in the community. Not even the Leader of the Opposition could suggest what the position will be in three years' time. No one in the community could say what will happen regarding exchange rates or interest rates within that period. These are problems that confront the Government. It is simple for the Leader of the Opposition to pose the problems. The only answer he has given is that the Government should consult the federal Treasurer. He already has the country in a big enough mess, without consulting him as to what New South Wales should do.

Mr Mason: It was a genuine offer of help by Commonwealth Treasury officials.

Mr RENSHAW: Treasury officials are not sacrosanct. They have been wrong before. It is well recognized that New South Wales has always had and still has the best Treasury officials in the Commonwealth.

Mr Einfeld: We did get the best Treasurer.

Mr RENSHAW: That is a debatable point. I could stand here and pose all the prohlems but that would not solve them. Nobody can tell what will happen to currency movements three years from now. Neither the federal Treasurer nor anyone else would be willing to make a solid prediction of that sort. On this matter it is necessary to weigh up the pros and cons. It involves an element of risk which may pay off our way or against us. It is an innovation, though a thorny one. Variations occur almost daily on the overseas money market.

Mr McDonald: We have our receipt books.

Mr RENSHAW: Against that are the interest rates to be met. When I was overseas fifteen months ago I found that funds in sound currencies could have been raised at under 6 per cent compared with the Commonwealth rate at that time of about 10½ per cent. Meantime the oversea rates have risen—in the United Kingdom and the United States of America to about 12½ per cent. Our rates are on the decline. Which member of Parliament would have forecast that twelve months ago? He would not be in this Parliament today: he would now be the wealthiest person outside it. Many people are great judges after the event. These problems have to be examined very carefully. Even so, mistakes can happen for, in the final analysis, it is all a matter of judgment. It should be borne in mind that the relationship of public investment to private investment varies from State to State. The capital intensive work involved in constructing the railway to transport the iron ore deposits in Western Australia was almost equal to the total capital available to a State government in one financial year.

Mr Mason: Nothing like the capital investment in New South Wales.

Mr RENSHAW: New South Wales has been developed over the years, irrespective of which government has been in power. A few minutes ago the Leader of the Opposition gave members the benefit of his views. For eleven years he was a member of a government that was contemplating whether to continue with jobs that were started when Labor was previously in office. That sort of argument can be used *ad nauseam*. The point is that today positive action is being taken to complete projects as quickly as possible. The present Government has been successful in securing funds to allow projects to go full steam ahead, and within three years we shall have completed two major projects. In that period scarcely any of the other States, with the

exception of Tasmania, will have even started their projects. That reflects the difference of approach on raising necessary funds. New South Wales received approval to raise a substantial amount because it was ready to proceed with its plans. The others had pie-in-the-sky proposals. They had schemes on paper, some of them not even at the blueprint stage. With the exception of Victoria with its planned power station, they will have to wait for a while before they can start a major project.

Motion, agreed to.

Bill read a second time.

Third Reading

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

INDUSTRIAL ARBITRATION (REINSTATEMENT AWARDS) AMENDMENT BILL (No. 2)

Introduction

Mr HILLS (Phillip), Minister for Industrial Relations, Minister for Technology and Minister for Energy [5.34]: I move:

> That leave be given to bring in a bill for an Act to amend the Industrial Arbitration Act, 1940, so as to clarify the powers under that Act to make awards with respect to the dismissal or proposed dismissal of amployees.

The proposed amendments are directed to confirming the powers of industrial tribunals constituted under the Industrial Arbitration Act, 1940, so that, in an appropriate case, they can either direct the reinstatement of a dismissed employee and reimbursement of his lost wages, or direct an employer not to dismiss an employee. When making any such award of reinstatement, the tribunals will also be empowered to determine any dispute or question with respect to the promotion or regression of an employee.

The provisions of the bill are framed to ensure that an employee who has the means to redress his dismissal or proposed dismissal under an Act other than the Industrial Arbitration Act—for example, the Crown Employees' Appeal Board Act—has the choice of proceeding under either that other Act or the Industrial Arbitration Act of 1940. This concludes my brief outline of the purposes of the bill. I shall give more details of it at the second reading stage.

Mr SCHIPP (Wagga Wagga) [5.35]: At the introductory stage the Opposition raises no objection to the bill which is the same as a bill that was debated in this House about six or seven months ago. We understand that the amendments it contains flow from a High Court decision in about 1971. On the prior occasion the Opposition moved some amendments in an endeavour to protect the rights of individuals. Having read the record of the debate I feel that some of those amendments were impractical. The Opposition looks forward to seeing the bill, reassessing it and offering further comment at the second reading stage.

Mr HATTON (South Coast) [5.36]: I rise to pose a few questions for the Minister to answer at the second reading stage. When this matter was first introduced I received a number of complaints, from councils in particular and some from private employers. I should like to know how the bill will overcome the untenable situation that is created when a tribunal directs an employer to reinstate an employee. This situation can arise in private enterprise cr a government department but I can understand that government departments have more flexibility in dealing with it, and that

large firms have more flexibility in dealing with it than small firms and councils. An untenable situation can be created when the employer in a small firm is directed to re-employ a person whom he clearly does not want on his staff. This is a real problem facing private employers, small government departments and semi-government instrumentalities.

The direction by a tribunal to an employer to re-employ a dismissed person interferes with the right of the employer to decide who he will employ and in what circumstances he can terminate employment. I understand the logic behind the bill in seeking the reinstatement of an employee where some matter of basic justice or basic right is involved, but I believe there should be no interference with the basic right of an employer to decide whom he will employ and when he will terminate that employment. Surely the unions are able to take effective action — too effectively sometimes — to safeguard the rights of individuals. To permit a tribunal to direct an employer to reinstate an employee appears to me to be going too far. I should like the Minister to define the area in which the bill will work and how the problems thus created are to be overcome.

Motion agreed to.

Bill presented and read a first time.

MOTOR DEALERS (AMENDMENT) BILL

Introduction

Mr EINFELD (Waverley), Minister for Consumer Affairs, Minister for Housing and Minister for Co-operative Societies [5.39]: I move:

> That leave be given to bring in a bill for an Act to amend the Motor Dealers Act, 1974.

The Motor Dealers Act has not been amended since its introduction in 1974 and implementation in 1976. This passage of time has shown that its effects have sometimes been underestimated or unforeseen. The Government intends in this bill to resolve the inefficiencies and anomalies thus caused. The amendments proposed are the culmination of more than two and a half years' research by persons experienced in the day-to-day administration of the Act. Though these amendments are consumer protection oriented, it is equally true to say that they will not detrimentally affect the honest motor dealer. If anything, they should prove beneficial to him. Consultations have been held from time to time with the umbrella trade organizations, notably the Motor Traders Association.

The proposed amendments cover a wide range of proposals, not the least significant being extensive amendment of the warranty provisions. They are greatly improved with thorough rationalization of long-overdue expansion. The most important in this regard concerns the present requirement that dealers provide a warranty on each car sold at a cash price of more than $500. This is an unrealistic level in today's economic climate. This bill, therefore, raises that limit considerably. The warranty provisions will also embrace certain types of outdoor pleasure vehicles and certain kinds of accessories. Finally, they will include new and secondhand motor cycles, an initiative that has been welcomed by the Motor Traders Association and motor cycle dealers generally.

Two new kinds of motor vehicle business have emerged since the Act was introduced in 1974. They are the car market operator and the motor vehicle consultant. The Government shares the concern of the trade that consumers be properly protected

in their dealings with these novel types of business. This bill takes due notice of this concern. The bill will also fill loopholes in the protection of consumers in the matter of repairs to vehicles and any losses from or delays to repairs. It provides for a tightening up of requirements in the Act concerning certain notices on vehicles offered or displayed for sale. It also strengthens various inspection and policing arrangements that have proved unsatisfactory since the Act has been in operation.

All of these amendments to the Act have in mind two important objectives. The first is the promotion of the interests of consumers. The second is the promotion of the orderly marketing of vehicles. The Government's view is that both these objectives are complementary. It has been heartened to find, in the detailed work necessary to bring forward these amendments, that this view is shared equally by consumers and the trade. I should like to thank the trade, and particularly the Motor Traders Association, for the co-operation and help that the Government has received in its attempts to make the Motor Dealers Act responsible and responsive to the demands made by today's buyer–seller relationship in this vital industry. I have given only a brief outline of the major provisions of the bill. **A** more detailed explanaation will, of course, be given at the second reading stage.

Mr DOWD (Lane Cove) [5.43]: At long last the Minister has sought leave to bring in a bill to provide legislation about which he has been bleating for a considerable time. It is time it was brought in. The Minister gave bland assurances that everything is in order and that the measure will solve all of the problems he can imagine. Coming from this Minister, that does not surprise me. It is {gratifyingthat he has conferred with the trade organization concerned. It is to be hoped that he has learned something from that consultation, for it is of concern that every move that is made in an area such as this means an added cost. The average working man is more likely to buy a secondhand motor vehicle than a new one and it is he who will suffer most from any added expense. I have always been concerned—and I have expressed this view many times—that the Sale of Goods Act was not amended to protect buyers and to take away implied warranties. That would have been a much better approach than what I advocated almost two decades ago when I first had something to do with the Act.

Members on this side of the House do not oppose leave to introduce the bill. We will study it carefully to see whether the Minister's bland assurances will be put into effect. We hope that the public will be given an opportunity to understand the consequences of the measure in terms of cost and to see what effect it will have on the trade generally. It should be remembered that this trade is a major employer and it has many related industries. We must look at the economic consequences of proposed legislation, not simply the important concern that the Minister always expresses—and, I think. has—for the consumer.

Motion agreed to.

Bill presented and read a first time.

IRRIGATION (AMENDMENT) BILL

Introduction

Mr GORDON (Murrumbidgee), Minister for Conservation and Minister for Water Resources [5.45]: I move:

> That leave be given to bring in a bill for an Act to amend the Irrigation Act, 1912, to increase the penalties for offences and to provide for the quantification of water supplied under that Act.

The objects of the bill are to increase the penalties for offences under the Irrigation Act and to permit the Water Resources Commission to determine the quantity of water supplied in irrigation areas constituted under the Act in certain circumstances and to issue certificates in respect thereof. Penalties for offences such as interference with commission works and unauthorized use of water have remained unchanged since 1970. They are no longer a deterrent to persons acting in contravention of the provisions of the Act. The proposed amendments will provide realistic penalties to meet present-day requirements.

The other amendments will remove any doubt that the commission may determine the quantity of water supplied to occupiers of lands in the irrigation areas when there is no prescribed method of measuring the quantity or when the method of measuring does not function correctly. Provision is also made that the commission may issue a certificate of the quantity of water supplied, which is to be conclusive evidence in any proceedings of the matters certified in and by the certificate. I commend the motion to the House.

Mr FISCHER (Sturt) [5.47]: At the second reading stage the Opposition will study the details of this measure, which is an interesting one and, by the sound of it, will be comprehensive, even though in the form of amendments to the principal Act. There is a possibility that the Minister will be setting up a system of determination by the Water Resources Commission that will not allow of any appeal against a decision of the commission as to the amount of water that may be supplied in accordance with the certificates that have been mentioned. I have not seen the bill and have no prior knowledge of its details, but I feel strongly that there is scope for some kind of appeal against arbitrary decisions made by government instrumentaliti'es. That applies to the operations of the Water Resources Commission, a fine body, and by and large, I have nothing but praise for the work that it does throughout the State. That does not mean, however, that it is always absolutely correct in its determinations.

The Minister has intimated that the commission is setting up a system for the issue of certificates quantifying water rights. At this preliminary stage I ask the Minister to consider providing some form of appeal to an independent body or a body related to the Water Resources Commission. The machinery for appeal should be simple and should not involve costly litigation or provide cake for the lawyers of this State. There should be a system of appeal that will provide a double check in the interests of the irrigators who come within the scope of the measure.

The first part of the bill refers to penalties, which the Minister said have not been reviewed since 1970. The Opposition will seek to ensure that the level of those penalties is realistic and reasonable. The Opposition will be on guard to see that nothing extraneous is incorporated in the measure, particularly any proposal to cut off water without warning or similar proposals. The Opposition hopes that it is a genuine measure to improve further the legislation appertaining to irrigation. I repeat an appeal for the devising of a formula to permit of a double check or a form of appeal to be lodged against an arbitrary determination of the commission in respect of the quantifying licence proposed by the bill. I ask the Minister to consider this aspect before the second reading stage of the bill.

Motion agreed to.

Bill presented and read a first time.

WATER (AMENDMENT) BILL

Introduction

Mr GORDON (Murrumbidgee), Minister for Conservation and Minister for Water Resources [5.52]: I move:

> That leave be given to bring in a bill for an Act to amend the Water Act, **1912,** to increase the penalties for offences and to provide for the quantification of water supplied to persons and the assessment of rates and charges therefor.

The objects of the bill are to increase the penalties for offences under the Water Act; to extend the time for the assessment of rates and charges for water under part VI of the Act; to permit the Water Resources Commission to determine the quantity of water supplied in districts constituted under that part in certain circumstances, and to issue certificates in respect thereof.

The last revision of penalties for offences under the Water Act was made in 1970. Consequently the present penalties are unduly low in relation to present-day standards. They no longer serve as a deterrent to persons acting in contravention of the provisions of the Act. The proposed amendments will help overcome this problem. The amendment to extend the time for the assessment of water rates and charges is of a machinery nature. It will mean that in dry seasons water deliveries may be continued up to the end of a year without having to allow time for the assessment of rates and charges for water supplied during the year.

The other amendments will remove any doubt that the commission may determine the quantity of water supplied to holders of lands in districts constituted under part VI when there is no prescribed method of measuring the quantity or when the method of measuring does not function correctly. The commission may also issue a certificate as to the quantity of water supplied which is to be conclusive evidence in any proceedings of the matters certified in and by the certificate. I commend the motion to the House.

Mr FISCHER (Sturt) [5.54]: The Opposition does not oppose the introduction of the measure which, according to the Minister's remarks, covers three aspects. The Opposition will wait to see the extent of the increased penalties. In this respect I do not expect any great divergence of thinking between the Government and the Opposition. There must be a measure of control of water resources and proper organization of the administration of irrigation and water supplies in New South Wales. That requires from time to time adjustments in penalties in the same way as adjustments are required in the interest rates on overdue accounts.

In March 1976 the Minister when a member of the Opposition expressed a deal of opposition to increases consequential upon changes to the Consumer Price Index and Australia's inflation rate. Now that the ball is in the other court the Minister is seeking to introduce some of the changes that he previously opposed. The Opposition will study the penalty aspects of the bill. Although the deferment of rates in particular seasons appears to be a reasonable proposal, the Opposition will nevertheless study it.

The Minister refers again to quantification certificates and to a requirement for the commission to determine arbitrarily and conclusively a relevant volume of water. The Minister used the words conclusively and arbitrarily. This is a matter of great interest to the Opposition. Its ramifications could be acceptable to the Opposition. Nevertheless the Opposition will pay a great deal of attention to this aspect. Some public service administrators do not need encouragement to act arbitrarily. Some of

our citizens would argue that too many arbitrary decisions are made without a right of appeal being embodied in legislation. As a concept there should be a formula, a procedure or a mechanism to permit the making of an appeal without bedevilling the administrative processes or adding to bureaucratic procedures. The formula should allow an appeal against an arbitrary decision to ensure the rectification of mistakes. Further, it would ensure that justice was not only done but also appeared to be done. I ask the Minister to recognize the need for an appeal mechanism in regard to some aspects of the bill. The Opposition will discuss the measures in detail at the second reading stage.

Motion agreed to.

Bill presented and read a first time.

[Mr Speaker *left* the chair at 5.58 *p.m.* The House *resumed at* 7.30 *p.m.*]

VALUATION OF LAND (RATING AND VALUATION) AMENDMENT BILL

Introduction

Mr JENSEN (Munmorah), Minister for Local Government and Minister for Roads [7.30]: I move:

> That leave be given to bring in a bill for an Act to amend the Valuation of Land Act, 1916, to enable the determination of land values and to make further provision with respect to allowances for certain profitable expenditure on land; to enable the determination of rating base factors; to provide for the valuation of certain land in the Western Division; and to make further provision with respect to the making of general valuations.

At a later stage I shall be proposing that the Local Government (Rating and Valuation) Amendment Bill, 1978, be cognate with this bill. For convenience and in order to explain matters more clearly, I shall deal with the proposals in both bills when I seek leave to introduce the Local Government (Rating and Valuation) Amendment Bill. In the meantime I commend the motion to the House.

Motion agreed to.

Bill presented and read a first time.

LOCAL GOVERNMENT (RATING AND VALUATION) AMENDMENT BILL

Introduction

Mr JENSEN (Munmorah), Minister for Local Government and Minister for Roads [7.32]: I move:

> That leave be given to bring in a bill for an Act to amend the Local Government Act, 1919, with respect to the making and levying of rates.

As I said when introducing the Valuation of Land (Rating and Valuation) Amendment Bill, I shall be proposing that that measure and this bill be cognate. I shall deal with the proposals in both bills now. Honourable members will recall that in 1977 legislation was passed to give effect to certain recommendations made by the Cabinet sub-committee appointed to review the land rating and valuation system. At the time, I expressed the hope that legislation would be introduced in 1978 to give effect to further recommendations of the committee. The bills contain proposals for the

changing of the land rating and valuation system along the lines recommended by the committee, and it will be observed by honourable members when they receive copies of the bills that the related matters are dealt with in the same schedule order in both of them. The amendments are aimed at achieving a more equitable distribution of the rate burden and cover a number of matters. I shall refer only to some of the more important amendments.

A major change is the proposed introduction of a land value basis for local government rating. In the past this basis has sometimes been referred to as a site value basis and allows certain improvements such as clearing of land and improvement of soil fertility to be included in the value of the land to be used for rating. It is anticipated that it will take the Valuer-General another three years to supply land values in respect of all local government areas coming under the Valuation of Land Act. For this reason, it is proposed that the use of land values will be phased in by the voluntary adoption of such values by councils. The proposal is that, once a council has resolved to adopt the system, it will not be permitted to return to a system of rating based on unimproved values.

Another important amendment will be the introduction of a system under which ratepayers whose rates have been increased will pay rates on only half the increase in the first year following the general valuation. Other proposals include the variation of allowances for certain profitable expenditure on land; an alteration in the method of valuing lands in the Western Division; an extension of the postponement of rates principle in section 160c of the Local Government Act to assist rural ratepayers whose lands are effected by higher use zoning; the clarification of matters relating to the valuation and rating of mines; and adjustments necessary to correct administrative problems associated with the earlier rating legislation. A fuller explanation of the provisions of the bills and the reasons for introducing such provisions will be given at the second reading stage. I commend the motion to the House.

Mr COWAN (Oxley) [7.35]: The Opposition will await the bill to examine its implications. The Minister has made a very short statement which, I believe, does not give an indication of the importance of the bill. On the basis of what has been said over the past couple of years, one can anticipate to some extent what will be in the bill. The Opposition is concerned about site valuation. At the present time the Valuer-General is carrying out valuations in all shires. The Opposition accepts that in municipalities and cities valuations are generally determined on the principle of site valuation, but the shires are not all valued at the moment on the basis of the site principle. Until 1981 the shires will have the option of accepting either the site value or the unimproved capital value for the purpose of rating. As the provisions of the bill will vitally affect landowners in New South Wales, the Opposition is anxious to see the measure. Indeed, honourable members of this side of the House would like to have at least a week to look at the bill to consider its implications. I would not like to see the Minister make his second reading speech on this bill this week.

From what I can ascertain at the moment under the unimproved capital value system a reasonably effective formula has been worked out, particularly as far as rural lands are concerned. When one talks about site valuation, one is dealing with a principle whereby particularly cleared land and productive land will be valued much higher than unimproved land.

If an owner has land beside a river, he might have river flats, the greener land behind them, and the steep country behind. Under a system of site valuation the value of the cleared, productive land will be much higher than for the other land. Productive land in flat areas, which might not be alluvial but is cleared of timber, can be valued at up to $2,000 an acre; the grazing land behind it could be valued at $500

an acre; and the steep land that is not used for grazing or any other purpose could be down to $20 an acre. The Opposition is concerned that this will be a tax on incentive. That is why the Opposition is keen to see the bill. I am sure that the Government, like the Opposition, does not want legislation that will not provide an incentive for people to produce.

Within a shire there can be a great shifting of rate responsibility from urban areas to rural lands. The same thing can occur within a municipality. I appreciate that the Minister has not explained fully the implications of section 160c of the Local Government Act, but if it is intended that the provisions of that section will apply to the same type of land within a municipality, that may be acceptable. I do not know whether the differential rating system will cope with the problem envisaged by the Opposition. The Opposition welcomes the Government's proposal to bring differential rating into both urban areas and municipalities. That appears to be the Minister's intention although he did not spell it out in detail. Doubtless he will understand the worry that the Opposition has about this aspect of the bill.

The Opposition realizes that the Act contains many anomalies and that, irrespective of what system of rating is used, some people will be adversely affected. The former Government tried to find a formula that would achieve a much fairer basis for the valuation of rural, urban and city land combined, but it is always hard to depart from the practice of valuing land on the basis of comparable sales or unimproved value. The Valuer-General would be keen to have site valuation because his valuers will be able to fix a two-year valuation. It may not even be necessary for them to leave their office to do a site valuation; they will be able to arrive at the valuation using the aerial maps of the Department of Lands, because they will be able to identify timbered land and determine the productivity of certain areas. I appreciate that a site valuation is not done on the basis of the production of an area, but it is based principally upon the use of cleared land. From my understanding of the principle, the valuation is in respect of land that has been timber treated, where the soil has been improved and fertilized, and where drainage has been provided, although it is not visible to the naked eye. I understand that the Valuer-General will be carrying out his site valuations in respect of such land.

I invite backbenchers on the Government side of the House, particularly the newer members, to relate this principle to their own areas, particularly in rural parts of the State. I invite them to observe the effect that the new valuations will have upon cleared productive land.

Mr Duncan: They would not know.

Mr COWAN: That may be so, but I think they are trying to understand the situation. I appreciate that the Minister has tried to find an acceptable formula. The Opposition will base its attitude to the bill on the basis that the Minister and the Government have tried to find a formula that is fair to everybody. However, the Opposition believes that one effect of the bill will be that some people will be penalized; they may be the occupiers of cleared productive land. The Opposition does not want that to occur, and it intends to protect the interests of these people. Although the bill will contain other interesting provisions, the most important will be the provision for valuations. Doubtless the bill will spell out clearly what a site valuation will mean to producers. I ask the Minister to give the Opposition an opportunity to discuss the provisions of the bill with him; I have no doubt that he will be pleased to do so. The Opposition intends to take a fair approach to this measure because it appreciates the problems the bill seeks to correct. The initial problem seen by the Opposition is that an additional tax will be put upon the occupiers of productive land within the State.

Mr WILDE (Parramatta) [7.45]: I commend the Minister for introducing this bill. He has been concerned to overhaul the local government rating system, which is in a deplorable situation and in need of revision. The honourable member for Oxley spoke about certain anomalies that could occur from the introduction of the site valuation system proposed by the bill. There might be some merit in his assertions, but it is equally fair to say that the present system of unimproved capital value results in a greater number of anomalies. Land of a much greater productive capacity than adjoining land sometimes is given a much lower valuation because it might be possible to deduct the cost of improvements from the initial value of the land. In some cases productive land is given a much lower valuation than other land. For instance, in some metropolitan areas the concrete work carried out on a service station can be deducted from the unimproved capital value of the site. As a result, some service stations, which are usually a non-conforming use in a residential area, are given a lower rating value than adjoining residential land. No one would agree that that should be allowed to continue.

I am chiefly interested in the proposal in the bill to allow councils to apply only a half of the increase in the Valuer-General's revaluation of land during the first year of the valuation—in other words, to spread the increase over two years. In the past a great deal of hardship has been caused to ratepayers as a result of extreme fluctuations in valuations. In some instances valuations of commercial properties in areas such as Parramatta have risen sharply. Then between two and four years later, despite substantially decreased values in a commercial area, valuations in residential areas have risen accordingly. In the past two years the Government has been able to stabilize local government rating by pegging increases by councils; this has brought a great deal of stability in the burdens borne by ratepayers. However, some anomalies have still remained because there was no control over variations in the Valuer-General's valuation. It has been found that, as a result of variations in values between residential, commercial and industrial areas, quite often certain sections of the community have had to bear a steep increase in their rates even though the overall level of rating has been pegged.

I commend the Minister for introducing this proposal. The matter is urgent because various councils in my area have ascertained that the legislation was coming forward, and they wish to take its effects into account when they are setting their rates. As councils are preparing their estimates for the 1979 rates, it is important that the bill be dealt with expeditiously. I commend the Minister for the efforts he is making to overhaul the Local Government Act. A review of that Act is long overdue; this applies particularly to the amendments that the Minister is seeking leave to introduce tonight.

Mr ROZZOLI (Hawkesbury) [7.49]: This is a significant measure. I regret that the proceedings of State Parliament are not broadcast because many interested people in the community would like to hear the debate that is now taking place on such a tremendously important matter. Land valuation and its consequences on rating affects every person in the community, whether he be the landowner paying council rates or occupier of a property who is paying rates as a component of his rent.

Not too many people will mourn the loss of unimproved capital value as a basis for rating and taxing. Anyone who has been involved in local government or is a member of Parliament would be acutely aware of the numerous inequities in the concept of using land value as a structure for applying charges of this nature. There is a mythical Captain Cook stage to which a valuer must go in determining what is the unimproved state of the land in question. He must work from that mythical stage

to present-day value. Site valuations will be simple. They will involve looking at comparable sales without the complicated adjustments that are used to determine the unimproved capital value.

On no fewer than three occasions in three years I have criticized the Government for introducing bills of this nature so late in the year. The Government admits its failure to overcome the problem. The Minister suggests that it is a complicated matter and that the Government will try to do better next time—though it never does. Local government authorities have been preparing their estimates for some time, and it is quite unfair to those authorities and their ratepayers that changes be made to the rating structure at this stage. This amending bill is probably the earliest notice that local government 'authorities have been given about proposed changes. Nevertheless it is still not early enough. I have no doubt that over the next few years these bills will appear with monotonous regularity. It is a complex matter and the legislation will require a considerable number of amendments before the system becomes entirely equitable. I hope the Government will find some way of streamlining its approach to the problem, particularly in relation to the calendar year, so that local government has sufficient warning of how it should approach its annual estimates.

I have a deep personal interest in land valuations and the use to which they are put. My contention is that proper equity will never be achieved while, in assessing local government rates and land tax, the concept of using land values as a basis for rating is retained. It does not matter if it is unimproved capital value, improved capital value—which is just slightly different to site value—or assessed annual value, the anomalies that plague our rating system will not be eliminated until the whole basis of taxation is altered. It is physically impossible for the Valuer-General to guarantee that every valuation, on every parcel of land in New South Wales, is absolutely accurate. That is not a criticism of the Valuer-General.

Land is continually the subject of subdivision into parcels of ever-decreasing size. It is a physical impossibility to take each lot of land in New South Wales, give it a value, and assert that that is an absolutely accurate value. While ever there is no guarantee of an absolutely accurate rating basis, there cannot be an absolutely equitable rating. Unfortunately, the alternatives are mind-boggling. I have lent my mind to this problem, particularly over the past twelve months, and I am still short of a solution. Nevertheless, the challenge of trying to find an alternative system to land valuation cannot be ignored. Another criticism I have of land valuation being used for rating and taxing puposes, apart from the physical incapacity of the Valuer-General to determine values accurately, is that there cannot be a guarantee that the value is a real and proper one at the time at which the rate or tax is levied.

Over the past eight years or so land values have fluctuated vastly. It is possible, even overnight, for land values to alter dramatically. One need only consider the announcement of the siting of a new gaol at Parklea or an airport to become aware of the possibility of a huge fall in land values. Whether that day-to-day value is right and proper, and whether it means that in the long term the land valuation will change, does not really matter. The real value of land is what a person will pay for it at a particular time. Even a suggested or imagined threat might change the value of a particular district. The present system involves a two-year cycle of valuations, but inevitably the valuation figure trails the time at which the rate is struck. At best, two rates will be struck for each valuation—one perhaps six to nine months after the valuation and the second one about twelve months later. Certainly the second valuation will not be valid at the time the rate is struck.

Mr Rozzoli]

I do not criticize the site value system, and I do not suggest that it is better or worse than any other method of valuation. I believe that the whole concept of using land value for rating and taxing purposes is wrong. Collectively and irrespective of politics, we should look to developing an alternative method of providing an internal funding structure for local government, keeping right away from the rating of land.

Land tax is another major area in which land value is used for assessing purposes. It is my long-standing belief that this is an inequitable and iniquitous tax. The people would be far better off without it. Irrespective of exemptions, so long as this sort of tax exists, it will have anomalies. I shall be interested to study the provisions of the bill and its companion measure. I look forward to hearing from the Minister at the second reading stage a more detailed explanation of the Government's intention.

Mr MALLAM (Campbelltown) [7.58]: I commend the Minister for tackling this thorny problem which has troubled governments over the past half century. I listened with interest to the honourable member for Hawkesbury. The Minister for Local Government and Minister for Roads has taken a dramatic step in his endeavours to overcome this problem. We are all agreed that something had to be done. The Whitlam Government in Canberra entered into an arrangement involving Commonwealth grants to try to relieve the rate burden on the ordinary people.

I am concerned that local government may make decisions which take little cognizance of their effect on local residents. At Campbelltown the local authority has done away with rural rating. Some people, particularly those who live in town, might agree with that as a matter of principle. The people must be fed. Campbelltown once boasted a lot of small farms; it is not unlike the electorate of the honourable member for Hawkesbury in this respect. Previously my children could travel across to Campbelltown from Cronulla and buy fruit and vegetables at prices much cheaper than in their own area. Growers with small farms in Campbelltown were in keen competition one with the other. Together with petrol problems and the modern approach of hauling commodities from Queensland and distant country centres to the city and near city, the action of the local government authority in Campbelltown in eliminating rural rating will have an increasingly adverse effect upon the people who live there.

I have people in my area paying $23,000 rates on land that they cannot sell because no one will buy it. Their income on it is about $25,000 or $30,008. Yet they are providing a commodity, helping to feed a city. These anomalies occur. The Minister for Local Government and Minister for Roads is courageous in deciding to consider the possibility of adopting some other method of valuation. In England some people who live around the cities and are producing food are rate free. That enables savings to be made in transport and other costs. The person who lives in the city gets the benefit in the food he buys. The problem is a difficult one for any government to attempt to solve.

The honourable member for Oxley made a good contribution to the debate. I agree with him: this is a difficult, snaggy problem. I do not mind if the Minister finds it necessary to come back to the House with further legislation to correct any anomalies that he discovers. I have a high regard for his judgment. The Minister made a wise decision when he pegged rates. That gave a lot of relief to ratepayers and made aldermen and councillors think. The Premier said recently that he would not have any more taj mahals around the Sydney metropolitan area. The Minister handled that problem well. I am sure he will be able to handle this one just as well.

How is it possible to value a man's property of 5 000 or 6 000 acres, from which he is making $8,000 or $10,000 a year with the whole of his family working on it? If he is paying $23,000 a year in rates, will his problem be solved by adopting

a site valuation or a valuation of the property? All of these matters must be considered if we want to make economic use of land while keeping in mind the viewpoint of the man who lives in the town and feels that he must pay for everything by way of rates. I commend the Minister for attempting to solve this difficult problem. Knowing his record, I feel that whatever happens in this regard, he will probably be able to bring before the House further legislation on the matter, and I have no doubt all honourable members will support it, for they realize that something must be done.

Valuations in places like Cronulla have gone up to such an extent that ratepayers have had to move from the area. City residents are affected by increasing valuations just as much as are rural producers. It is essential that there be an examination of the rating structure and of valuations. No doubt the Minister is proposing this bill after consultation with councils and others. Whatever the case, we must do what we can to devise a fair and equitable system. I am sure that understanding local government as he does, he will succeed. I am pleased that he has the responsibility for the passage of the proposed bill through Parliament.

Mr DUNCAN (Lismore) [8.4]: It is good to hear the honourable member for Parramatta and the honourable member for Campbelltown speak on the motion for leave to introduce this bill. They are talking from an urban viewpoint and are overlooking completely the problems of the man on the land. We heard during the last election campaign, and we have heard in this House in the past few days, that the Wran Government is the farmer's friend. The Government will not have too many friends in country areas if it introduces legislation of this nature which, basically, will result in the adoption of a system of site valuation and in taxing out of existence the poor old farmer who likes to do something to improve his property. He is the one who will pay more. in local government rates.

If I am too lazy to clear the lantana from my property or to make any other improvements, I should not be exempt from local government rates in the same way as my neighbour who is willing to get off his backside and do something to improve his property. Local government provides the same services to both parties. That is the sort of thing honourable members must consider in connection with legislation of this nature. The honourable member for Parramatta, who supported the Minister's introductory remarks, agreed that there are many anomalies in the Local Government Act. Why would the Government introduce legislation in stages when anomalies are known to exist? The honourable member for Campbelltown talks about the Minister being courageous and practical. If he likes to come to my electorate of Lismore or go to the electorates of Raleigh, Clarence or Oxley, he will not find very much support for this sort of legislation.

I say to the Minister, for whom I have the utmost respect, that if he walks into any of the electorates I have mentioned, drives there in his LTD Ford, or goes by train----which often run late—he will find a good deal of consternation among those who form the backbone of this nation and are attempting to earn their living from the land. He will find that they are apprehensive about the idea that the Minister would bring into this House legislation providing that the farmer who is willing to improve his property is to be penalized by having to pay higher rates. It is all very well for the honourable member for Parramatta to talk about the homeowner being penalized when a service station is developed on a corner block nearby. This Government is not concerned about service stations. It is driving them to the wall because it is unwilling to do anything about the industrial disputes that are depriving those service stations of a fair deal. The Government is content to write them off, just as it will write off the people in the country who want to do something to improve their property because they take pride in it. That is undeniable.

Recently the honourable member for Monaro spoke in this House about land tax. He is not here at the moment; he is never here when the chips are down. If I were one to predict the future, I should say that behind this legislation on site valuations is a devious move by the Government to reintroduce land tax on primary producers in the not too far distant future. I look forward to seeing the legislation. If the Government wants to do something for the ratepayers of this State, if it wants to assist them by reducing rates, which are now at saturation point, it will make worthwhile contributions to the local government assistance fund. It is the Fraser–Anthony Government that has earmarked a proportion of income tax for local government purposes. Let the Minister for Local Government and Minister for Roads and the honourable member for Monaro say how much the State Government will give to the local government assistance fund.

In 1975–76 $7.5 million was allocated to ratepayers in New South Wales. This year the allocation is $9.5 million, a tremendous increase. If the Government were fair dinkum in its efforts to assist the ratepayers of this State it would give councils a reasonable increase through the local government assistance fund. In that way it would be rendering practical assistance towards reducing rates. At the present time the Government is set on a collision course with those who are dependent on a living from the land and are willing to improve their properties. The Government will regard such a man as a sitting duck because it will increase the rates that he has to pay. That is not the way to get people on side, to improve the lot of primary producers, nor will it give them an incentive to improve their properties.

Mr RYAN (Hurstville) [8.11]: Honourable members have just heard the honourable member for Lismore make a valiant attempt to repair the defences of the Country Party that were so battered after the recent elections. He has tried to prevent further inroads by the victorious Wran Government into the country electorates. He has been compelled to do this because of the ineptitude of the leadership of the Country Party. In the recent elections a swing of something like 13 per cent or 14 per cent occurred in the electorate of the Leader of the Country Party. Leaving aside these emotive issues whereby the honourable member is trying to snatch headlines in his local newspaper to try to restore the lost support for the Country Party, let us get down to the facts. The proposed amending legislation for which leave to introduce is sought by the Minister endeavours to do something for people living in the country. It will extend the provisions of section 160c of the Local Government Act and delay the time when those who use the land for purposes other than for what it is zoned will have to face the problem of paying higher rates. That section will be extended to cover people in country areas.

The Minister is trying to prevent the increases in valuations having to be met immediately; they will be staggered over two years. This is another move in the long list of achievements by the Minister for Local Government and Minister for Roads and by the Government generally in regard to rates. In 1976 when the present Premier, then Leader of the Opposition, went on the hustings with the present Minister for Local Government and Minister for Roads, he told the electorate that the Government would put an end to the tremendous increases in rates. Under the former Liberal-Country party Government rates had been increased by anything from 50 per cent to 100 per cent. When this Government took office it put a freeze on rate increases.

[Interruption]

Mr SPEAKER: Order! If the honourable member for Raleigh wishes to speak in the debate later I will see that he gets the call.

Mr RYAN: Since that time rate increases have been dramatically curtailed. Last year differential rating was introduced. There had been an imbalance in the increases of valuations on residential properties as contrasted with valuations of non-residential, commercial and industrial properties. That was the reasoning behind the introduction of differential rating. Those councils that were wise took advantage of the legislation and introduced differential rating so that rates could be balanced out and there would be no unfair impost on any section of the community. This Government introduced the maximum-minimum rate of $100, so that those who were benefiting from only a small share of the services were not required to pay through the nose to support other areas of the ratepaying public. That was another tremendous achievement by the Minister for Local Government and Minister for Roads arising out of the Blue Mountains case.

This year, apart from the proposal to extend the provisions of section 160c, there is to be the introduction of site values, and staggering the increases in valuations on properties so that they take effect over a two-year period rather than immediately, as was the intention of the previous Government. At the second reading stage, if not in the Minister's reply to this debate, all the bogies that have once again been raised by the Opposition will be answered in detail by the Minister.

Mr SINGLETON (Clarence) [8.15]: I am disappointed that the Minister has not been more explicit in his introductory remarks on this important bill. I congratulate the honourable member for Oxley, the honourable member for Lismore and the honourable member for Hawkesbury for their contributions to the debate expressing their fears about the proposed bill. The honourable member for Parramatta and the honourable member for Hurstville have made great play about what maximum rating has done for ratepayers in stopping councils from applying exorbitant rate increases. It has been said that the honourable member for Hurstville was the mayor of Hurstville but did nothing to contain rates. There is no doubt who has assisted the ratepayers in this country; it has been the Fraser–Anthony Government, and no one else. The federal Government has reduced inflation from 17½ per cent to an estimated 5 per cent in the coming year. The maximum local government rate introduced by this Government has become the minimum rate, for councils are using that minimum rate to jack up their rates.

Mr Wilde: Tell us what they did——

[*Interruption*]

Mr SPEAKER: Order! The honourable member for Parramatta has already addressed the House.

Mr SINGLETON: The honourable member for Parramatta waffled on about corner service stations having a lesser value than adjoining residential blocks. If he has nothing better to say he should remain silent. The Minister for Local Government and Minister for Roads spoke about more equitable distribution of rates. This will adversely affect the farming sector of the community. Although local councils have had the opportunity of introducing differential rating, they have never taken up that course seriously. This method of rating has not been used to any degree to relieve ratepayers in local government areas that have been affected by high valuations through no fault of the owners.

The farming sector will be particularly affected because of the intrusion of hobby farmers who have moved into the country areas without any real concern or worry about the need to earn a living from their farmlands. The local rural sector could not compete with the prices that they have been able to pay for their farmlands.

Unfortunately, those prices will now become the site values. Consequently rates based on site valuation will become a wealth tax on the farming sector. That concerns me, as it concerns 150 banana growers who attended a recent meeting at Coffs Harbour to hear the Valuer-General's explanation. Not one of those banana growers left the meeting satisfied that he would not be slugged to the teeth by this legislation. I support the member who led for the Opposition on this matter, particularly his criticism that the provision for a site valuation could become a tax against workers in the rural sector, those who have improved their land, carried out pasture improvement, cleared the land and increased its stock carrying capacity. These people will be hit hard by site valuation. They will have the incentive completely taken out of their farming operations.

Mr Akister: Rubbish! The Livestock and Grain Producers Association does not agree with you.

Mr SINGLETON: The honourable member for Monaro, as usual, is well away from the mark. He is rarely on the mark in this House. He is generally gargling on about something that has absolutely nothing to do with the matter before the House. I ask the Minister for Local Government and Minister for Roads to look closely at site valuation as it will affect the farming sector and the incentive to improve properties, increase productivity and to become real farmers. I know the Minister will say that councils have the power to act in relation to specific areas where high values are placed on agricultural land, but councils have a sorry record in relation to the adoption of differential rating to deal with this problem.

I am pleased that the Minister has brought forward legislation to extend the operation of section 160c of the Local Government Act to cover agricultural land. That is a concession that townspeople have enjoyed for a number of years in relation to land that has been zoned for a higher purpose. I believe this should have been done some time ago, for many farmers are still endeavouring to make a living on land that is not required for residential or other higher zone purposes, yet they have had to pay high rates. The honourable member for Campbelltown gave a few examples of this and I could give many more. I am pleased that the Minister has introduced this provision which, I hope, will get those people off the hook and assist them to overcome a financial problem that they have been facing. Like other members of the Opposition who have spoken, I await more detailed explanation from the Minister of these cognate bills and I hope he will be able to satisfy us in relation to the fears that we have about possible results of the introduction of this measure.

Mr J. H. BROWN (Raleigh) [8.23]: I appreciate that the Minister wants to bring in this measure for he thinks that it will help the people of New South Wales. The legislation emanates from election promises made in 1976 that were not clear at the time. Various committees have worked on the matter and have come up with the suggestion of site value. I want the Minister to realize that site value is not being well received in country areas. On Monday, Tuesday and Wednesday last week the Valuer-General, Mr Bird, visited my electorate and on each of those nights addressed groups of people at a number of places. I commend him. He has the ability to explain matters clearly and he stands up to questioning. He is an outstanding public servant. But he did not convince people in my area.

I have an article from a newspaper which shows that members of the Cattlemen's Union are most upset about the proposal. It is headed "Cattlemen's Union--cool reception for proposed rural value system". Those people are concerned, as many members of the Opposition are concerned, that someone who is willing to get in and work will be penalized for doing so. At one meeting someone said: "It is all right. The progressive farmer who has improved his land has already received tax benefits

for his work." A great deal of the improvement on some farms is done by the owner himself. He spends long hours improving his pastures, putting in drainage and work like that, doing clearing and improving the soil with his own labour, time and money, and he gets no tax benefit at all for that. He cannot claim a tax deduction by saying: "I did four hours one day on pasture improvement. I spent forty hours over a couple of weeks on drainage and another forty hours on clearing timber. I did a lot of work testing the soil and the soil structure." He cannot claim any of that. It is just not right to say that the progressive farmer receives taxation benefits for his work. In addition, in the past few years rural producers have not been in a position to pay tax and now they are to be penalized for taking pride in their properties and having respect for their land. I ask the Minister to reconsider this matter.

The honourable member for Hurstville talked about section 160c. Members of the Opposition know all about that section and how its operation is to be extended to cover rural land so that if an area is rezoned and the owner wants to keep on farming or something like that he will not have to pay higher rates based on the valuation that the owner of the land next door will pay if his land is used for the higher purpose for which it is zoned. However, every five years the matter will be reviewed and averaged out, and if the person who has received the concession under section 160c sells the land he will have to pay the arrears of rates for the preceding four or five years. I do not believe that is any sort of concession.

This matter arose because rates were increasing. They were increasing because of rising costs and riproaring inflation in the days of the Whitlam Government in Canberra, when the country was going to the dogs, when it was going broke, when anything anyone wanted they got, but people realized they had to pay for it. Then the State Labor Government introduced legislation to allow a maximum increase in rates of 12 per cent and then a maximum increase of 9 per cent, not on individual properties but over the total income of the local government area. As a result of increases in rural valuations, that meant that some people on the rural scene paid 30 per cent more in rates than they had the year before. Now they will be penalized and will again pay a great deal more.

At a meeting at Kempsey the Valuer-General said it seemed that the flood plain or river flat land values could increase by up to 25 per cent, while the value of some of the undulating country up river that has been cleared over the years to open forest land will certainly rise by a third. If honourable members on the Government side believe that is good for the people in the bush they should go out and tell them how good they think it is. It is a different story from what they told them before 7th October. Many country people knew that they would be kicked in the teeth by this Government as soon as it was returned. In spite of the Labor Party's great gains that the honourable member for Hurstville talked about, the Country Party was returned in seventeen out of eighteen electorates, which was not too bad. Another hundred votes would have returned our candidate in the eighteenth electorate. He talked about a 20 per cent swing to Labor. A Country Party candidate could get a 20 per cent swing in Bass Hill and still not win the seat. That is a stupid and inept argument.

Mr SPEAKER: Order! I am sure the honourable member is motivated by the matters that were raised by the honourable member for Hurstville, but the motion before the House is that leave be given to bring in a bill and the debate is restricted to the comments of the Minister in introducing the bill. Passing reference only may be made to the Act. I ask the honourable member to come back to the motion before the House.

Mr Akister: Are you going to run in Bass Hill?

Mr J. H. Brown]

Mr J. H. BROWN: I did not say anything about running in Bass Hill, but if I did run for it I would at least live there. I should not be travelling from Woollahra every day or the one time each year that the Premier visits his electorate. The Minister for Local Government and Minister for Roads has given a great deal of service to local government over many years as lord mayor of Sydney and in many other capacities. He is well fitted for the position that he holds as Minister. But this time someone has sold him a pup and I believe he ought to put that pup back in the pound and have another look at the bill. By this measure he is not doing what he thinks he is doing if he believes he is helping the people of New South Wales. The bill, if enacted, will be devastating to people in country areas, particularly those who have worked hard for many years to improve their properties. If they paid someone a couple of thousand dollars for soil conservation work, to do their contouring and other work in the area and to help them with their farm planning, what happened? Along came the Valuer-General. He said that the farm was now worth more money. Having paid a couple of thousand dollars on soil conservation work or sinking a dam so that they could irrigate the land the owners will pay more in rates because of what they have done. That is bad. I am sorry that the measure has been introduced in this way. My colleagues and I will have more to say about it at the second reading stage.

Mr JENSEN (Munmorah), Minister for Local Government and Minister for Roads [8.30], in reply: I thank honourable members who made any contribution to this debate, although I wish that some of it had been more objective, reasoned and truthful. The honourable member for Raleigh talked about this Government's having been elected on 7th October and introducing a bill of this kind without notice. That is absolute nonsense. A year ago the Cabinet decided and announced publicly that this Government was committed to a policy envisaging the introduction of site value for land as opposed to unimproved capital value. The honourable member for Raleigh brings discredit upon himself and the people he represents when he utters untruths of that kind to this Parliament. An announcement was made and the people who voted at the last elections knew very well of the Government's commitment in this regard.

When the Opposition was in government it was responsible for the establishment of a Royal commission to inquire into rating but it did not have the courage to implement one-tenth of the recommendations that were made. Instead it used the Royal commission as an excuse for doing nothing to help anyone in the field of local government. When the Royal commission announced its findings the Government of the time did nothing to implement its recommendations. One of its recommendations was the introduction of site values but that system was not introduced, because a monstrous injustice was being done to rural ratepayers. The former Government perpetuated the system that it lacked the guts to rectify. It was not only the Royal commission on rating that the previous Government established. There was also the Bridges committee of inquiry into local government rating. There has never been an objective examination of rating in New South Wales that did not recommend the abolition of the unimproved capital value system with the requirement that the Valuer-General should perform the impossible task of determining the value of land when Captain Cook arrived in Australia, what condition the land was in and fixing one rate for a block of land that had trees on it 150 years ago and another for a block that did not. That is the kind of system that the former Government perpetuated and was not willing to change.

This Government wants to ensure that there is an equitable system of determining values without taking into account irrelevant matters such as whether there were trees on land 100 or 170 years ago. Why should a ratepayer whose land once had trees on it pay less in rates than a ratepayer whose land did not have trees on it?

Mr Duncan: Why should he pay more if he has taken them off?

Mr JENSEN: He is getting a reduction because of the cost of clearing the trees off his land 100 years ago. The honourable member for Lismore could have made a contribution to this debate. I have long contended that one of the reasons why the former Government continued to decline was that it failed to take account of the competence that the honourable member for Lismore displayed in the past. Since his elevation to the rank of shadow minister, which I welcome as evidence of the new awareness of the Country Party, his contributions have not been of the high standard that they were previously. The honourable member referred to "the Minister riding round in his LTD. I do not have an LTD. Honourable members opposite talk about irrelevancies, yet they bring up factors that have nothing to do with the matter under discussion. The honourable member for Hawkesbury said, "For God's sake hurry up. We cannot afford to have this kind of measure delayed any longer. Please expedite the passage of this legislation so that local government will know what to do." The honourable member for Oxley said, "Do not hurry. Let us delay the measure so that we will have more time to contemplate its consequences". That is an indication of the kind of confusion that still exists in the ranks of the Opposition, with its various spokesmen putting points of view in complete contradiction to each other.

The proposed legislation, although it may be complex, has in the main three simple purposes. One is to replace an impossible system of valuation which requires the Valuer-General to do something that is impossible—that is, to assume the valuation of land as it was in Captain Cook's time. The Valuer-General knows it is impossible and the people who occupied the Treasury benches in this Parliament during all the years preceding the time of the present Government know that it was an impossibility. The present Government intends to require that there will be a system of valuation of land that is equitable and will take into consideration factors that are assessable. It will ensure that the same measuring stick will apply in determining values from which will be calculated the rates that all ratepayers will pay.

The Government proposes also to extend to country people something that the previous Government did not give them during its eleven years in office. Many years ago a Labor government introduced a provision that any urban dweller who was disaffected as a consequence of his occupation of his home because the land had been valued for a higher purpose should be enabled to continue to live there, under a system for the deferment of rates that related to that part which had to do with the higher value attributable to higher zoning. The Country Party did nothing to assist country ratepayers whose situation was similar to that. We are doing it because we are concerned about introducing an equitable system of rating. We are extending to them a provision that was available to urban dwellers only.

Mr Duncan: You are penalizing them.

Mr JENSEN: We are not penalizing anyone.

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

Mr JENSEN: The honourable member for Lismore has been content with a situation that penalized people because of the condition that a block of land was in 150 years ago. He is smug and happy that he allowed this situation to continue. The present Government seeks to eliminate that inconsistency. The other thing that the proposed legislation will do has called forth no objections, and there are only three major items in it. I refer to the big impost that occurs when a valuation suddenly rises and it is difficult for the ratepayer to adjust. Instead of the whole of the increased rate being applicable in that year it will be applicable in two years.

The honourable member for Clarence said that the only assistance of any consequence being given to local government came from the Commonwealth Government. That is the kind of confusion that Country Party members thrive on projecting to people who listen to them. The most significant development that has occurred in the history of local government in Australia was the introduction by the Whitlam Government of an acknowledgment of local government's right to a share of federal funds. There is no doubt about that. It was not so much a Labor Party concept as a Whitlam concept.

[Interruption]

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

Mr JENSEN: Mr Whitlam had the idea of improving the situation in certain areas of the State and seeing that local government was given an undertaking that it would receive federal funding. He pioneered the concept. As a result it became reality and there was a flow of federal funds to local government under the RED scheme. To the eternal shame of the Opposition, it did everything it could to rubbish and discredit that scheme. Despite its deficiencies—it could have been better supervised and it could have delivered better work—in its short term of operation it did a great deal for this country. It was a means of giving people the dignity of work and of ensuring improvements in local government areas which could not have occurred in any other way. In addition, it established a flow of federal funds to local government. One of the few creditable things that the Fraser Government has done——

Mr Duncan: It has done some creditable things.

Mr JENSEN: Yes. One of the few creditable things it has done—and it has done many shameful things—has been to accept the Whitlam concept of ensuring that local government receives some funding. The 1.52 per cent that is made available by the Commonwealth Government to local government is inadequate. The future of local government depends upon the acceptance by all involved in our nation's parliaments of the principle that the Commonwealth Government has a broader responsibility. The benefits that local government provides for the community are worthy of more than 1.52 per cent of income tax. It should have a relationship not only to income tax received by that government but also to the whole of its revenue. The worth of local government should be assessed at 5 per cent or 6 per cent of the entire federal revenue. The problems caused by the heavy rate increases that people have to meet will be minimized to the extent that federal funding is increased.

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

Motion agreed to.

Bill presented and read a first time.

GAMING AND BETTING (POKER MACHINES) AMENDMENT BILL

Second Reading

Mr RENSHAW (Castlereagh), Treasurer [8.42]: I move:

That this bill be now read a second time.

The objective of the bill is quite simple. It is to implement the final stage of the Government's undertaking to reduce the rates of additional supplementary poker machine licence tax by one-half over a three-year period. Under existing legislation a

club pays additional supplementary licence tax if its annual net revenue from poker machines exceeds $100,000. This form of tax is levied at increasing rates on any net poker machine revenue above $100,000. In 1976–77 the rate then applying was reduced by one-sixth. Last year, a further reduction was made which resulted in a cumulative reduction of one-third.

The bill provides for the rates now applying as a result of the 1977–78 changes to be reduced by one-quarter. The new rates of tax will then be as follows: 1½ per cent instead of 2 per cent on net annual revenue in excess of $100,000 but not exceeding $200,000; 3 per cent instead of 4 per cent on net annual revenue in excess of $200,000 but not exceeding $500,000; 6 per cent instead of 8 per cent on net annual revenue in excess of $500,000 but not exceeding $750,000; and 7 per cent instead of 9.33 per cent on net annual revenue in excess of $750,000. In each case the rates are half the rates which applied in 1975–76.

The new rates will take effect in respect of the tax assessments for the year ending 31st May, 1979. On the latest figures available it is estimated that over 800 clubs will benefit at a cost to the State of approximately $4.7 million this year. The assessments are payable by clubs on or before 21st June, 1979. Honourable members will be aware that clubs which derive less than $100,000 annually from poker machines already benefit from the generous licence tax rebates the Government introduced in 1977. These ranged from 25 per cent to 75 per cent of the basic licence tax otherwise payable. The result of the total concessions to additional supplementary tax and to licence tax will mean that clubs will benefit by approximately $15 million a year. I should mention that the Government has promised to give further taxation relief to those clubs that provide welfare, youth and sporting activities or programmes of particular benefit to the community. Legislation to give effect to these measures will be introduced as soon as practicable.

I now turn to the specific provisions of the bill. Clause 1 specifies the short title of the bill. Clause 2 indicates the schedules contained in the bill. Clause 3 gives effect to amendments specified in schedule 1 to the proposed Act. Clause 4 gives effect to amendments specified in schedule 2 to the proposed Act. Schedule 1 provides for amendments to the Gaming and Betting (Poker Machines) Taxation Act, 1956, to decrease the rates of additional supplementary licence tax by one-quarter. Schedule 2 provides for amendments to the Gaming and Betting Act, 1912, and is a machinery measure which simply varies the information on the prescribed assessment return to incorporate the reduced tax rates. I commend the bill to the House.

Mr McDONALD (Kirribilli), Deputy Leader of the Opposition [8.46]: Prior to taking office in 1976 the Government intimated that it would provide taxation relief to registered clubs. To this extent the Treasurer has honoured his broad promise following his 1976 Budget Speech, particularly with regard to reducing the rate of additional supplementary poker machine licence tax where a club's annual revenue from poker machines exceeded $100,000. In 1976 the existing rate was reduced by one-sixth. Last year there was a further reduction by one-fifth. A further reduction of one-quarter is proposed by the bill, which will result in clubs paying half the supplementary licence tax that applied at the time the Government announced its programme of reductions. From a club point of view all this sounds well and good. Indeed, the Government has trotted out the phrase that registered clubs certainly would obtain a people's tax deduction in the current State Budget.

The Government is doing nicely from poker machines. For the year ended June 1977 it collected $91 million by way of poker machine tax. It achieved this in three ways. First, by way of licence tax. For the year to which I have referred this tax brought in $21.7 million. Second, the supplementary tax, which is based on the

size of clubs and turnover on poker machines, runs from 15 per cent to 25 per cent of clubs' revenue from poker machines. Third, to provide the State with additional income from poker machine tax, the Government imposes additional supplementary tax, which applies when the revenue of a club is greater than $100,000 a year.

As it is difficult to find statistics to indicate the scale and size of the poker machine industry, if I might call it that, I wish to refer the House to the changing pattern of poker machines that were licensed as at 30th June for each of the years 1975, 1976 and 1977. There is an increase, but not a significant one, from 40 264 in 1975, to 43 126 in 1976 and to 44400 in 1977. They comprised three 1c machines, 363 2c machines, 5 234 5c machines, 28 574 10c machines and 10 226 20c machines. The licence tax payable in respect of those machines was as follows: for the 1c machine, $20 a year; for the 2c machine, $40; for the 5c machine, $100; for the 10c machine, $200 for the first twenty machines and $300 for each additional machine. For the 20c poker machines the licence tax payable was $1,000 for each of the first two machines and up to $2,500 for each additional machine.

When one looks at how much the people of New South Wales have been contributing to State taxation through clubs, an examination of the appropriation and expenditure reveals that provision was made for an appropriation of $89 million in 1976–77 and an expenditure of approximately $91 million. The appropriation for the year 1977–78 was $94.5 million with an expenditure of $97 million. An examination of the Budget for the current year reveals a figure of $103.85 million for the appropriation. As far as I can ascertain all of that money has been paid direct to the hospital fund, as proceeds from poker machine taxation. Perhaps one can draw an analogy from analysis of the poker machines. If at June 1977 there were 44,400 poker machines, on an average each machine contributes $25,000 a year to State taxation. That goes directly to benefit the hospital fund. When one examines the figures for appropriation and expenditure from poker machine taxation a steady increase in appropriation and expenditure items is seen. If the pattern continues, one might reasonably expect expenditure in the current year to be of the order of $110 million.

It would appear that the generosity of the Government in providing rebates is not all that significant particularly if one goes directly from the appropriation of $94.5 million in 1977–78 to the appropriation for 1978–79 which is $103.85 million or an increase of $9.5 million. What members do not know from the information supplied by the Treasurer—who says that the cost to the State this year of the proposed legislation will be $4.7 million—is how much the eight hundred clubs, which will benefit by the provisions in the bill, contribute to the total poker machine taxation. The figure for appropriation this year is $103.85 million, but little information is available about the number of machines. It might be appropriate for the Treasurer, when he comments on the break-up of the eight hundred clubs, to give an indication of which clubs they are and the number they represent in relation to the total number of clubs. I fear that the benefit of the legislation will probably flow more to the massive clubs.

I am delighted to see the Minister for Mineral Resources and Development here because I am now about to look at the accounts of the Penrith Rugby League Club for the year ended 31st December, 1977, and to indicate the size and scale of that club's results from its poker machine tax. I do that to ascertain whether or not clubs like that might benefit more than what the Government might lead honourable members to believe in suggesting that this is a tax of the people. In the year ended 31st December, 1977, the Penrith Rugby League Club earned $2,527,644 from its poker machine operations. That is a good deal more than many companies listed on the Sydney Stock Exchange manage to earn in a year. Although the club managed to spend amounts such as $350,267 on entertainment and contributed $300,000 to

football promotions and provided its members with all sorts of other activities such as free tea and coffee, it still ended up with a profit of almost $700,000 for that year. To indicate how important poker machines are to clubs these days, the figures for that club show that its takings from poker machines during the year totalled $4,291,100. Out of that amount it paid $1,209,000 for licence fees and supplementary tax to the New South Wales State Government. Wages and other items, including servicing and maintenance costs, were $68,258, leaving a surplus of $2,527,644.

Mr Face: On a point of order. The bill refers to additional supplementary poker machine tax. So far the bulk of the contribution by the Deputy Leader of the Opposition has dealt with supplementary tax, which has little to do with the bill. I appeal to you, Mr Deputy-Speaker, to draw to the attention of the Deputy Leader of the Opposition the contents of the bill.

Mr DEPUTY-SPEAKER: The bill contains proposals to rebate a quarter of the additional supplementary licence tax payable by clubs. I am sure that the Deputy Leader of the Opposition will comply with the standing orders and be within the confines of the debate.

Mr McDONALD: Thank you. I am well aware of the contents of the bill. I do not need to be reminded of them by the honourable member for Charlestown. The point I was making in relation to contributions paid for licence fees and supplementary tax on poker machines in relation to the Penrith Rugby League Club was that it is likely that one club, because of the size of its turnover and the type of club it is, will benefit from the proposal more than will a smaller club. The Treasurer indicated that a number of clubs, to which he has referred, will have a turnover of less than $100,000 a year but will also receive benefits from the adjustments the Government made last year and the total benefit will be of the order of $15 million a year. The benefit to those clubs will be $10.3 million but we do not have from the Treasurer's speech any indication how many clubs are involved.

The Treasurer said that the Government promised to give further taxation relief to clubs which provided welfare, youth and sporting activities, and programmes of particular benefit to the community. He did not indicate when those measures will be introduced. He said it would be done as soon as practicable. It is a pity that honourable members are not considering those proposals now. The Opposition will be interested in the details of those proposals. Perhaps the Government will give an indication of its intentions in that regard. It will be interesting to see whether the Government succeeds in providing rebates to smaller clubs, though the larger clubs may benefit. The Government has increased its revenue significantly to offset the $15 million that is involved. It will be interesting to see what the Government does relating to casinos when they are set up and whether they are exempted similarly.

Mr DURICK (Lakemba) [8.58]: With a great deal of pleasure I support the bill introduced by the Treasurer. From the speech made by the Deputy Leader of the Opposition two things are clear. It is a pity he was not here a few years ago when, members of his party introduced some measures which the Government now has to rectify. It would appear from some of his remarks that the Deputy Leader of the Opposition did not know what the bill was about. He does not know the difference between supplementary taxation and additional supplementary taxation. The confusion has been evident in publications that have been issued and even in statements made in the House. For the benefit of those who are not clear on the matter, it should be emphasized that prior to 1976 one of the important promises made to the club movement by the Labor Party was that if the Labor Party was elected to government, within its first period in office it would reduce additional supplementaiy taxes by 50 per cent.

In pursuance of the promise made in the 1976–77 Budget, the additional supplementary tax was reduced by one-sixth; last year it was reduced by one-fifth, and this year it will be reduced by one-quarter of the present rate. The Treasurer has explained that where a club pays 4 per cent by way of additional supplementary tax, the rate will come down to 3 per cent; where a club pays 8 per cent, the rate will come down to 6 per cent; and where a club pays 9.3 per cent the rate will come down to 7 per cent. Obviously the Deputy Leader of the Opposition missed out on the important statement made by the Treasurer who emphasized that 800 clubs would benefit from this measure which would save them $4,700,000 in payments this financial year. The clubs have been given plenty of notice about this measure. That is a great deal different from what happened in November, 1974, when the former Government introduced certain legislation into this House. I propose to deal with that legislation in more detail later. The result of that legislation being made retrospective to 1st June of that year meant that some clubs had to borrow as much as $50,000 to $60,000 immediately in order to meet their indebtedness.

I was interested to hear the Treasurer state that measures are to be introduced to give consideration to those clubs that go out of their way to provide welfare benefits and youth and community activities for their members and the dependants of their members. Provisions of that kind have been spoken about previously and will be dealt with in more detail later. This Government made the logical move of putting the onus back on to the club movement to suggest ideas on how these measures could best be introduced. To understand the implications of the bill, it is necessary to deal with some of the changes that have occurred in poker machine taxation legislation in recent years. As the bill refers to additional supplementary taxation, I shall ignore any consideration of licence fees. I will not try to deal with some of the arguments advanced by the Opposition. Supplementary poker machine taxation was introduced in December 1962. This supplementary tax is levied on a club's net revenue—that is, its gross receipts less prizes awarded, maintenance, depreciation allowance and basic licence tax paid, derived from poker machines if the net revenue exceeds a certain amount annually. The rate of tax or this net revenue has varied over the years.

From December 1960 to November 1966, on revenue of $20,001 and over, the rate was 12½ per cent of the net revenue. From December 1966 to November 1969 on revenue between $20,001 and $20,600, the payment was $2,500, and over $20,601 the rate was 15 per cent of the net revenue. From December 1969 to November 1970 on revenue over $35,000 the rate was 15 per cent of the net revenue. From December 1970 to November, 1972, on turnover between $20,001 and $40,000 the rate was 12½ per cent of twice the amount by which the net revenue exceeded $20,000. On revenue over $41,200 the rate was 15 per cent of the net revenue. From December 1972 on revenue over $41,201, the rate was 15 per cent of the net revenue. So then the additional supplementary tax really started to bite.

The legislation in regard to the additional supplementary tax was introduced in this Parliament in 1965. The base rate of tax at that time was 2½ per cent on the excess of the net revenue over $100,000. From 1966 to 1967 a further 2½ per cent was payable on the excess over $200,000, and from 1970 to 1971 a further 4 per cent was payable on the excess annually over $500,000. On 19th November, 1974, the former member for Cronulla, who was then Chief Secretary and Minister for Sport, introduced this infamous piece of legislation—infamous from the club movement's point of view. I notice that the Opposition now has a shadow minister covering the activities of the Chief Secretary's portfolio. I thought that ministry had gone out the door. In addition to the supplementary licence tax at the rate of 15 per cent of net revenue derived from poker machines, the Chief Secretary at that time referred to the larger clubs—that is, those that had a net revenue exceeding $100,000. He put all

those clubs into the one box; in his estimation they were all big clubs. He said that since 1966 the larger clubs had been required to pay an additional supplementary tax at the rate of 2½ per cent on an amount of net revenue in excess of $100,000 but not exceeding $200,000, and 5 per cent on an amount of revenue in excess of $200,000. He said that in 1970 additional supplementary licence tax was increased to 9 per cent on the amount of the net revenue in excess of $500,000, with the rate of 5 per cent applying to the range of net revenue in excess of $200,000 but not exceeding $500,000. He went on to explain the provisions of that measure. The objects of that bill are set out in the explanatory note to that measure. In brief they were to increase the rate of additional supplementary licence fees payable by clubs whose total net revenues from poker machines exceeded $100,000 so that those rates would be 3 per cent, instead of 2½ per cent, on net revenue in excess of $100,000 but not exceeding $200,000. The rate was to be 6 per cent, instead of 5 per cent, on net revenue in excess of $200,000 but not exceeding $500,000. The rate was to be 12 per cent, instead of 9 per cent, on net revenue in excess of $500,000 but not exceeding $750,008. Here was the real crunch for some of the really big clubs. On net revenue in excess of $750,000, the rate of additional supplementary licence tax was 14 per cent, instead of 9 per cent—in effect, a minimum increase of 5 per cent. I repeat, the provisions of that legislation were made retrospective to 1st June, 1974, which was the start of the taxation year for clubs.

This had a great effect on some clubs. I have gone to a great deal of trouble to obtain copies of the forms some clubs submitted to the former Chief Secretary's Department to indicate the immediate effects that this measure had on them. Though I do not propose to go through all these returns, I shall refer to a few of them to indicate how some clubs were affected by that legislation. I shall refer first to a prominent leagues club. In May 1974 that club paid $345,382 in supplementary licence tax on poker machines. In May 1975 the same club paid $531,809 in respect of this tax. Payments at the previous rate would have been $425,911, so that an extra $105,898 was paid. I repeat that the additional tax was retrospective. The effect on the club to which I have just referred was that it had to find almost overnight about $50,000.

The next club to which I propose to refer is a prominent workers club. In May 1974 that club paid $239,894 by way of additional supplementary licence tax. In May 1975 the same club paid $428,263. Payments at the previous rate would have been $345,564 so that it faced an immediate increase in this form of taxation of $82,699. An RSL club of moderate size paid $131,442 in additional supplementary licence tax in May 1974; it paid $184,691 in May 1975. Payments at the previous rate would have yielded $158,446, so the increased sum that this club had to pay was $26,245. The next club to which I shall refer is a prominent sports club, which I understand, does a lot of good work in the community and is looking forward to some of the relief promised by the Treasurer in other measures.

In May 1974 this sports club paid $204,828 in additional supplementary licence tax. In May 1975 the same club paid $303,098. Applying the previous rate it would have paid $248,983 so, as a result of the 1974 legislation this club had to pay an additional $54,115. The next club to which I shall refer is an RSL club smaller than the one I mentioned earlier. In May 1974 this club paid $69,981 in additional supplementary licence tax and in May 1975 it paid $95,723. It would have paid $83,778 had the previous rate applied but this small RSL club had to find an extra $11,945 as a result of the legislation introduced in 1974 by the former Government. Another leagues club paid $206,839 in May 1974 by way of additional supplementary licence tax; in May 1975 it paid $305,034. Payments at the previous rate would have been $249,899, so this club had to pay an extra $55,135 in tax as a result of the 1974 legislation,

Mr Durick]

It is no wonder that club managements complained bitterly both to the Government and the Opposition. Many clubs did not have money available to meet the extra charge. It is often thought that clubs have big turnovers and therefore can pay for anything out of the till. That is not the real situation. In 1975 the journal *Club Management in Australia* published an article quoting my estimate of income and expenditure from poker machine taxation for that year. I had estimated that the Government would receive something in the order of $72 million from poker machine taxes and supplementary taxes. The Budget Papers for that year showed an estimate of only $61.8 million from those sources. The Auditor-General's Report revealed the actual income to be $71.9 million. In the event I was only $100,000 out, whereas the State Treasury was about $10 million out. The underestimate did not create much of a problem but had there been such an over-estimate no doubt there would have been a witch hunt.

It is well known that the Penrith Rugby League Club Limited was severely affected by the 1974 legislation, having to find an extra $160,000. No less than $49,000 of that amount had to be paid in increased poker machine taxation following the installation of additional 20c machines. The remaining $111,000 was extra taxation payable under the legislation enacted in November 1974. Club managements likened their predicament to that of a dog chasing its tail. The sports club to which I referred earlier did not have ready money and was forced to approach a local bank and borrow funds, incurring an interest charge of between 12 per cent and 13 per cent, in order to meet its indebtedness to the State Treasury. The Treasury insisted upon payments being made on time. Subsequently, to meet its indebtedness to the bank, the club installed even more 20c poker machines in an endeavour to get the extra money it needed from its members and their guests. However, by doing this the club increased its taxation liability, and had to pay increased licensing fees. I am pleased to say that that club is now out of financial trouble.

A former Minister for Revenue, the Hon. Max Ruddock, stood almost exactly where I am when he admitted that many clubs in New South Wales were in financial trouble. However, he added that they were in that predicament as a consequence of bad management. He was quite sincere in stating this belief, but with due respect to him he did not realize what was happening in the clubs. On an occasion when he attended a meeting of Nepean district club managers he told the gathering that he was aware that some clubs were in trouble but it was their own fault. On 6th August, 1975, I addressed a question on notice to the honourable member in an endeavour to ascertain the situation with regard to supplementary tax and additional supplementary tax. The Minister listed in his reply amounts paid by clubs in the years from 1969 to 1974 for poker machine licensing tax, supplementary tax and additional supplementary tax combined, together with the total. He then said that accounting procedures did not distinguish between supplementary tax and additional supplementary tax. The Minister made that statement long after the legislation had dealt the body blow to the club movement. On 2nd October, 1975, I asked the Minister a further question about poker machine taxation. I asked:

> Is it not seemingly incredible that the Treasury does not know how much it receives from each form of taxation? On the other hand, if it is credible that such is the position, does this mean that no reasonably accurate forecast could be made of the effect of the increased rates of taxation imposed in the amendments to schedule 10 payments passed by this House last November?

The Minister replied:

> The question asked by the honourable member is, of course, a very technical one, for it goes into the matter of poker machine taxation in a great deal of detail. So that the honourable member will have the exact information, and so that he will have a realistic reply to his question. I shall ask the Treasury to look into this matter, and when the exact figures are available, I shall present the honourable member with a reply that will give him all the information he wants. I am sure he will find out that the Treasury has these figures and knows exactly what it is doing; indeed, I am sure that it has the information the honourable member will need, and I shall present it to him and the House.

Subsequently I did receive a reply from the Minister though it did not contain all the information I had sought. That reply pointed out that only on 6th January, 1975, was it learned that the figures for supplementary tax and additional supplementary tax should be kept separate. It was obvious that this House had been taken for a ride in the previous year when the legislation was introduced by the coalition Government. It had taken a shot in the dark. Figures were plucked out of the air. The only fact of which the Chief Secretary and the Treasury officials were sure was that there would be increased revenue. They did not have any idea as to how much it might be.

In the light of those events it might be interesting for honourable members to learn what has happened subsequently. Since then the Auditor-General has always listed supplementary tax and additional supplementary tax so that members of Parliament and other people might be in a position to compare the results for one year with those for another year. Income from supplementary tax in 1975–76 was $46,586,000; for 1976–77 it was $51,874,000; and for 1977–78 it was $57,860,000. Those figures indicate either the increase in the number of machines installed in licensed clubs or the increase in the value of machines installed.

In 1974–75 the Government received $15,102,000 in additional supplementary tax; in 1975–76 it received $17,682,000 and in 1976–77, after the Wran Government's first reduction in this form of taxation, it received $18,421,000. These figures show the effect of the legislation introduced in 1974 by a former Chief Secretary, the Mon. Ian Griffith. Last year, after the second reduction had taken effect, the Government received only $16,728,000 from this source. Next year income from this source will have stabilized if not reduced, and clubs will not have to meet considerable increases as they had had to do for some years. In order to emphasize exactly what has happened in relation to this type of taxation I shall compare the 1973–74 figures with those for 1975–76. In 1973–74 income from additional supplementary tax totalled $7,600,000. By 1975–76 it had risen to $17,682,000. It is fairly obvious that clubs have been milked almost dry by this form of taxation. This form of milking may be attributed in great measure to the legislation enacted in November 1974.

I do not propose to go through all the receipts from poker machine taxation from 1969–1970 onwards, though I have them. I merely emphasize two things. First, if the Deputy Leader of the Opposition wants to find out about poker machine taxation revenue, he should look at the estimates of the Minister for Health. If he looks at the Auditor-General's Report, he will see another figure for poker machine taxation revenue. He must add $1 million to it, and to any figure other than the one shown in the estimates of the Minister for Health. For example, if it appears that $104,850,000 is the estimated revenue from poker machine taxation this year, the contribution to the Hospital Fund will be $103,850,000 and $1 million will go towards housing. That payment of $1 million has been constant since the legislation dealing with poker machines was introduced. At that time the contribution to housing from

poker machine taxation was £500,000. As I say, the amount has remained stationary. When the amount was fixed it was a fairly substantial proportion of the net revenue from poker machine taxation. Today it is only about 1 per cent of that form of revenue.

Special deposit accounts consist of trust funds, departmental work funds other than trust funds, and securities. Many of the trust funds give details of such special Commonwealth grants as those for teachers colleges, preschools, and the Aborigines assistance fund, and contain details of general financial assistance to various bodies set up by agreement between the Commonwealth and the State. Of all the departmental work funds there appears to be only one direct taxation measure and that is the one concerned with poker machine taxation. This seems to be an appropriate time for that to be shown as a direct taxation measure rather than as a contribution paid direct to the Hospital Fund.

I am pleased to be able to support the Treasurer in the introduction of the bill. I hope the facts I have given will demonstrate to honourable members, to members of clubs, and to club managements generally how sincere the Government was in the promise it made before the election in 1976 to do certain things to help clubs that were trying to help themselves. I have no doubt that the club movement will receive just as happily the promise by the Treasurer that relief will be given later to clubs that assist in welfare and sporting activities.

Mr SINGLETON (Clarence) [9.23]: I support the Deputy Leader of the Opposition in commending the Government for honouring the promise it made in respect of poker machine taxation. I say to the honourable member for Lakemba that supplementary taxation has not been the only cause of many of the bigger clubs getting into financial difficulty.

Mr Mulock: The Fraser Government is the trouble.

Mr SINGLETON: The Fraser Government is getting the country out of trouble. One of the great problems was the high rate of inflation in 1973, 1974, 1975 and 1976 and the huge cost of wages to the whole club industry. We must keep the matter in perspective. The proposed remittance of taxation will be of tremendous benefit to sporting clubs in particular. Those that provide golf courses have been in great difficulty because of the escalating costs they have had to bear in the past few years. Those clubs render a considerable service to their patrons. Bowling dubs, though perhaps not on the same scale as golf clubs, have had to bear greatly increased costs because of the labour required in providing amenities for visitors and holidaymakers to country areas, even though that labour is not actually employed within the club itself. Clubs are important to tourism. They provide many facilities for tourists. I know that the remittance of this taxation, as a result of the Government honouring its promise, will assist them greatly.

I am concerned that clubs might use the increased profits they will make following the passage of this measure to reduce liquor prices to their members. That could affect the hotel industry, which is important in this State. The Government will have to make up its mind whether it wants the hotel industry. That industry provides a great deal of employment, and accommodation for travellers. As the Treasurer knows, in many country towns the local hotel is the only place at which accommodation can be obtained. There are still plenty of country towns that do not have motels and other facilities. Maybe the remission of poker machine taxation will be a boon to club members if the clubs use the additional profits to reduce liquor prices, but the hotel industry will be put in jeopardy. I ask the Treasurer to keep that matter in mind so that it does not give rise to unfair trading practices and strike such a blow at many country hotels that they will be unable to survive.

Mr MULOCK (Penrith), Minister for Mineral Resources and Development [9.27]: It gives me pleasure to support the Treasurer in seeking the introduction of this legislation. I compliment the honourable member for Lakemba on his worthwhile contribution to the debate. In many ways what he had to say put the whole matter in perspective. We have become used to the Deputy Leader of the Opposition being wide of the mark, as he was in regard to the effect of the proposed legislation. In seeking to give a figure for revenue in relation to the numbers of poker machines in existence, he said that, working on the basis of a gross return of $110 million, as there were 44 400 machines, the return for each machine was $25,000. The figure should have been $2,500 for each machine. What that had to do with this legislation is much removed from reality, but it serves as an example of the wanton and reckless way in which the Deputy Leader of the Opposition uses figures in this House.

The sum of $4.7 million is in respect of additional savings to clubs in 1978–79. The savings since the Government came to office amount to between $14 million and $15 million. That is the way in which the club industry in this State sees the Government fulfilling this 1976 promise. As the Minister formerly responsible for licensed clubs—but not for poker machine legislation, which is the responsibility of my colleague the Treasurer—I have been pleased to be associated with the club movement and to hear from the leaders of that movement all over the State praise for the Government for the way in which it has recognized the problem, for making a promise to do something about it, and then for doing it. The leaders of the club industry are happy with the way in which the promise was made and fulfilled, for it has prevented them from getting deeper and deeper into financial difficulty of the sort that was confronting them when the Labor Party was elected to office in 1976.

Smaller clubs have received concessions for poker machine taxation and will receive more concessions for sporting facilities and community welfare. The lack of knowledge of the member for Clarence is highlighted by the fact that he related this relief to what the Government promised in regard to sporting facilities and community welfare. That relief has nothing to do with this proposed legislation. The honourable member for Lakemba clearly stated that this proposal relates to supplementary poker machine taxation relief.

In trying to accommodate the argument he was putting to this House, the Deputy Leader of the Opposition chose as an example the operations of the Penrith Rugby League Club Limited. The operations of that organization reveal the extent of the relief that has been forthcoming to clubs from the Government. Over 800 clubs have benefited from relief given in the past two budgets and in the present Budget. That represents a little more than a half of the total of clubs in this State. The club movement is made up of many small clubs as well as the larger clubs. It is a diverse movement catering for all sections of the community. The large clubs provide facilities that would not have been available to many sections of the community if the club movement had not come into existence and flourished as it has done in this State.

I congratulate the Treasurer on the worthwhile and fruitful relief given to the club industry for the third consecutive year. Honourable members look forward to the introduction of concessions for sporting facilities and community welfare that were alluded to by the Treasurer in his budget speech. No matter how much song and dance, crying and weeping emanates from the Opposition benches, the fact remains that this is the third budget that has tried to overcome problems created by legislation that sought to bring the club industry in New South Wales to its knees, in an attempt to milk the club industry of its profits. I am proud to be a member of a government that recognized the problems being encountered by the club industry, and introduced legislation to overcome those problems. I was also pleased, in my capacity as the former Minister of Justice responsible for clubs, to have made available to the Premier

the registered clubs advisory council, which was established to advise me, as the responsible Minister for registered clubs, on problems concerning clubs. The club industry has been given the opportunity of working out and recommending to the Government the formula that would apply. There can be no better way for governments to operate than in conjunction with the community.

I commend the legislation. I know it will be welcomed by the club industry of New South Wales, as was previous legislation of this type.

Motion agreed to.

Bill read a second time.

Third Reading

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

EDUCATIONAL INSTITUTIONS (STAMP DUTIES EXEMPTION) AMENDMENT BILL

Second Reading

Mr RENSHAW (Castlereagh), Treasurer [9.34]: I move:

That this bill be now read a second time.

The main purpose of the bill is to provide a complete exemption from stamp and death duty of gifts to certain regional galleries, museums, libraries or similar institutions. The present position in New South Wales regarding gifts to cultural and educational institutions is, first, a complete exemption from duty applies to specified bodies under the Educational Institutions (Stamp Duties Exemption) Act and certain other Acts. This includes gifts to universities and colleges of advanced education, the Australian Museum, the Art Gallery of New South Wales, the State Library and the Museum of Applied Arts and Sciences. Second, a general concession in the Stamp Duties Act enables gifts to other bodies for the promotion of education in New South Wales to be levied at normal sale rates instead of the much higher rates applicable to gifts under the sixth schedule. Further, the provision that gifts made in the three-year period prior to death are included in the donor's estate for death duty purposes, does not apply to gifts for the promotion of education in New South Wales. Finally, bequests to these institutions attract the lowest death duty rates—below the rates payable on property passing to lineal issue.

Representations have been received over many years from various groups in the community to provide further concessions to culturally orientated bodies. For example, the Regional Galleries Association, which includes bodies such as Albury city art gallery, Mitchell regional art gallery at Bathurst, Newcastle art gallery and the Wollongong art gallery, has been anxious to upgrade regional galleries throughout the State. They believe that a full duty exemption would stimulate interest in their collections and persons would be more willing to donate works of art. The Government has carefully considered all these representations in the knowledge that there are a number of donors who have indicated that duty exemption will encourage them to enter into negotiations with galleries for the housing of their collections. These collections might otherwise be lost to the State.

In deciding to grant a full exemption to approved bodies, the Government is aware that the measure will be of particular benefit to country areas and will create opportunities to nurture and develop collections in a broader spectrum. Although I

shall shortly be bringing before the House the Government's proposal to phase out death duty altogether, it is desirable to proceed now with the relief measures in this bill, which affords stamp duty relief as well as providing relief from death duty.

Certain conditions will need to be met for an institution to qualify for exemption under the Act. The proposed amendment to section 2 of the principal Act, which is contained in item (2) (g) of schedule 1 provides that before declaring an institution eligible for the concession, the Treasurer must be satisfied that the main function of the institution is the building up of a collection of exhibits relating to the arts, sciences or history of New South Wales or the conduct of research in those fields. This provision also requires that the gallery, museum, library or like institution be operated as a non-profitmaking concern for the benefit of the public. Other amendments to the principal Act set out in schedule 1 are of a machinery nature, mainly to facilitate the insertion of the new relief provisions.

I am sure this measure will be welcomed as a progessive step both by the general public and by the many regional and cultural organizations engaged in these fields. I commend the bill to the House.

Mr McDONALD (Kirribilli), Deputy Leader of the Opposition [9.39]: The general principles behind this proposed amending measure are indeed commendable. The Treasurer has indicated that the main purpose of the legislation is to provide a complete exemption from stamp and death duties to certain—and the operative word is, certain—regional galleries, museums, libraries and similar institutions. Honourable members are not told exactly what galleries they will be. That indicates that the shift in decision making moves into the Treasurer's court. It would have been better if the Opposition had been given some more specific indication of what galleries are involved.

The principal Act at present covers the Australian Museum, the Conservatorium of Music, the Sydney Observatory, the Bursary Endowment Board and the Alexander Mackie College at Paddington. It then makes reference to the three universities in existence in 1961, when the legislation was enacted. It is a pity that the Act was not completely rewritten and redrafted for it might have also contained proper reference to the Macquarie University. The principal Act also covers teachers colleges, agricultural colleges and technical colleges. The Treasurer clearly explained the position applying to other areas, such as education institutions. I believe that the Government should be congratulated, and the Treasurer in particular, on continuing the improved activities and initiatives to the arts in New South Wales. I shall indicate one or two areas in which I believe the initiative falls short; also, I shall make one or two supplementary points about the whole field that this amendment is intended to serve.

As the Treasurer indicated in his second reading speech, the removal of death duty may well act as a further incentive to people to donate art collections. However, the removal of death duties could not, in itself, be regarded as a significant initiative to establish regional galleries or cultural centres throughout New South Wales. Therefore, I encourage the Government to give further thought to the pressing need to create satisfactory government initiatives aimed at the decentralization of art galleries. Though, I acknowledge the contribution that the Government has made to an improvement in this area, the overall picture, as a result of many years of neglect, is still not good. I believe that Victoria has eighteen regional galleries, whereas New South Wales has only one in Newcastle, one in Wollongong, and one proposed for Arrnidale.

Two needs must be served by any initiatives that will improve this position. First, government initiatives are needed to establish the galleries themselves by providing, over a period of time, capital outlay for the construction or renovation of areas suitable for art galleries and thereafter for airconditioning, staff and so on. The

second consideration is to provide initiatives attractive enough to encourage people to make contributions to these galleries where the history of local areas can be seen by people outside the Sydney metropolitan area.

The Hinton collection in Armidale, which at the moment is spread all over the teachers college in that city, is a famous example of the valuable art collections that are scattered throughout the State. I have been advised that a family in Arrnidale wishes to leave the Coventry collection to the Armidale region. However, one cannot assume from the points made: by the Treasurer when introducing this measure that that family will get any encouragement from this amending bill.

Mr Renshaw: I assure you that they do.

Mr McDONALD: I am delighted to have the Treasurer's assurance when he says he is sure they can. The Treasurer referred to the Regional Galleries Association and to the four cities of Albury, Bathurst, Newcastle and Wollongong, but he made no further references. Those are not necessarily the only areas to be included, but no specific reference is made to Armidale, Wagga Wagga or Dubbo, the home town of the Leader of the Opposition. We might have been enlightened by the Treasurer, who said that in deciding to grant a full exemption to approved bodies—approval of course being subject to the conditions laid down in the Act—the Government is aware, and the Treasurer makes the point well, of the particular benefit to country areas.

It is perhaps the reference to certain conditions that leaves us with some degree of doubt. Under the principal Act the Government may order to be published in the *Gazette* a notice declaring an institution of like nature. Under the amendments the emphasis shifts to the Treasurer being satisfied, before declaring a gallery, museum, library or similar institution, that it is an educational institution for the purposes of the Act.

Mr Renshaw: The: adviser to the Treasurer in those circumstances would be the Government adviser on the arts and cultural grants. At the present time that would come under the Premier. It is on the recommendation of that adviser that others would be admitted. Already there are about twenty-two.

Mr SPEAKER: Order! The Treasurer will be able to exercise his right of reply.

Mr Renshaw: I am trying to save replying.

Mr McDONALD: I am delighted at the comment of the Treasurer. I appreciate his desire to clarify a point for me. It now appears that it is not the Treasurer but the Premier who will determine all this. I do not suggest that the Treasurer is a wolf in sheep's clothing. I should have realised that the Premier would want a linger in this pie as well as all the other pies. That is evidenced by the fact that he now wants to influence what will happen in Albury, Wollongong and other areas. Hopefully the Premier, through the Treasurer, may be able to enthuse the people of Armidale, but that is one aspect of the legislation about which the Opposition is not very happy.

In this day and age it should be beyond dispute that there is tremendous educational value in historic and contempory art. However, it is important that such value be available to as many people as possible. One should not have to live in Sydney or visit Sydney to be exposed to such works of art. Any incentive that encourages local groups to have their own historical societies, to place on record the antecedents to the current society, that encourages pioneer families to bequeath their collections of books and works of art to local regional galleries, is most commendable. Regrettably, there are not enough opportunities in New South Wales for people simply to visit an area and have immediate access to the history of that area through a display of its art works.

Unless initiatives by governments are sufficiently attractive, the history of this State will be lost, large collections will gather in family residences and their value will be lost to the bulk of the people. The Opposition supports the amendment, except for the Treasurer's discretion, which apparently is really the Premier's discretion. In congratulating the Government on this initiative, I make two points. The Opposition's policy in the area of the arts provides for exemption from all death duties of bequests in money or kind to public galleries, libraries and museums. It also places a high priority on the need to encourage local museums, for they evidence perhaps the most vigorous cultural movements in the State. For this purpose co-operation is needed from the major metropolitan museums in providing all the assistance that is necessary for identifying, cataloguing and preserving items of merit.

We have also stated before that because these museums reflect an awareness of local and regional history, encourage community involvement and are tourist attractions, they add to the prosperity of the district. We shall lend any initiative that is needed to develop a much wider system of properly staffed and equipped regional art galleries or cultural centres throughout the State. My last point concerns a question I have raised before in the House—the extravagance in other areas of government spending. I urge consideration by the Government of the federal scheme, which proposes tax incentives to the arts, whereby paintings bought at their original value can be given to galleries or bought by them, thereby allowing the former owner to claim a tax deduction at current market value. The Opposition supports the motion.

Mr DOWD (Lane Cove) [9.49]: Several matters of principle are raised by this legislation. The first is a mechanical one to which I wish to advert. The listing of legislation such as the 1961 Act under Educational Institutions (Stamp Duties Exemption) means that, under the present Government Printer's procedure, it is impossible to get a consolidated version of the Stamp Duties Act. It becomes dangerous, when one thinks one has a consolidated Act, when such amendments as these are not listed in the amending legislation. One has to chase round for particular Acts. This matter has to be considered in terms of indexing in relation to not only this Act but many other Acts also. Officers of the Stamp Duties office might be aware that the consolidated Stamp Duties Act as at June 1978 does not include this amendment, even as listed, let alone chasing it as an amendment to the Act.

On the principles involved, it is laudable that the Government is doing two things. First, it is creating a subsidy for people who want to give to education institutions, and second it is encouraging donations of works of art to tertiary education institutions. It is unfortunate that the opportunity was not taken to tidy up this rather untidy and now anachronistic Act. Leaving aside the matter of discretion to which I shall come in a moment, the framing of the Act, even when amended, will make it difficult to read notwithstanding that there are some obvious amendments to it based on the Acts Interpretation Act.

Before dealing with discretion, might I turn to an important matter of principle. If we are really concerned about art, we are concerned first about subsidy and second about art. Throughout the high schools of this State there are millions of dollars worth of valuable educational treasures that are in no way protected. I shall not mention the names of the high schools but I shall tell the Treasurer privately if he is as concerned about art as this legislation will make him. In some schools there are oil paintings that could be worth $250,000 or $500,000 and are not secure in any way. In fact, the public does not know they are there. There are some paintings of French impressionists—in fact, paintings throughout the whole range—in schools in this State. It was a failure of the previous Government and of this Government that a register has not been created so that at least we know where the paintings are. If necessary, they could be reproduced and students could enjoy them. The originals could be put

into galleries where they are secure and students could go into the galleries and see the originals without their being exposed to the risk of theft or damage. Cleaners go through empty school buildings where paintings worth $500,000 hang on the walls, without the faintest idea that they are there. This matter has been raised before but I raise it again in the hope that the Government will rectify it.

Mr Einfeld: The honourable member for Lane Cove must have gone to a different school from the one I went to.

Mr DOWD: Unfortunately, I went to the same school as the Minister. That is a thing that worries me very much.

Mr Einfeld: You are a jolly bad example.

Mr DOWD: No doubt improvements were made during the half century between the time when the honourable member for Waverley was there and my being there. I ask the Treasurer seriously, if he is concerned about the cultural heritage of this State, to have a record compiled quickly by the Department of Education. People give art works to high schools thinking that they will belong to the schools. A school has no legal entity as such, and therefore the gifts belong to the State. People do not realize this. They want their paintings kept at schools, but they want them kept securely. If the Treasurer would like to know privately the names of the schools concerned I should be pleased to tell him, but I do not propose to advertise them tonight to whoever is interested.

My main concern about the legislation is the principle embodied in clause 2A which includes the words "if the Treasurer is satisfied." That is a non-appealable discretion. Clause 2A (a) is couched in such wide terms that if we wanted to set up a George Petersen memorial institution of some kind with a library in it, there could be no appeal against a decision not to declare it to be an educational institution. It does not have to be the principal object---only one of them. The Opposition supports the idea of assisting particularly regional museums. Indeed, the Museum of Applied Arts and Sciences needs a lot of assistance at present. Leaving that aside, the Opposition supports the idea of endowments and bequests for regional centres. The bill contains no definition of gallery, library or museum. It is difficult to work out what is a gallery and what is not. The range of small museums of varying degrees of validity and consequence dotted around the State means that it is an absolute discretion in the hands of the Treasurer or the intellectual and cultural geniuses who advise him, as he indicated by way of interjection to the honourable member for Kirribilli. The Opposition does not propose to move an amendment but it believes there should not be a non-appealable discretion.

Second, the discretion is far too wide and amounts in effect to an absolute discretion. The proper way to do this was to have proper gazettal proceedings rather than simply say "if satisfied". All discretions which are tools of government are a derogation of the rule of law. They constitute an erosion of the powers of this Parliament. I know the Treasurer has good intentions in that he wants to assist rural and other institutions, but to do it in this form does not serve the interests of the people. Every discretion erodes the powers of the Parliament. We applaud the assistance that will be given by the Treasurer and we applaud him for bringing in this legislation, but we are concerned that the mechanics of doing it, the form of the legislation, give a discretion that is unwarranted, although I do not in any way criticize the cultural capacities of the Treasurer personally when I say that.

Mr SCHIPP (Wagga Wagga) [9.58]: I seek clarification of what is meant by an eligible organization, but before I come to that I join the other two honourable members on this side of the House in commending the Government on bringing

forward this legislation. The Opposition welcomes any legislation that will encourage art collection, particularly as the Treasurer mentioned that this will have an effect in country areas and regional centres.

My query arises from the fact that in Wagga Wagga the city council is the main collector of art. It prides itself on a fine art gallery which at present, unfortunately, is housed in rooms and corridors in the council chambers. Measures are in hand to build a cultural centre the main part of which will be an art gallery, properly air-conditioned so that the collection is preserved and can be viewed comfortably. It has been mentioned that colleges and universities come within the definition of eligible organizations, but nothing has been said about local government authorities. In his reply perhaps the Treasurer can give an indication of whether a body like the Wagga Wagga city council falls within that classification. This is important to Wagga Wagga. The council has a part-time art director and great emphasis is put on exhibitions and that type of thing. They have become a fairly big cultural activity in the district. I hope the council's initiative in spending ratepayers' money to gather together an art collection will be recognized and that the Treasurer and the Premier, if there is a discretion in this matter, will extend eligibility to local governanent authorities that have adopted this enterprising role.

Mr RENSHAW (Castlereagh), Treasurer [10.0], in reply: I inform the honourable member for Wagga Wagga that in my second reading speech I said that the main purpose of the bill was to provide a complete exemption from stamp duty and death duty for certain regional galleries, museums, libraries or similar institutions. Any recommendations should be made by the Arts Advisory Council, which is under the jurisdiction of the Premier, who would recommend to the Treasurer of the day that certain institutions be brought under the provisions of the bill. My information is that if the Wagga Wagga city council had the type of gallery or museum to which I have referred it would be eligible to be granted exemption.

Motion agreed to.

Bill read a second time.

Third Reading

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

ADJOURNMENT

Walsh Group of Companies

Mr RENSHAW (Castlereagh), Treasurer [10.2]: I move:

That this House do now adjourn.

Mr PETERSEN (Illawarra) [10.2]: I wish to draw the Government's attention to certain facts concerning six companies that are exempt from having to lodge company accounts with their annual returns to the Corporate Affairs Commission. These returns require a certificate by the company auditor that the accounts had been presented to a general meeting of the company. The companies are Sinclair Pastoral Company Pty Limited, Reliance Investments Pty Limited, G. Beavan Pty Limited, A. Walsh Investments Pty Limited, Allan Walsh Pty Limited, and Allan Walsh (Hornsby) Pty Limited. The latter two companies are funeral businesses whose annual returns for 1972, 1973, 1974 and 1975 were lodged on 31st January, 1973, 1st February, 1974, 31st January, 1975 and 12th April, 1976. They were purportedly signed as auditor by George McCahon Sinclair who died on 20th January, 1976. The

signature on the last document looks quite different from the other three signatures. As auditor he also signed returns for the other four companies. All six companies' returns were also signed by his son, Ian McCahon Sinclair, federal Minister for Primary Industry, as director.

I have entertained myself immensely by reading these public documents and a number of related documents freely available from the Corporate Affairs Commission on payment of the requisite fees. These documents form the basis of my remarks tonight. Amended returns for the years 1972 to 1975 signed by Ian McCahon Sinclair as director, but with quite a different signature from the 1972 and 1973 returns, were lodged by George Sinclair Haylen and Company in September, 1977. They disclose a deficiency in accounts of $71,256 in Allan Walsh Pty Limited and $175,490 in Allan Walsh (Hornsby) Pty Limited, due to certain payments having been made without the approval of the directors. With other subsequent misappropriations the grand total was $267,031.

Mr Dowd: On a point of order. The House well knows that as a result of an order by the Attorney-General of New South Wales certain investigations are being carried out by an inspector appointed under the Companies Act. The honourable member for Illawarra seeks to use the adjournment of the House to deal with this matter which is obviously an attempt to try to gain some cheap publicity. It is an abuse of the procedures of this House to use the occasion of its adjournment to raise a matter which, at the instigation of the Government, is under investigation now, and to attack companies or persons involved who are not able to defend themselves here.

Two principles are involved. First, an investigation is now being carried out by the Government of which the honourable member for Illawarra is a supporter. Second, the honourable member seeks to use the privileges of the House to make an attack on companies and, presumably, as the honourable member warms up, on persons who are not able to defend themselves. Because they are obliged to answer questions put to them by the inspector appointed by the Government, the matter is equivalent to being ***sub judice.*** It is not a court proceeding. The investigation is limited in what it can do. To attack companies and individuals in the Parliament by this means is an abuse of the adjournment debate.

Mr SPEAKER: Order! The adjournment debate is governed by the general rules of debate, including the ***sub judice*** rule. Nothing said by the honourable member for Lane Cove convinces me that what the honourable member for Illawarra has said is ***sub judice.*** The matter is not before a court. The fact that an investigation is being carried out does not prevent the honourable member for Illawarra from raising the matter on the adjournment. The ruling of a former Speaker, which was made to eliminate captious or cheating points of order, was that on the adjournment any honourable member could raise any matter of particular interest to his electorate or of general interest to the State and could deal with the matter in any way he chose. So far the honourable member for Illawarra has not transgressed any of the rules of debate.

Mr PETERSEN: When questioned on television by Mike Willesee on 15th August, 1977, Mr Ian Sinclair said: "These are personal accounts I might add and they haven't been filed with anybody. It's a private company." Mr Sinclair's involvement with these companies, continuous for many years, seems to have given him the impression that, the companies in question being private, the matter of misappropriations is also private. In the Willesee interview Mr Sinclair was asked, "Who was the employee who was paid or benefited by the money?' He answered, "That's neither your business or anybody else's out there." Nothing could be further from

the truth. Shareholders in a company are granted the important privilege of limited liability. For that privilege the officers of the company must be subject to public scrutiny. If I were to assault my wife to within an inch of her life would it be a private matter if she declined to prosecute because I put pressure on her through the family, or because I paid her compensation? What pressure has Mr Sinclair used? What compensation has he paid or promised to pay? In the House of Representatives on 4th October, 1977, Mr Sinclair said:

> I am quite prepared to accept responsibility for those statements which I signed. As, for the time being, I am executor of my father's estate—I have little alternative but to accept the responsibility that that places on me.

Does this mean he did not sign the previous returns? Were the annual meetings of these companies actually held? Who attended and what documents were produced? Since probate of his father's will has not been granted he is not yet executor. But, as company officer he has no alternative but to accept that responsibility which the New South Wales Companies Act places upon company officers. Section 162 **(3)** and section 124 (1) of the Companies Act give a director clear responsibilities for presentation of a company balance sheet to an annual meeting and to act honestly and diligently. As a director, Mr Sinclair was either dishonest or lazy. Is he then competent to hold public office? Mr Sinclair himself apparently thinks he is.

Mr Dowd: On a point of order. To use the Parliament to attack a person by making vague suggestions such as "either dishonest or lazy" is improper. If there is to be attack on a private citizen it ought to be done in the proper way, by substantive motion, and not in a scurrilous sort of is-it or is-it-not fashion. The House has certain obligations to protect freedom of speech and not to abuse parliamentary privilege. This sort of cheap publicity ought not to be used in the Parliament to attack people who are not able to defend themselves.

Mr SPEAKER: Order! I am sure that I would be interfering with the right of free speech if I interrupted the honourable member for Illawarra in presenting his argument. He is arguing a matter. It will be left to the public to decide whether what he says is honourable or dishonourable.

Mr Punch: On a point of order. In view of the investigations relating to this matter that are being carried out both by the Corporate Affairs Commission and——

Mr SPEAKER: Order! I have already ruled on that matter. The Leader of the Country Party is canvassing a ruling I gave on a point raised by the honourable member for Lane Cove.

Mr Punch: Mr Speaker, am I allowed to refer to the facts?

Mr SPEAKER: Order! The Leader of the Country Party will come quickly to his point of order.

Mr Punch: My point is that an investigation is being carried out by an investigating officer on behalf of the State and also by an independent company. Mr Speaker, I ask you to rule whether the information being provided to the House by the honourable member for Illawarra is turning the whole matter into a political inquisition—a kangaroo court if you like—rather than a statement of facts. I should like to know on what grounds the honourable member for Illawarra is entitled to get **up** in this House and give information that has obviously come to him from some source other than his own investigation.

Mr Petersen]

Mr SPEAKER: Order! The honourable member for Illawarra has clearly indicated that he acquired certain documents from the Corporate Affairs Commission after paying the prescribed fee. I expect that the honourable member for Illawarra—indeed every honourable member who speaks in this Chamber—will take full responsibility for his statements. The honourable member is in order.

Mr PETERSEN: Mr Sinclair has repeatedly glossed over the misappropriation of $267,000. Under section 174 of the Crimes Act he is liable, as a director. In fact it has been suggested that the actual misappropriation totals $374,000. Mr Creighton Walsh has suggested that the person who committed the misappropriation was Mr George M. Sinclair, Mr Ian Sinclair's late father. The people of this State are entitled to a reliable assurance that Mr Ian Sinclair has not benefited in any way from his father's estate and will not benefit until the identity of the so-called borrower is established. In federal Parliament on 24th and 25th October, 1978, Mr Malcolm Fraser referred to Mr Ian Sinclair as the executor of his father's estate. But a search of the New South Wales Probate Office reveals that nobody has yet applied for probate of the will of George M. Sinclair. So far nobody is executor of that estate. Why has an application for probate not been made? Is it because Mr Ian Sinclair wants to continue receiving the benefit of moneys misappropriated by Mr George Sinclair and does not want the facts of the case made public? Or are there no assets in the estate, so that Mr Fraser's statement about Mr Sinclair being executor of his father's estate is irrelevant? Mr Ian Sinclair has stated repeatedly that he inaugurated investigations into the affairs of the two funeral companies.

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

Mr MULOCK (Penrith), Minister for Mineral Resources and Development [10.12]: The Attorney-General is unavoidably absent from the House this evening. However, my understanding of the matter is that a barrister, Mr Michael Finnane, has been appointed a special investigator under the Companies Act to carry out an inappropriate for him to make any comment until such time as Mr Finnane's report Attorney-General were present he would take the view, as I do, that it would be inappropriate for him to make any comment until such time as Mr Finnane's report is to hand and has been considered. The honourable member's speech will be referred to the Attorney-General who will no doubt pass it on to Mr Finnane if that is the appropriate course.

Motion agreed to.

House adjourned at 10.14 p.m.