LOCAL GOVERNMENT AMALGAMATIONS

Petition

The Hon. F. M. MacDiarmid presented a petition expressing grave concern at the intention of the Government to force amalgamations by legislation of local government areas and praying that the Legislative Council will call upon the Government to approach future amalgamations on the basis of genuine consultation with the citizens, communities and councils of the areas concerned.

Petition received on motion by the Hon. F. M. MacDiarmid.

QUESTIONS WITHOUT NOTICE

MEAT INDUSTRY

The Hon. R. B. Rowland Smith: I direct a question without notice to the Minister for Agriculture. Is it a fact, as reported in the Australian Financial Review of 15th September, 1980, that the Newcastle abattoir may have to lay off 300 workers because of the extremely difficult financial position confronting abattoirs in this State? Has the Minister received a copy of the Regan report into the operations of abattoirs and the meat industry in New South Wales? In view of the serious situation that exists in the abattoir industry will the Minister make the report available and advise what action he proposes to take on it?

The Hon. J. R. Hallam: I am acutely aware of the problems confronting the abattoir industry in New South Wales. They are brought about mainly by the fact that the service abattoirs, which are primarily local and county council abattoirs, maintain their profits from through-put. This State has an excess killing capacity. It has the...
capacity, with the working of overtime, to kill 5.4 million cattle, and 18 million sheep. The present annual kill is slightly less than 2 million cattle and slightly in excess of 8 million sheep. The decline in kill is causing havoc among the service abattoirs.

Earlier this year Cabinet decided to provide assistance to abattoirs to the extent of their trading losses or their capital repayments, whichever sum was less. Over the past two months almost $5 million has been paid out to various abattoirs in this form of assistance. Under this scheme $700,000 has been advanced to the Newcastle city abattoir; a few weeks ago slightly in excess of $400,000 was paid to that abattoir. When Cabinet made its decision to provide this assistance it commissioned a task force, the chairman of which is Mr Brian Regan. The members include a Treasury representative, the general manager of the Gunnedah abattoir and a representative of the Department of Local Government. I should imagine that the report of that task force is the report to which the Leader of the Country Party referred. I expect to receive the report any day. Doubtless when it is received it will be considered by Cabinet and decisions on the recommendations contained in it will be made.

UNEMPLOYMENT

The Hon. J. S. THOMPSON: Is the Minister for Education and Vice-President of the Executive Council aware that figures released by the Commonwealth Bureau of Statistics on Thursday, 11th September show that the number of persons seeking full-time work in July and August of this year is higher than for July and August of 1979? Is he aware, further, that the national figures reveal that in August of this year 331,200 persons sought full-time work compared with 312,900 in August last year? Will the Minister assure the House that the New South Wales Government will continue to take all action possible to it to reduce the unemployment rate in New South Wales, which at 5.4 per cent in this State is lower than the national average?

The Hon. D. P. LANDA: It is common knowledge among the business and commercial sectors and the mainstream of economic thinking in the nation that if it were not for the policies of the Wran Government, leading to the recovery of industry and confidence in investment in New South Wales, the rebuilding of Australia would be facing its worst economic crisis. It is undeniable that the policies of the federal Government are plunging Australia into its highest level of unemployment since the great depression and into a rate of inflation that will be unmasked, soon after the forthcoming federal elections, as the highest in Australia's history.

The Hon. F. M. MacDiarmid: It is not as bad as it was during the time when the Hon. E. G. Whitlam was Prime Minister.

The Hon. D. P. LANDA: There is time yet. Honourable members will live to see what happens after the federal elections, when the community will have time to consider the latest available figures on inflation in Australia. All honourable members would know that whatever criticism might be levelled at the Government of the Hon. E. G. Whitlam during its period of office, it did not plunge the country into the record level of unemployment that is evidenced in the figures referred to by the Hon. J. S. Thompson.

The Hon. E. P. Pickering: That Government was responsible for the greatest rate of unemployment experienced in Australia.
The Hon. D. P. LANDA: The Fraser Government clings to the excuse that somehow the economic situation was generated almost five years ago. All thinking economists know that to be false. A recent editorial in the *Australian Financial Review* shows that a sector of journalists has perceived the present economic situation to be attributable totally to the bankruptcy of ideas on economic management in the Fraser Government. The facts are that the New South Wales Government is committed to and has succeeded in raising business confidence, investment and employment far above the national level. The Government's record stands in stark contrast with that of the counterparts of Opposition members in Victoria and South Australia. Unfortunately there will not be sufficient time for the facts to be debated fully before the forthcoming federal elections. One must trust that the Australian electorate is fully conscious of the deliberate policies of high unemployment that are encouraged by the Fraser Government.

The Hon. F. M. MacDiarmid: The honourable member knows that is not true.

The Hon. D. P. LANDA: The Hon. F. M. MacDiarmid should tell the 331,000 unemployed people in this country that it is untrue and give them hollow assurances about the broken promises of the Fraser Government. That is all that the Australian public has been getting for the entire term of the Fraser Government. Its record is one of a saga of broken promises, high-sounding phrases and false statements. The federal Government's record stands in stark contrast with that of the Wran Government, which is committed to encouraging the expansion of employment opportunities and the wisdom of investing in Australia. It has succeeded in doing that. I thank the Hon. J. S. Thompson for his concern about this matter. All honourable members would be aware of his involvement in an industry that is suffering greatly from the policies of the federal Government. In recent months that has been emphasized dramatically. If the Hon. E. P. Pickering finds something amusing in that, the cause of his amusement eludes Government supporters.

**UNEMPLOYED TEACHERS**

The Hon. M. F. Willis: My question without notice is directed to the Minister for Education and Vice-President of the Executive Council. Will the Minister advise the House whether industrial bans are in force in the Department of Education that prevent unemployed teachers and members of Parliament from obtaining information about the relative placement of unemployed teachers on the department's waiting list? What action has the Minister taken to have any such heartless ban removed to assist unemployed teachers and their parliamentary representatives in obtaining some meaningful information on their predicament?

The Hon. D. P. LANDA: I advise the honourable member and the House that no bans exist that would affect the flow of information to which the honourable member has referred. Many inquiries are made about the placement of teachers in schools throughout the State. From time to time a member of Parliament or one of his constituents might have difficulty in obtaining that information, but I assure honourable members that no heartless ban exists. The honourable member might refer his question back to the honourable member for Gordon in the other place, who might try to obtain the information sought.

**CHILD PROSTITUTION**

The Hon. B. J. UNSWORTH: I ask a question without notice of the Minister for Education and Vice-President of the Executive Council. Has the Minister considered the report in the *Sunday Telegraph* of 14th September last about the growing
incidence of child homosexual prostitution in the Kings Cross area? Is the Minister aware that in any one week up to 300 child homosexual prostitutes of an average age of 14 years offer themselves to sexual deviates? Will the Minister inform the House whether the Government is willing to assist in the establishment of a special youth refuge to provide emergency accommodation and medical care for child homosexual prostitutes, as existing youth refuges will not accept such children?

The Hon. D. P. LANDA: I thank the honourable member for his question and I commend him for his concern about this important human problem. I noted the article referred to by the honourable member. It portrayed an extremely serious situation. The article made some untrue allegations. For instance, the editorial said that legally the police may no longer ask a juvenile what he is doing on the street unless the questioning is done in the presence of a parent or parents. Honourable members who have any legal background know that that allegation is grossly inaccurate.

The Minister for Youth and Community Services is well aware of the problem of child homosexual prostitution and has a commitment to deploy departmental resources to its resolution. In co-operation with his colleague the Minister for Police and Minister for Services he has arranged for police to concentrate on the matters mentioned in the article. Some children have been charged under the provisions of the Act with being neglected. The names of many young persons have been taken by police and follow-up interviews have been carried out. Some cases have been referred to the Department of Youth and Community Services where it was felt that its co-operation would be helpful. The police will continue to take that sort of action in co-operation with the Department of Youth and Community Services. Honourable members might be interested to learn that the Department of Youth and Community Services has conducted night patrols in the Kings Cross area. It is carrying out this sort of surveillance and examining the problem in detail so that it can ascertain the type of expert assistance that should be rendered to overcome particular problems. Officers of the department maintain contact with voluntary agencies such as the Way-side Chapel, Teen Challenge and the Kings Cross refuge.

The Government is funding youth refuge projects too. Recently the Minister for Youth and Community Services opened the Errol Flynn refuge at Kings Cross and the new Caretaker's Cottage, a youth refuge, in Newcombe Street, Paddington. These centres offer crisis accommodation for young people. Similarly, the Aquarius youth service at Darlinghurst is funded by the Minister's department. Unfortunately this problem has serious underlying social and family implications that require the expert attention of the Department of Youth and Community Services. I shall refer the honourable member's question about additional assistance to the Minister for Youth and Community Services. I know of no man in this State who has a greater commitment to young people who find themselves in these tragic circumstances than the Minister for Youth and Community Services. He is dedicated to the task, and he has great personal commitment and professional expertise in the area he is now so ably administering. I shall be delighted to refer the matter to the Minister in the other place for his urgent attention.

LOCAL GOVERNMENT AMALGAMATIONS

The Hon. J. W. KENNEDY: I ask the Minister for Education and Vice-President of the Executive Council a question without notice. Has the Attorney-General and Minister of Justice investigated a claim by Mittagong shire council that
the Minister for Local Government and Minister for Roads has breached an undertaking that he gave in 1976 to the Supreme Court not to bring about the amalgamation of Wingecarribee, Mittagong and Bowral shire councils? If so, what action does the Attorney-General and Minister of Justice propose to take about the alleged breach of the undertaking?

The Hon. D. P. LANDA: I have no personal knowledge of the involvement of the Minister for Local Government and Minister for Roads. I shall refer the honourable member's question to the Attorney-General in the other place and advise the honourable member in due course.

FERAL PIGS

The Hon. N. M. ORR: I ask the Minister for Agriculture a question without notice. In a recent statement did the director of the Bureau of Animal Health, Dr Gee, issue a warning about the extreme difficulty that Australia would face if foot and mouth disease became established in feral pigs? Has it been estimated that New South Wales and Queensland have between 10 million and 15 million feral pigs? Has the New South Wales Government made only $300,000 available for a 3-year pilot eradication scheme? If these statements are correct, will the Minister agree that the meat industry and livestock exports of New South Wales are at risk and that there is an urgent need for more funds to be made available to mount a major campaign to control and eradicate feral pigs?

The Hon. J. R. HALLAM: I am aware of the problems associated with feral pigs in New South Wales. In 1978 the Government took action in relation to the 3-year feral pig control scheme in eleven of the pasture protection board areas in the north-west of the State including Warialda, Moree, Walgett, Coonamble, Canomba, Cobar, Brewarrina, Bourke, Wanaaring and Milparinka. The Government is providing $280,000 for the employment of ten pig control officers over the next two years. Some problems have arisen through staff turnover and because the control officers are employees of pastures protection boards. The scheme is being monitored closely by the Department of Agriculture to evaluate its effectiveness. To that extent it can be seen as a pilot project. The Government is looking constantly at other ways to encourage and assist pastures protection boards to carry out their responsibilities for the eradication and control of such noxious animals as feral pigs. It could be that the magnitude of the problem might require some federal assistance. The matter will be listed for discussion at the next meeting of the Australian Agricultural Council to be held in Hobart.

HANSARD

The Hon. E. P. PICKERING: I address a question without notice to the Minister for Education and Vice-President of the Executive Council. Is the Minister aware that as at 1st January, 1980, the annual purchase price of New South Wales Hansard had risen by 40 per cent? As the cost of Hansard is now beyond the financial reach of most members of the community, will the Minister approach the Premier and Treasurer with a view to providing each State parliamentarian with the right to issue annually fifty complimentary copies of Hansard to citizens or organizations of their choice, as is the current practice in the federal Parliament?

The Hon. D. P. LANDA: I shall refer the honourable member's question to the Premier and Treasurer for his consideration. I assure the honourable member that the cost of Hansard is in no way related on a darg basis to the words uttered. If it were, honourable members would be unable to afford a copy.
The Hon. E. P. Pickering: The cost should have dropped markedly considering the number of days that the Parliament has met under the Wran administration.

The Hon. D. P. LANDA: It has been compensated for considerably by the superfluous verbiage that the House hears from the Hon. E. P. Pickering. The right of citizens to be informed of the proceedings of Parliament must be respected. Reasonable opportunities must be available for the community to peruse *Hansard*. I shall attempt to ascertain whether significant concern is being felt about the increased charge for *Hansard*, and I shall refer the honourable member's question to the Premier and Treasurer.

**GRAIN ELEVATORS BOARD**

The Hon. L. P. CONNELLAN: I direct a question without notice to the Minister for Agriculture. Is it a fact that elections of the Grain Elevators Board of New South Wales are now fourteen months overdue? Will the Minister state whether the Carmichael report on the operations of the Grain Elevators Board of New South Wales have been received? If so, will the Minister make this report public and advise when amending legislation will be presented?

The Hon. J. R. HALLAM: It is true that the term of office of the Grain Elevators Board of New South Wales has been extended. Recently the Government commissioned an inquiry into grain handling in New South Wales, which encompassed an examination of the operations of the Grain Elevators Board of New South Wales. Subsequently I was requested by the committee of inquiry to seek an interim report dealing specifically with the Grain Elevators Board. That report is at hand and the Government will be commencing its deliberations on it in due course.

**GOVERNOR'S SPEECH: ADDRESS IN REPLY**

Seventh Day's Debate

Debate resumed (from 11th September, vide page 742) on motion by the Hon. P. McMahon:

That the following Address be adopted and presented by the Whole House to the Governor, in reply to the Speech which His Excellency had been pleased to make to both Houses of Parliament, viz.:

To His Excellency Sir Arthur Roden Cutler, upon whom has been conferred the decoration of the Victoria Cross, Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, Knight Commander of the Royal Victorian Order, Commander of the Most Excellent Order of the British Empire, Knight of the Most Venerable Order of St John of Jerusalem, Governor of the State of New South Wales and its Dependencies, in the Commonwealth of Australia.

May it Please Your Excellency—

We, Her Majesty's loyal and dutiful subjects, the Members of the Legislative Council of New South Wales, in Parliament assembled, desire to express our thanks for Your Excellency's Speech, and to affirm our sincere allegiance to Her Most Gracious Majesty.
Governor’s Speech: Address in Reply — 16 September, 1980

2. We beg to assure Your Excellency that our earnest consideration will be given to the measures to be submitted to us, and that we will faithfully carry out the important duties entrusted to us by the people of New South Wales.

The Hon. R. D. DYER [5.1]: I join with the mover and seconder of the motion, together with previous speakers in this debate, in paying tribute to His Excellency the Governor, Sir Roden Cutler, who has made known his intention to retire from office at the expiration of his current term. Sir Roden Cutler is the longest serving Governor in the history of New South Wales, having exceeded the Australian record term as Governor of Sir Leslie Wilson who was Governor of Queensland from 1932 to 1946. The Governor has served the Government and people of this State with distinction and has achieved well-deserved popularity.

I congratulate you, Mr President, and the officers of the House on the manner in which the ceremony opening the present session of Parliament was conducted. This was the first occasion since I entered the Chamber upon which there has been a formal opening of Parliament. I must say that the ceremony was most impressive. Also, I welcome back to the Chamber the Hon. P. J. Baldwin. I trust that his return to full health will continue. I must say also that I am pleased to see my friend opposite, the Hon. E. P. Pickering, in the Chamber, albeit with an orthopaedic collar. I am glad he is here for he may be interested in some remarks I shall make shortly.

The Hon. N. M. Orr has stated in this Address-in-Reply debate that the police are hamstrung by the operations of the legislation enacted by this Parliament to replace the repealed Summary Offences Act. Last week the Attorney-General and Minister of Justice gave details and figures obtained by the New South Wales Bureau of Crime Statistics and Research which tended to show that the claim made by the Hon. N. M. Orr is little more than anti-government propaganda. The official statistics show that 2378 charge and summons cases were determined under section 5 of the Offences in Public Places Act between 1st August, 1979, the date of the commencement of the Act, and the middle of July 1980.

Section 5 of the Act makes it an offence for a person to behave in a manner which might seriously affront and offend a reasonable person. Of the total number of cases dealt with, 1776 concerned pleas of guilty, 255 concerned pleas of not guilty and 377 were disposed of without a plea being entered. Of those offences where pleas of not guilty were entered, 76 were found not guilty and 8 matters did not proceed. In 141 of such cases the offence was found proved. In other words, in defended cases where the prosecution was put to proof of its case, convictions outnumbered discharges by a ratio of almost two to one. It is apparent, contrary to the prejudice expressed on numerous occasions by Opposition members, that magistrates are having no obvious difficulty in recording convictions under the new legislation and that the new provisions are operating well in practice.

The Government is entitled to take a great deal of credit for the fact that during the 1979–80 financial year the economy of New South Wales grew faster than that of any other State. New South Wales was the only State in Australia to end the financial year with a reduction in the percentage of its work force registered as unemployed. Both the employment statistics and the civilian employment statistics based on payroll tax collections show that New South Wales outdid the rest of Australia last year. According to the statistics based on payroll tax collections private sector employment grew by 1.7 per cent in New South Wales in the year to March 1980, compared with a growth of 1 per cent for the whole of Australia. Queensland and Western Australia came immediately behind New South Wales with a growth rate of 1.65 per cent. In Victoria private civilian employment grew by only 0.5 per cent during the year. In South Australia and Tasmania it actually fell.
The main reason for the growth in the New South Wales private sector appears to be the State's home-building industry. In the year to May 1980 dwelling commencements were up by almost 25 per cent over the previous year; dwelling approvals increased by nearly 30 per cent in New South Wales compared with only 14 per cent in Australia as a whole. Civilian employment statistics show that employment in the construction industry in New South Wales increased by almost 2,000 in the year to March 1980. Employment in the real estate and business service sectors of employment increased by some 5,000 persons. The home-building surge appears to have had an effect upon retail sales of household appliances and furnishings in New South Wales. To March 1980 retail sales grew by just over 12 per cent in New South Wales compared with a national growth of less than 11 per cent.

The Governor's Speech opening the session featured prominently the development of the State's industrial areas. Mention was made of development projects of the order of $10,000 million scheduled for commencement before 1985. The main aspects of this development include the major expansion of aluminium smelting capacity, steel production, and the development of the State's mineral resources, particularly coal. As a result of this industrial expansion the Newcastle and Hunter region, which has been economically depressed in recent years with high levels of unemployment, will again become prosperous. Concern has been expressed by environmentalists and others that the major development about to occur in the Hunter Valley will lead ultimately to widespread pollution and environmental damage. In particular, fears have been expressed regarding the possible effects of fluoride emission from the proposed aluminium smelters. However, the Government has imposed stringent new conditions which will cover the new smelters and the existing smelter at Kurri Kurri.

The three proposed smelters will install pollution control equipment costing in excess of $150 million. The result will be an absolute reduction of fluoride emission by reducing present levels of emission. Absolute reduction will be achieved in the face of expansion of aluminium production which will be eight times greater than the existing production of the Kurri Kurri smelter. As for electric power stations the Electricity Commission is introducing measures that will eliminate more than 80 per cent of solid matter from smoke emissions. During the parliamentary recess I was fortunate to participate in an aerial inspection of major contract works in New South Wales by courtesy of the Australian Federation of Construction Contractors. These works were being carried out to a large extent by private contractors and the estimated total cost of the projects exceeded $1.200 million.

Private enterprise has contracts to the value of $44.5 million in connection with the Port Kembla coal loader, $32 million for the Camden to Picton F5 Freeway, $433 million for the Bayswater power station near Muswellbrook, and $473 million for the Eraring power station at Lake Macquarie. These works are providing an enormous stimulus to the economy and employment levels of the State and also demonstrate the high levels of civil engineering skills now available in Australia. In my view, the latter aspect is of great significance where the defence of Australia is concerned. Another factor contributing to the development of the Newcastle and Hunter region is the rapid growth of the coal industry, especially the steaming coal industry for export markets.

Twenty-two new coalmines are planned for the Hunter Valley, at a cost of some $1,500 million. By the end of this decade almost 4,000 new jobs will have been created. In accordance with the Government's requirements for new mining ventures, at least 51 per cent of the equity will be in Australian ownership. Strict environmental controls will be imposed by the Government in regard to mining developments in the Hunter Valley. The Government cannot countenance the despoliation of the Hunter Valley. [The Hon. R. D. Dyer]
Hunter Valley which is one of the most beautiful parts of New South Wales; neither
can it afford to lose the political support of the population of the Newcastle and
Hunter region by allowing such a thing to happen.

A matter that is causing the Government a good deal of concern in relation to
the coal industry is coal royalties. Over the next five years, more than $600 million
will be spent by the Government on port facilities, railways, rolling stock and other
necessary infrastructure to facilitate the expansion of the coal industry. It is incontest-
able that the State of New South Wales is not receiving a fair return from coal
royalties. The existing basic royalty of $1 per ton has been in force since 1975.
Inflation has eroded the value of that amount in the five years since the present rate
of royalty was set. A matter of even greater concern is that up to 40 per cent of the
coal being mined in New South Wales does not attract the full royalty.

With the rapid development of new coalmining ventures, now occurring in the
Hunter Valley in particular, up to 60 per cent of all coal mined in the State may not
be liable for payment of the full royalty. This has arisen as a result of what might be
termed an historical accident. The Premier and Treasurer is on record as saying that
more than an historical accident may be necessary to correct the position. I would
not disagree with that opinion. The problem had its origins last century when for
a period of years land grants were issued to applicants in which coal which might
happen to lie under the land was not reserved to the Crown, contrary to the case of
most grants of land titles throughout the history of New South Wales. In cases where
col is privately owned, seven-eighths of the royalty is refunded by the Government
to the owner of the coal. Often that results in the payment being made to the colliery
that mined the coal. Where the colliery is not the private owner, substantial royalty
payments are made to the owner of the colliery site who literally does nothing to
earn it.

The Minister for Mineral Resources and Minister for Technology has an-
nounced that the Government is considering ways to overcome the problem to which
I have referred, and to ensure that the Government and the people of New South
Wales gain a fair share of the returns from the State's natural resources to which the
Government makes an enormous contribution by way of providing the port facilities
and infrastructure.

In considering the rate of return from the coal industry, the Government
will have to bear in mind that until recently a number of New South Wales coal
producers selling coal to Japan were getting unrealistically low prices. This was partly
as a result of the divide-and-rule tactics of the Japanese steel mills, assisted by the
Ministry of International Trade and Industry of the Japanese Government, and the
corresponding lack of assistance to the local producers by the federal Department of
Trade and Resources, except when the late unjustly maligned Mr Rex Connor was
Minister. However, the rapid expansion of steaming coal exports, which will occur over
the next five years or so, will greatly expand the coal export market, and returns to the
Australian producers are confidently expected to rise significantly.

I feel bound to correct a misconception the Hon. E. P. Pickering appears to
have regarding Energy Recycling Corporation Proprietary Limited. The Hon. E. P.
Pickering continually refers to this company's having been granted what he terms a
free exploration licence in the Ulan area. He also asserts that other applicants would
have been willing to pay the Government millions of dollars for the rights granted
to the company. The facts of the matter are that Energy Recycling Corporation
has been granted an authorization to prospect for coal for a period of two years
from 28th August, 1979, under the provisions of section 20 of the Coal Mining Act,
The authorization does not vest any mining title whatever in Energy Recycling Corporation and the authorization is not renewable. The authorization requires Energy Recycling Corporation to spend its own money to determine the quality, quantity and disposition of such coal as may lie beneath the surface in the authorization area. The authorization also has been granted to enable Energy Recycling Corporation to establish the practicality and viability of its clean coal and transport processes. It is quite false to suggest that Energy Recycling Corporation can expect to receive a title to mine coal in the authorization area, once the period of two years to which I have referred has elapsed.

The Hon. E. P. Pickering: Since I raised the matter in the Parliament, there is no hope of that happening.

The Hon. R. D. Dyer: The Hon. E. P. Pickering is entitled to raise questions concerning the viability and authenticity of the process to which Energy Recycling Corporation lays claim, but he should be accurate when he refers to the type of entitlement granted to the company. The company does not have any form of coal-mining title, nor does it have any entitlement to such a title in the future.

The Hon. E. P. Pickering: Nor have I ever suggested it did.

The Hon. R. D. Dyer: The Hon. E. P. Pickering has often referred to other companies as having to pay large sums of money for what has been granted to Energy Recycling Corporation but the fact is that the company has not received any funds from the Government. The reverse is the case: it has had to expend its own funds on exploration within the authorization area.

Before I leave the subject of the coal industry, I shall make brief reference to the aftermath of the Appin mine explosion which tragically claimed an appalling loss of life. His Honour Judge Goran, sitting as a court of coal mines regulation, has made a most detailed report to the Government arising out of his inquiry into this disastrous accident. Many of the recommendations made by the judge are of a practical nature, and are directed towards the application of improved safety standards, especially in known gassy mines such as the Appin colliery.

An example of such a practical suggestion is Judge Goran's comment that a mine deputy cannot measure methane in quantities of less than 1.25 per cent without a methanometer. In other words, the deputy cannot determine whether the mine is complying with the Coal Mines Regulation Act in regard to quantities in intake airways where the statutory limit is 0.25 per cent. His Honour accordingly recommended that the deputy be given a methanometer in addition to his oil flame safety lamp. The responsible Minister, the Hon. R. J. Mulock, has announced that this recommendation has been adopted and that a specific training programme for deputies on the proper use of methanometers will be introduced.

A special working party representing all interests in the coal industry was established by the Minister for Mineral Resources and Minister for Technology in February 1979, five months before the Appin mine explosion. The working party has prepared a draft bill to replace the present Coal Mines Regulation Act. As an additional precaution, the Minister arranged for Judge Goran to make separate comments on the draft bill. These comments have been referred to the working party, prior to work on the draft bill being completed. The new legislation should be brought before Parliament during the present budget session.

Significant developments have taken place over the past year in diversification of the State's energy resources. In May of this year, Goulburn became the first inland city of New South Wales to be tapped into the main natural gas pipeline from the Cooper Basin. The main pipeline from Cooper Basin passes within 2 kilometres of
Goulburn. It was at the instigation of the Minister for Industrial Relations and Minister for Energy that negotiations commenced which ultimately enabled Australian Gas Light Company to become the supplier of natural gas to Goulburn and the connecting link was built. Goulburn gasworks are now operating on natural gas as a feed stock, replacing LPG which has escalated dramatically in price as a result of the misconceived policies of the federal Government.

The next country natural gas project will be the construction by the Pipeline Authority of a line from Young to Cootamundra and Wagga Wagga with work to commence in October 1980. The Minister for Industrial Relations and Minister for Energy is waiting for the allocation of funds by the Commonwealth Government in order to supply natural gas to Yass, Canberra, Bathurst, Orange and Lithgow. Australian Gas Light Company has commenced construction of the Sydney to Newcastle natural gas pipeline.

Another matter that should not go unnoticed is the passing of enabling legislation last session by which the New South Wales Government was authorized to provide land and loan guarantees to Total Oil to assist in the expansion of the Matra-ville refinery capacity by 20 per cent. I find it quite astonishing that the Hon. E. P. Pickering should oppose this limited government participation without which the expansion of this refinery would not occur. It is all very well for him to dogmatize about the clammy hand of socialism, but the people of New South Wales will welcome the Government’s initiatives which will relieve the chronic shortage of refining capacity in this State.

I now wish to outline the action the Government is taking to modernize the prison system in New South Wales. When the Government took office in May 1976, it inherited from the previous Liberal–Country party administration an outmoded prison system that had given rise to the Bathurst gaol riots of 1970 and 1974 and the serious disturbances at Maitland gaol in 1975. It was apparent to the new Government that it would be necessary to embark on a major building programme to eliminate overcrowding, improve gaol security and create a modern and humane prison system. After the Government received the report of Mr Justice Nagle it decided on a 10-year building programme to modernize the State’s prisons, many of which had been built in the Victorian era.

Bathurst prison is being rebuilt at a cost of $8.5 million. I visited that prison last April, in company with the Minister for Corrective Services, the Hon. W. H. Haigh, and some Government supporters in another place. It was clear that great damage had been done to the gaol during the riots and that rebuilding it will be a major task. The reconstruction is proceeding according to schedule and the Government’s decision to rebuild the gaol is supported by the people of Bathurst, who recognize the contribution the gaol makes to local employment opportunities and the commercial life of the town. As all honourable members will be aware, the Government has decided to build Parklea prison at a cost of $24.5 million. This decision implements an important recommendation of the Nagle Royal commission, to the effect that a major new prison should be constructed within the Sydney metropolitan area. At present, 75 per cent of prisoners have their usual place of residence within the Sydney metropolitan area, but only 59 per cent of prisoners are held in custody in the Sydney area. The location of the prison at Parklea will facilitate the access of family and visitors to the gaol.

Parklea prison is the first maximum security gaol to be built in New South Wales this century. All the State’s prisons, with the exception of Cessnock and Katingal, are old, many institutions having been built last century. Conditions for maximum security prisoners cannot be effectively improved in many existing prisons owing to
the old and outdated nature of the prison buildings. It is also apparent that the retention of prisoners in existing inadequate prisons is conducive to prisoner unrest and riots which work against the corrective role of the prison system. The site at Parklea comprises an area of 80 hectares of Government-owned land in a non-urban area of the western region of Sydney. During an inspection of the site last month, it became apparent to me, and I believe also to my colleagues the Hon. Dorothy Isaksen and the Non. Deirdre Grusovin, that owing to the lie of the land and the location of the buildings on the site, it will not be possible for the few adjoining owners to see the gaol walls and buildings from their properties.

Parklea prison has been designed with emphasis on both internal and external security. The gaol walls which will be 6 metres high are to be built in trenches excavated in such a fashion as to make an approach to the gaol perimeter walls by vehicle quite impossible. Modern electronic surveillance and detection systems, together with emergency floodlighting and television controls of certain areas during hours of darkness, will be installed throughout the prison. It will accommodate 220 maximum security prisoners in single cell accommodation. The United Nations, the Australian Institute of Criminology and the Royal Commission into New South Wales Prisons have all emphasized the importance of single cells as a reinforcement of a prisoner's human dignity.

The new prison will be the first in the State to provide vocational training opportunities for every prisoner and will contain extensive trade training areas, including facilities for up to ten workshops and a training kitchen. Educational facilities will include two remedial classrooms, two general classrooms, a library and general activity rooms for arts, crafts and hobbies. Construction of Parklea prison, which will commence in about November this year after the current earthworks have been completed, is expected to take two years. The Government has had plans prepared for a medium security prison to be built at Narrabri and a second similar institution is likely to be constructed near Grafton. A new electronic surveillance unit has been installed at Parramatta gaol, a maximum security institution, at a cost of some $100,000. Armed guards are now manning towers at maximum security prisons for twenty-four hours each day.

The Hon. R. B. Rowland Smith: Prisoners still escape.

The Hon. R. D. DYER: But rarely from maximum security prisons. If the honourable member will be patient for a few moments I shall quote some statistics that indicate the good record of this Government in escapes from prisons compared with the previous Government's record and the fact that escapes from maximum security custody are minimal. Special security units are attached to all maximum security prisons and riot control procedures are immediately available when required. Since Mr Justice Nagle's report was presented to the Government the number of prison officers has been increased by 47 per cent.

As to prison accommodation for female prisoners, a new 60-cell block at Mulawa Training and Detention Centre for Women has been completed recently at a cost of $1.1 million. This block replaces an old hospital building. It was not intended to be used as a prison but it was, in fact, accepted as such by the previous Liberal-Country party Government. One of the problems at Mulawa in recent times, as any honourable member who has visited that institution will know, has been that all classifications of prisoners have been held in the one institution owing to the lack of alternative accommodation elsewhere for minimum security prisoners. Now that the Government has opened the new Norma Parker centre at North Parramatta, it is
intended to move young minimum security women prisoners from Mulawa to the new institution and thus remove them from contact with more serious offenders and provide them with educational and vocational training.

Honourable members will be aware that Mr Justice Nagle described the Katingal maximum security unit at Long Bay as an "electronic zoo" and that the Government has taken Katingal out of service. His Honour took the view that the cost in human terms of keeping inmates in Katingal was too great. A Government committee is now considering ways of making Katingal an effective security unit and bringing it back into service. The Government's aim is to modify Katingal in such a way as to maintain or even improve security, provide an improved environment, particularly the introduction of natural light to the building, and also to provide more facilities for leisure and work programmes and additional resources for health and education.

The Opposition often takes advantage, for political purposes, of escapes from prisons in New South Wales. It is interesting to note that during the last year of the Liberal–Country party Government, 198 escapes were recorded. Escapes in the year ended 30th June, 1979, totalled 168. From 1st July, 1979, to 9th April, 1980, 143 escapes took place. During the current period there was one escape from a maximum security institution and the remainder absconded from medium or low security institutions. Graded institutions have existed in this State for many years under various governments. It is recognized by criminologists that the grading of prisoners is the most likely means of preventing recidivism. The community must accept occasional escapes by prisoners attending educational courses or on day leave granted to allow inmates to preserve family links, if prisoners are to be prepared to return to society. In saying this, I am not, of course, referring to maximum security prisoners.

In June this year the Minister for Corrective Services instructed the Corrective Services Commission to tighten the criteria for the granting of day leave to prisoners. Day leave privileges are not available to prisoners directly involved in crimes of violence or serious drug offences until twelve months prior to their expected date of release from prison. Even then the specific approval of the Corrective Services Commission is required. As to the first three occasions on which day leave is taken, prisoners eligible for day leave may go on day leave only at intervals of not less than two months. Subsequent day leave is granted monthly, assuming that the prisoner has not previously breached the conditions. Day leave prisoners are obliged to return to their institution by 5 p.m., in lieu of 8 p.m., which was the time limit until the recent variation in instructions was issued by the Minister for Corrective Services. It will be seen that the Minister and the Government are seeking to maintain a responsible balance between the attempted rehabilitation of prisoners and the secure administration of the prison system.

Legislation enacted last session providing for the introduction of community service orders was proclaimed to commence in July 1980. In the first instance, magistrates and judges at Goulburn, Gosford and in the inner Sydney area will be authorized to introduce the scheme, which is intended to be a sentencing alternative to imprisonment. It is to be hoped that the new scheme will operate well in practice, as it will save the high costs of sending a person to prison, avoid disruption to the offender's family life and also contribute something of benefit to society in the actual work done for the community under the order. The Minister for Corrective Services is preparing amendments for gazetmal to the Prisons Regulations of 1968, including an amendment to prison regulation 64A relating to legal visits to prisons. This matter occasioned some controversy last session. During the debates on the motions to disallow amended regulations 64 to 64C, both here and in another place, undertakings were given to discuss the merits of the objections to the regulations with
the Law Society of New South Wales and the New South Wales Bar Association. At a conference held late last year the Government and representatives of the Law Society and the Bar Association unanimously accepted proposed amendments put forward by the Department of Corrective Services to meet the objections raised by the legal profession.

The effect of the current amendments to regulation 64A is to provide that the governor of a prison or an authorized officer may inspect or examine but not read documents taken into the prison by a barrister, solicitor or solicitor's clerk for the purpose of discussing or transacting legal business. The amendments provide also that regulation 64A (2) is omitted and replaced by a clause that provides that if upon an inspection or examination of material taken into a prison by a legal visitor any money, contraband or other thing is found that would be likely to affect adversely the security, discipline or good order at the prison, the person carrying out the inspection or examination may refuse the visitor access to any prisoner while the visitor has that money, contraband or other thing in his possession. It is pleasing to record that that matter has been resolved to the mutual satisfaction of the Government and the professional bodies representing barristers and solicitors.

The Hon. M. F. WILLIS (Leader of the Opposition) [5.33]: At the outset of my contribution to the debate I take the opportunity to place on record again the loyalty and affection of Opposition members for Her Majesty the Queen. In doing so I should advert to that part of His Excellency's Speech in which he advised honourable members of his intention to retire from office at the expiration of his present term. It was a great inspiration on the part of a former Premier of the State, Sir Robert Askin, to recommend to Her Majesty in 1966 the appointment of Sir Roden Cutler as Her Majesty's representative in New South Wales. All Governors of this State have performed their office with distinction and dignity, but I dare say that none has retired with such a high degree of appreciation from the people or such great respect from members of Parliament and the Government as that which will accompany Sir Roden Cutler when he retires. When Sir Roden steps down from office he will have served the longest term as Governor in the history of New South Wales. The thirty-second Governor of the State, Sir Roden Cutler clearly and deservingly is in most distinguished company. The previous longest-serving Governor of New South Wales was Lachlan Macquarie. Also Sir Roden will have served, as the Hon. R. D. Dyer said, longer than the record term set by Sir Leslie Wilson, who was Governor of Queensland from 1932 until 1946.

Sir Roden has had a distinguished career. He was a war hero, suitably honoured by being awarded the Victoria Cross for exceptional courage in the face of the enemy in Syria in June 1944. He has been a diplomat, his appointments including that as High Commissioner to New Zealand, Pakistan and Ceylon, Consul-General in New York and Ambassador to the Netherlands. Perhaps the most significant fact is that as Governor Sir Roden Cutler has worked with four Premiers in a period of great social and economic change, with the confidence and support of the people, and no suggestion of ever having made a constitutional or political error. This man, with the aid of Lady Cutler who was appropriately recognized by Her Majesty in the last honours list by being awarded the Companionship of the Order of Australia, has demonstrated the wonderful system of Government that Australia has inherited from Westminster in the form of the monarchial system. In the face of that, what nonsense are the calls for republicanism in place of it.

On behalf of a lacklustre government His Excellency was obliged to make a lacklustre speech to the Parliament. That speech attempted to blame the problems of the State on action taken by the federal Government. The speech did not come to terms with the issues that confront the State and it was a speech devoid of ideas and without
substance. It showed the Government of New South Wales to be what it is—inefffectual and uncaring, a government whose superficial veneer is manifest in the Premier himself, without whom the Government fragments and disintegrates, as was evidenced during the Premier's last lengthy absence from the Parliament. As a statement of government views the opening Address to the Parliament is quite barren. There has been so little substance in any of the Speeches delivered on behalf of this Government since it came to office in 1976 that the main purpose of official opening Addresses now seems to be to wipe the parliamentary business paper clean of embarrassing questions and legislation. Let us look at some aspects of the Government's statements as set out in the Governor's Address. For the umpteenth time the House has been presented with the Government's grand scheme for the industrialization of the Hunter region. That sounds good and the objective is laudable, but what price will the people of the State be called upon to pay for that development? Let us consider some of the costs of the Government's plan. In the Governor's opening Speech he said:

Development projects of the order of $10,000 million are planned for commencement before 1985... $50 million will be spent over the next ten years on an assessment of coal resources.

Nothing was said about where the money will come from. The Speech did not say that the funds for the scheme are not being raised by the State and in fact it is a federal Government initiative to assist this economically flagging State. The federal Government decided to invite the States to seek loan approvals, to borrow offshore for new coal-based electricity projects. Did the Governor's Speech say that was announced by the federal Minister for Trade and Resources, the Hon. J. D. Anthony, and the federal Minister for National Development, the Hon. K. E. Newman? It did not. The Governor's Speech omitted those pertinent facts. I should add that the Opposition is gravely concerned that, as with so many development plans of the New South Wales Government, the Hunter industrialization rabbit will be pulled out of the political top hat time and again. The Opposition is concerned that for reasons of political expediency the project will proceed without adequate planning or the provision of proper housing, transport, port facilities and skilled human resources. If that were to happen this grand vision would become a bungling burden rather than a boon to the State. In other words, one needs more than the pious words of the Governor's Speech to assure honourable members that the Government can handle such a grand project.

I turn now to the rural industries. This section of the Governor's Speech is a joke. What has this Government done, or, rather, failed to do, in rural areas? In the Governor's Speech the Government has expressed its concern for the rural industries in this way:

The Government places the highest importance on the contribution of the rural sector to the economic prosperity of this State.

How reassuring for the people in the country. This Government has opened a public inquiry into grain storage to ensure the provision of the most economical and efficient system for this industry. The Government has changed the title of the Dairy Industry Marketing Authority to the Dairy Industry Authority to provide close and continuing consultation between all sectors of that industry. But these are just words. Words without action seem to be the hallmark of the Wran Government. The federal Government has really assisted the New South Wales rural producer by reducing the rampant rate of inflation it inherited from the Whitlam Government.

Labor governments have taken their toll on the rural industries of this State. Need I remind honourable members of the dropping of the superphosphate bounty during the Whitlam era, the abolition of the petroleum products freight subsidy, not
to mention the escalation of inflation, which had a crippling effect on the rural sector during the Whitlam years? Since the current federal Government has been in office, the rural sector has received significant boosts, enabling farmers to double their incomes. This Government does its best to limit the growth of the rural sector by increasing freight charges on wheat by 21 per cent since it came to office and by limiting funds available for drought relief and assistance in the eradication of plague locusts. Not once in His Excellency's Address did honourable members hear how much money is to be allocated for these serious rural problems. The truth is that Labor has little care for the rural sector; it is concerned only about the urban areas because votes for Labor do not lie in the country and, for that matter, they are fast disappearing in the city.

The Hon. J. J. Morris: That is wishful thinking.

The Hon. M. F. Willis: Obviously the Hon. J. J. Morris has not analysed the results of the Bankstown by-election that was held last weekend. It reflected a 10.4 per cent vote against Labor compared with the result at Bankstown in the last elections. By a miracle of mathematics the Premier and Treasurer attempts to turn that result into a 9 per cent gain. The Premier and Treasurer has gone on record as saying that the 1978 vote was an aberration of the people. That is how much confidence the Premier and Treasurer has in votes for Labor in metropolitan Sydney. In Labor's own heart-land, right next to the electorate of the Premier and Treasurer at Bass Hill, 10.4 per cent of the 1978 Government supporters deserted the Government. In the electorate of Murray the Opposition parties gained 3 per cent on Labor.

The Hon. C. Healey: The Liberal Party?

The Hon. M. F. Willis: No, the combined coalition parties. The Government should be concerned about a 3 per cent swing against it in the electorate of Murray and a 10.4 per cent swing against in heart-land Labor at Bankstown. No amount of mathematical manipulation can detract from the fact that the swing against Labor that started in the Castlereagh by-election is gathering momentum.

I shall refer now to some other aspects of the sterile Speech delivered on behalf of the Government. I refer to housing, which is an area in which this Government should be vitally concerned because it professes to be the political party that has the deepest concern for those in the greatest need. Despite the fact that this Government makes grandiose claims and condemns the federal Government for deficiencies in State housing schemes, in reality this Government has done little to improve welfare housing. Currently more than 30 000 people in this State are awaiting welfare housing, and by the end of the year the number is expected to reach 40 000. All honourable members know how empty are the Government promises. It claims that it will increase welfare housing over the next five years by a grand total of 7 000 building lots at a cost of $42 million, plus the State's special allocation of $20 million. Last week's Loan Speech provided honourable members with another classic example of how the Premier and Treasurer endeavours to trick the people. Consider this editorial in the Sydney Morning Herald:

Mr Wran appears to have hit on the ultimate accounting trick. It's called spending the same money twice.

Commenting on the fact that the $20 million that the Government allocated to welfare housing last financial year will be announced again this financial year, the editorial continues:

Perfect political economy! $40 million worth of kudos for $20 million of taxpayers' money. The Premier and his advisers apparently decided that the gesture was so magnificent that it belonged in both years.
I ask the Government how far that miserable allocation will go towards housing the 30,000 to 40,000 people in this State who are waiting welfare accommodation? Not very far. It is time the Government gave careful consideration to putting its money where its political mouth is and did something for these hapless people by having more welfare houses built. It should not put a miserable $20 million to political purposes to gain $40 million worth of kudos.

I turn now to public transport. Again this Government has a pathetic record. I remind the House how the Wran Government came to office in 1976. It was on the promise of fixing the public transport system in New South Wales. All honourable members will remember the strap-hanging commercials of the Premier and Treasurer coming down from Gosford. I wonder whether the Premier and Treasurer has been on a Gosford–Sydney train since then. Honourable members should remember the slogan “Let us get this State in shape.” Can the State Government really claim that by dividing the Public Transport Commission into the State Rail Authority and the Urban Transit Authority it has improved public transport? It took the Government four years to return, as if it were rediscovering something, to a system that was in force twelve years ago. Can this really be seen as an improvement in the public transport system of this State? It is simply another ploy on the part of the Government to attempt to hide its inefficiency and incapacity to deal with this area of responsibility, to hide the mushrooming costs to the New South Wales public of the public transport system, and to persuade the public that the system is adequate. It is not.

For any project to gain acceptance, it must have quality. Something more than photographs in newspapers of smiling bus conductors or drivers, or happy train crews, is needed to demonstrate to the public that the public transport system of this State is successful. A public transport system must be, first, efficient and, second, economically sound as an alternative to the use of privately owned transport. In New South Wales this is clearly not the case. Since the Labor Government came to office there have been two substantial fare increases, the most recent one by 20 per cent. Clearly, public transport is not regarded by the community as a reasonable alternative to the private vehicle. I could ask members when they last travelled by public transport or why they do not use it constantly. No doubt, the reply would be that they do not use public transport as it is inconvenient and not reliable.

We in this House are not unique. We are not set apart from the rest of the community. It is for the same reason that the community travels by private transport if possible. Let us look a little closer into this subject. Consider the inconvenience caused by the many transport strikes last year. During January of this year 171 peak hour trains had to be cancelled, and the estimate is that up to 54 per cent of all peak hour trains arrived late at their destinations. Approximately 15 per cent of all suburban train carriages are out of action each day because they need repairing. In the Governor's Speech it was stated that 100 new buses had been ordered for delivery in 1981.

May I remind members that orders for new buses were first placed in 1976 by a coalition government before the Labor Government came to office. That coalition government announced a programme of increasing public transport funding by $200 million a year, so this Government cannot take the kudos for it. It is little wonder that people prefer to drive their cars through peak hour traffic to be sure of arriving at their places of employment on time. The cost of running the State's inefficient transport system is tremendous. That cost must be met ultimately by one person only—I speak in the collective sense—the taxpayer of New South Wales. I have no doubt that in this year's Budget, which is expected to be introduced in the Parliament either tomorrow or in a
week's time, we shall see another magnificent example of accounting acrobatics aimed at proving conclusively to the people of New South Wales that the transport deficit has been reduced dramatically. Honourable members should watch out for it.

The person who pays through the nose for this inefficient transport system is the same person who is supposed to benefit from it, namely the taxpayer. In the 1978–79 financial year 485 000 working hours were lost through transport disputes, and the loss in wages to discontented public transport employees was almost $2.2 million. Similarly, the cost to the ill-serviced consumer was almost $4 million. We can only hope that the Government's plan to return the transport system to the way it was run twelve years ago will be effective. I have no doubt, however, that if the Government survives the next elections——

The Hon. J. S. Thompson: It will.

The Hon. M. F. Willis: Not if there is a 10.4 per cent swing against it. Should the Government survive another election I have no doubt that in due course we shall hear grand plans for a decision to consolidate the State Rail Authority and the Urban Transport Authority into one central body, and doubtless the Labor Party will then claim that the new body will centralize and co-ordinate administration for the better and more efficient operation of the State public transport system.

Since it came to office, this Government has done nothing substantial to cure the ills of public transport in this State. Let me again remind the House that better transport was one of this Government's great promises. In that respect it has failed miserably. I challenge any Government supporter to demonstrate to the House and the people of New South Wales in this debate how the Government has succeeded in fixing the public transport system.

What does one find in the Governor's Address about the most serious matter of crime? What appears is nothing short of pathetic. Recently a commentator on crime prevention, Arthur Burrows, a police scientist from Scotland Yard, in commenting on the state of crime control in New South Wales and Australia said:

We are going to be socially reoriented towards the fact that people are going to leave school early and not work for the first ten years of their adult life. This will be reflected in the workloads of the police.

These are indeed pessimistic words. However, they are worth stating. Whether the incidence of crime and social disintegration sinks to the depth Mr Burrows suggests is a matter of conjecture. Let us look at some of the indicators. Organized crime in Australia is estimated to be costing between $2,000 million and $3,000 million a year. New South Wales, the gambling State, can be considered to be the prime breeding ground of crime in Australia. This is evidenced by the number of prisoners in gaol, apart from the escapees. The statistics for April 1980 show that there are 3,544 prisoners in New South Wales gaols, or about more than twice the number in Victorian institutions, which have the next highest total of 1,784.

Recent statistics released in the journal of the Australian Institute of Criminology indicate that crime in New South Wales will cost approximately 5 per cent of total revenue. That figure takes into account the cost of prisons, crime prevention and detection, fraud and so on. However, it does take into account undetected crime which, as I mentioned earlier, is estimated to cost this country between $2,000 million and $3,000 million a year. These statistics may be compared with figures released by the United Nations in a publication in the early 1970's. It reveals that expenditure on what is called social defence ranges between 3 per cent and 10 per cent. Expenditure in New South Wales on this item is in the middle of that range.
However, simply because our expenditure on crime does not constitute a record at the international level is no reason why stronger anti-crime authorities should not be established in this country and particularly in this State. Members have seen the effects of Labor policies on crime. Almost every day bashings, armed holdups and the like are reported. Organized crime in New South Wales is completely disproportionate to the size of the population. Indeed, following the irresponsible repeal of the Summary Offences Act, this State has been called the Australian haven for criminals. This evening I was distressed to hear the Hon. R. D. Dyer try to defend that legislation.

The position will not alter while a Labor Government remains in office in the State, because the criminal elements in the community consider that the Government in New South Wales mollycoddles prisoners at the expense of decent citizens. Parklea prison is a classic example of that. The Government appears to be powerless to deal with organized crime. Being an optimist, and to some extent an idealist, I draw the attention of honourable members to the work of William Clifford, director of the Australian Institute of Criminology. I bring to the attention of the Government the constructive suggestions made by him and commend them to the Government for action. In 1978, Mr Clifford forwarded a proposal to establish a crime commission in each State, to be concerned with crime prevention and criminal justice planning. At the preparatory meeting for the sixth United Nations congress on the prevention of crime and treatment of offenders and at meetings of the United Nations committee of crime prevention and control, Australia, at the direction of Mr Clifford, suggested that statements of principle and guidelines should be formulated for the assistance of administrators and policymakers.

A State crime commission would encompass programmes designed to reduce the opportunities for crime, would co-ordinate and direct bureaucracies, would address itself to policy planning and prevention of crime and would serve as a central crime monitoring bureau. It would also be beneficial to the public and politically expedient if the Government accepted the Opposition's suggestion to set up a department of public prosecutions and a crime commission in New South Wales. There is no objectivity in the situation where a single Minister has the ultimate authority over prosecutions in the State. I commend the issue as one to which the Government should give most earnest consideration.

Is there anything as substantial as those suggestions in the Speech on the Government's policy? No. Just a few words were spoken about a police station that will be built at Penrith. That was the contribution of the Government to the crime issue, as conveyed to the Parliament and to the community through the Governor's Speech. A police station for Penrith—big deal.

The Hon. P. F. Watkins: And a police station at Sutherland.

The Hon. M. F. WILLIS: That is an even bigger deal. What effect will that have on the massive proportions of organized crime in New South Wales? That is an insult to the community which is gravely concerned about the march of organized crime, which is reaching into the highest levels of the State. The contribution of the Government is that it will build a police station at Penrith. More than that is needed. That piece of policy in the Governor's Speech is Gilbertian in the face of the ramifications of crime in New South Wales. Those ramifications have penetrated the Parliament, with the vicious bashing of one of our colleagues, the Hon. P. J. Baldwin. I am pleased to see him back in the House, apparently restored to a level of acceptable good health. What is the Government doing about that kind of thing? It is building a police station at Penrith. That will not get to the bottom of why the Hon. P. J. Baldwin, a politician in New South Wales, was bashed viciously
within an inch of his life while going about his political duties. The Opposition tried to do something about that in the House. What did the Government do? It swept it under the red carpet of the House.

It is now two months since the Hon. P. J. Baldwin was bashed. What has happened? Nothing. No suggestion is made of any arrest leading to the conviction of those who were responsible for the crime. It might not even have been the man who wielded the iron bar or used the knuckle-duster—other people could have been behind that crime. How far has the investigation proceeded in eight weeks? Those top police, to whom the Government have told honourable members to leave the matter and in whom we should have confidence, have been investigating the matter. I dare say that they are now no closer to making an arrest than they were eight weeks ago. It is in the interests of the Labor Party and of the Government that the matter be kept as low key as possible. That was manifested by the attitude of the Government to the move by the Opposition to appoint a select committee—with a Government majority on it—to inquire into the ramifications of that most serious incident. All that has happened—much on the fringe—has been the arrest of some petty Labor Party officials in inner city branches and a few local councils, for cooking the membership records of some Labor Party branches.

This is causing grave disquiet in the community and amongst those who are involved in local government and are facing local government elections next Saturday. It is a matter of disquiet that nothing has come out of police investigations of the bashing of the Hon. P. J. Baldwin. Widespread concern is felt in the community at the ramifications of that incident and the possible connection with highly organized crime and all the implications. The suggestions of connections with the drug scene run far deeper than the Government would like the community to believe. Grave disquiet is also felt in local government areas in metropolitan Sydney about the effects of the incident on the local government scene and in the wider political scene.

It behoves the Government to heed my suggestions that more is needed than just a police investigation of the bashing of the Hon. P. J. Baldwin. A desperate need exists for a wide-ranging judicial inquiry—call it a crime commission if you will—not tied, hand and foot, with restrictive terms of reference, but given a carte blanche by a Government that has the courage to give such a charter to an independent tribunal to inquire into, and put at rest, the disquiet in the community concerning organized crime and the ramifications of which the vicious bashing of the Hon. P. J. Baldwin was an isolated incident—serious as it was. I commend to the Government deep and careful thought on the issue. If Government supporters are not aware of it, I assure them that a high level of suspicion and disquiet is abroad in the community. The sweeping under the carpet that has gone on in the investigations to date is not good enough. The insult to end all insults is that in the Governor's Speech it was said that all the Government will do about crime in New South Wales is build a police station at Penrith.

Another glaring omission from the Speech was the lack of any kind of consolidated economic statement, except of course the usual one laying the blame at the feet of the federal Government. Clearly, the New South Wales Government has no idea where it is heading. The writer of the Governor's Speech preferred to dodge the main issues by referring to isolated areas in an attempt to hoodwink the public into believing that the economy of New South Wales is in a healthy condition. What are the facts? Is New South Wales indeed the premier State in business and economic activity? The answer is emphatically, no. This State is not in better shape, as the Premier and Treasurer promised it would be. Indeed, it is in far worse shape than when the Government assumed office in 1976. Before I discuss some aspects of the New South Wales economy let me review the methods by which the Premier and
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Treasurer has tried to capitalize. He capitalizes on federal innovation and at the same time monotonously blames the federal Government for the ills of this State. In his policy speech in April 1976 he said:

Now, New South Wales leads Australia, not only in the level of its taxes and the size of its public debt and its rate of inflation and its level of unemployment. The people of New South Wales deserve better.

A year later—Wran plus one—New South Wales genuinely had the highest unemployment rate in this country. More than 6 per cent of this State's total work force was then unemployed compared with a national average of 5 per cent. When asked to comment, the Premier and Treasurer is reported in the *Sydney Morning Herald* as saying this:

As a State Government, not possessing economic powers which determine the level of business activity or employment or inflation or weapons of economic management in the hands of the federal Government, the reason why New South Wales has the highest unemployment is plain. We are Australia's base for heavy industry and Australia's major base for manufacturing.

In the following two years federal economic innovations have had their effect. The Premier and Treasurer then changed his stance and said:

For the first time in nearly a generation, New South Wales stands once again as Australia's premier State—first in development, first in growth, first in progress.

No doubt he was claiming credit for the improvements in the unemployment and inflation, even though a year earlier he had argued that unemployment and inflation were completely beyond the Government's control.

The Hon. R. B. Rowland Smith: Another broken promise.

The PRESIDENT: Order! The Leader of the Opposition requires no assistance from his own members.

The Hon. M. F. Wells: Except their continuing loyal support, sir. That is the way in which the Premier and Treasurer and the Labor Party in this State operate, unlike the responsible federal Government which bites the bullet, faces its problems and initiates programmes. As such it is able to be judged on its achievements. But, as I said, the Premier and Treasurer prefers to stake his claim for federal achievements and blame the federal Government for all the ills of New South Wales. He can deceive many of the people most of the time but he cannot fool all of the people all of the time. Fortunately, 10.4 per cent of the electors in Bankstown whom he fooled in 1978 have now woken up to him. The citizens of New South Wales are becoming aware of the attitudes and the irresponsible policies of this Government.

Let us look at what economic shape this State is really in. An analysis of economic indicators demonstrates that New South Wales is well below average in virtually every area. New South Wales should be able to maintain the position of premier State because of its advantages in population and energy. As the Premier and Treasurer has stated, manufacturing is the most important industry in New South Wales and employment is heavily geared to it. Therefore it is necessary to maintain a favourable economic environment for manufacturing to continue and for unemployment to remain low. However, the facts are that New South Wales is experiencing virtually no growth. Of all the States New South Wales has the highest consumer price index—11 per cent compared to the national average of 10.2 per cent. So much for this State's being in better shape.
Unemployment for 16 to 24-year-olds has risen by more than 10,000 since 1976. Currently 123,000 persons are unemployed, 68,500 of whom are youths. This deplorable problem is generally fobbed off by this Government on to the federal Government as it again attempted to do in His Excellency's Speech. The Labor Government again simply blamed the federal funding for this evil. The Opposition hopes that the Government's promise to meet the urgent need for both vocational training and education in the computer field at relevant TAFE colleges will not remain unfulfilled and add to the endless list of broken promises of this Government. I stress that training youth in manual skills through apprenticeships and in intellectual skills through TAFE colleges will be of no benefit unless the Government provides the economic environment to encourage industry. There was none of that in the address from the throne.

I pray that there will be something in the Budget Speech to indicate that the Government will do something constructive to create a climate that will foster industry. I say that because events of the past have indicated that the Government not only does not encourage industry; it positively discourages it. A classic example of that was when an industry was driven out of this State with the closure of the General Motors-Holden's plant at Pagewood. A manufacturing industry was forced from this socialist State to the Liberal State of Victoria. How did this Government handle that problem? In its usual fashion. First with silence, closely followed by loud threats, then by inertia, and finally the good old standby—blame the federal Government.

Manufacturing, which should be the premier State's major industry, has gone out of this State to Victoria. How did the Premier and Treasurer handle that serious problem? First by threats. He threatened GMH that if it closed Pagewood the Government would not purchase any more Holdens. Later he cried that he "would not accept the closure of the plant". What childish tactics. How futile. It is just as well the Premier and Treasurer and this Government are not trying to run a business in the private sector, for they could not run a lolly shop. Yet they have been entrusted with responsibility of running this State. The closure of the GMH plant at Pagewood was written on the wall for a long time, but for four years the Government did nothing. What incentives did it offer to GMH to remain in New South Wales? None. Over those four years, like Mr Macawber, it wistfully hoped that something would turn up. It did not, and GMH left New South Wales. All that the Government did was rant and rave.

The only thing that can be said in favour of the Government, whether or not one could call it constructive, is that in the four years it has been in office it has employed an additional 24,000 public servants. In that same period a little more than 200 persons have been added to the private sector workforce. That is the way the Government has encouraged employment in New South Wales. It has added 24,000 persons to the public payroll, so that now out of consolidated revenue the Government must pay 24,000 persons who otherwise would be unemployed.

The Hon. Dorothy Isaksen: Is the Leader of the Opposition suggesting that they should be sacked?

The Hon M. F. Willis: I remind the Hon. Dorothy Isaksen that the Government came to office with a promise to reduce the public service of the State by 6 per cent, or 20,000 persons. In its four years in office it has increased the burden on taxpayers by adding 24,000 persons to the public payroll. In four years that has been the Government's only contribution to employment in New South Wales. It would have done far better to have turned its attention to producing some incentive that would encourage industry to come to New South Wales and to employ persons, in a
climate that is economically advantageous for the State and for industries that might come to the State. The message that the Government with its political philosophy cannot and will not accept is that the one thing that creates jobs in private enterprise is incentive. If the Government lacks one thing, it is incentive.

The enormous growth in the New South Wales public service means that New South Wales, albeit the largest State in the Commonwealth, now has a public service that is nudging the numbers employed in the entire Commonwealth public service. New South Wales has 333,880 public servants; the whole of the Commonwealth of Australia has some 397,000 public servants. The New South Wales public service is increasing at three times the rate of the Commonwealth public service. If that rate continues, the New South Wales public service will be bigger than the whole of the Commonwealth public service. If the Labor Government stays in office long enough, we shall be all employed by the State.

A classic example of the enormous increase in the public service and of the unrestricted public expenditure is the cost of the Premier's Department. In four years the cost of running that department has increased from $2.2 million to $5.2 million, or more than 250 per cent. That is the contribution that the Premier's Department is making to relieving unemployment in New South Wales. The principal issue that confronts New South Wales is that economically the State is not in better shape, but indeed is in far worse shape, than it was four years ago, because of mismanagement and extravagance in unimportant areas, and because of over-taxation. New South Wales has the highest taxes of any State in Australia, yet tomorrow the Premier will parade into the Parliament and proclaim that for the fourth successive year the Government has not increased State taxes. How can the Premier reconcile that with the fact that per capita the people of New South Wales must pay higher taxes than people in any other State of Australia? That fact is inescapable.

The State is not in better shape. Since the Government came to office it has relied merely on the veneer of its leader to sweet talk and hoodwink the public into cosy apathy. But 10.4 per cent of the public in Bankstown woke up to that. His Excellency's Speech, which was prepared by the Government, was barren and devoid of any positive ideas to overcome the problems of the State. That is typical of the Government. The Speech told us nothing. It rehashed some old promises and navigated round issues that concern New South Wales. It is an insult to the people but a greater insult to the Government itself. The people of the State must realize now the ineffectiveness of socialist government. The Hon. E. G. Whitlam proved that federally, and the Premier is doing exactly the same at the State level.

Without the Premier the Government is a sham. Slowly, but surely, the Premier is manipulating himself into the federal arena. The people of the State correspondingly are aware that he does not have the interests of the State at heart. His sole motivation relates to his own progression. I remind Government supporters of the Labor Party's second election slogan: Wran's Our Man. Does that not ironically sum up the situation? Mr Wran is the Government of this State. He is alleged to have said recently, when someone queried that something had been done in his absence due to illness, that the Government did not decide what had been referred to, but that Cabinet had decided it in his absence. That implied that Cabinet is not the Government; Mr Wran is the Government, or so he believes. More specifically, he is the Government's facade which closets the mass incompetence of the Labor ministry and the Government. Mr Wran is the individual who acts primarily in his own interests. Without his showmanship the Government is revealed for what it is—nothing.

[The President left the chair at 6.28 p.m. The House resumed at 8 p.m.]
The Hon. M. F. Willlis: I shall refer now to a matter included in His Excellency's Speech for which I have a responsibility—education. This vital area affecting the welfare of the children of New South Wales was dealt with in a mere sixteen lines of the Address. On 20th August, 1980, the federal Minister for Education, the Hon. W. C. Fife, in a ministerial statement in the House of Representatives announced that during 1980–81 federal expenditure on education would increase by 10 per cent. This means that federal funding will have risen by $260 million, bringing it to a total of $2,867 million. In the current financial year Government and non-government schools in New South Wales will receive $248,373,000 from federal grants.

The State Minister for Education and Vice-President of the Executive Council never refers to these figures. In his usual attempt to wash his hands of educational inadequacies in this State, one hears from the Minister that last year the federal Government reduced education funding by $41 million. May I remind the House that education in all States of the Commonwealth is primarily the responsibility of State governments. Those governments have a dual financial responsibility—to fund education from their own coffers and to distribute the federal grants. It is the New South Wales Government that chooses to starve the system, not the federal Government. It is the New South Wales Government that fattens its bureaucracy at the expense of the New South Wales taxpayer and at the expense of education in this State.

It is clear from the income that the New South Wales Government extracts from gambling in this State that it leads the way in encouraging gamblers to part with their money. Last year the New South Wales Government raised $234,500,000 from taxes on gambling. Why is not part of this revenue allocated to such a major field as education? Is it easier to blame the federal Government for any shortage of funds? Education is the fundamental responsibility of the States. They have always wanted it that way. The federal Liberal Government has not advocated centralism in education, nor has it wanted to encroach on the role of the States in education. I remind honourable members that in 1960 Sir Robert Menzies said:

The essence of the matter is that if the Commonwealth starts to interfere with educational policies of the States, with the way they go about their job in the educational field, that will be a very bad day for Australia.

I turn to expenditure by the New South Wales Government on non-government schools. The Government is ominously silent on this important issue. In December 1979 the Minister for Education announced an increase of 12.1 per cent in per capita payments for primary school students and a 15.1 per cent increase in funding for secondary school students attending non-government schools. My congratulations to the Labor Government of this State for the fact that students in New South Wales non-government primary schools are now the lowest funded in the whole of Australia. They are $19 a student below the second lowest funded State, and a massive $54 a student behind the highest funded State, which is South Australia. The same sorry story applies to secondary students attending non-government schools whose per capita funding is $54 below the highest State, namely, Western Australia. It reflects a poor situation that Australia's premier State should rank last in its funding for education in non-government schools. The December 1979 statistics indicate that it was expected that in 1980 there would be 223,000 students in non-government schools and 803,000 students in State schools.

Conservatively, it can be said that one in five students in this State attend non-government schools. However, the contribution to non-government schools in per capita payments this year will amount to a mere $48,500,000. In government schools this year there are approximately 517,800 primary school students and 285,000 secondary students. Grants per capita to those students from the State Government
amount to $880 a year for primary students and $1,530 for secondary students. Extrapolating those figures it can be seen that the cost to the State per capita for government schools totals approximately $892 million. As I said before, there are approximately 223,000 students in this State attending non-government schools, 128,000 being in primary schools and 95,000 in secondary schools. If these students attended State schools and were given equal per capital grants as the State schools are currently given, it would cost this Government annually approximately an additional $257 million. The State allocates $48,500,000 to maintain non-government schools, so the saving to the Government is approximately $208 million.

This later figure does not include savings in costs of teachers, buildings and maintenance, and the massive bureaucracy that a Labor government would require to be set up to administer a full State education system. Despite the fact that parents are moving their children from State to non-State schools, that the non-government education system is preferred by many to the State system, and non-government schools in New South Wales are the poorest in Australia, the Wran Government prefers to spend its money for education on other than non-government schools. I am not talking about wealthy private schools, a minority group that can survive without assistance. I am talking about non-government schools where fees are between $60 and $100 a term. The vast majority of these schools are Catholic parochial schools. Let us be clear that they are not the places where the wealthy and the privileged send their children.

Fees of $100 for each of three terms nowhere near make up the difference between the allocation given by the Government to State schools. Why parents send their children to non-government schools is a legitimate question. The answer is that primarily they are convinced that their children will receive a better education and, second, that they expect their children to glean the mores, which will benefit them socially and morally for the rest of their lives. Sir Robert Menzies, when Leader of the Opposition in Canberra in 1945, said while speaking on the church schools issue:

I have no hesitation in saying, as I have said many times in the course of my life, that religion gives people a sensitive understanding of their obligations. That is something which the world lacks at the present time.

I am not trying to promote the needs of non-government schools over State schools. Neither am I saying that their needs should take priority over the needs of State schools. But, the Opposition would be neglecting its duty if it did not point out to the Government the inadequacies of its present policies, which are starving non-State schools and making them inferior in their funding capacities.

In New South Wales there are 664 non-government schools and 2,228 government schools. That means that more than 25 per cent of schools are non-government schools. As I stated earlier, there are approximately 223,000 non-government school students and approximately 803,000 children attending government schools. That means approximately 28 per cent of New South Wales children attend non-government schools. I note with considerable interest that the Minister for Education took the Leader of the Opposition in another place to task for quoting that figure of 28 per cent. I believe he did so when replying last week to a question asked in the House by the Hon. Delcia Kite. I should be greatly obliged if the Minister in this place could enlighten me why that figure of 28 per cent is wrong, when it is obvious, by the most simple calculation, to establish that it is correct, as revealed in a press release of the predecessor of the Minister for Education.

The press release of which I speak was dated 11th December, 1979, and bears the departmental reference MG57. The Minister was the Hon. E. L. Bedford. By using a calculator to do the figure work one finds that 28 per cent of students...
in New South Wales attend non-government schools. Yet this Government contributes for them in *per* capita grants only 20 per cent of that allocated for government school students. It is significant that the Government lags behind all other State government in Australia is funding this vitally important supplement to education in New South Wales, non-government schools. It is high time that this State raised the standard of the New South Wales education system and restored the quality of education by increasing significantly the funding of non-government schools. It is *time* for all children, irrespective of their parents' beliefs, to receive an education that will benefit them *permanently*.

I believe, and I say it without equivocation, that the guiding principle in this matter should be that every child in this State should have equal opportunity of education and every parent should have freedom of choice of school system. That is not the position at present and it would well behove this Government to look to that matter most seriously. My comments should not be perverted into a tryst between government schools versus non-government schools. The fundamental issue is equal opportunity of education of the child and the freedom of choice for the parent as to the system of education under which that child will be educated. I want to direct my attention to another vexed area relating to education, the New South Wales system of examination assessment. This is a matter to which the Government and the Minister for Education should direct attention urgently.

On 25th February of this year the Minister for Education, at that time the Hon. E. L. Bedford, commented on the report of two educational experts, Dr John Keeves, director of the Australian Council of Educational Research, and Professor George Parkin, Emeritus Professor of Comparative Education at the University of London and formerly director of the New Zealand Council for Educational Research. The former Minister for Education said that the general system of examination awards was sound but the system was poorly understood by the community, employers, parents, teachers and candidates. The former Minister confessed that he himself did not have much of a grasp of the system. Doubtless that was the reason he favoured calling in the experts. He expressed the view that the system was sound and there was no reason for concern by the public. His words were most unconvincing.

Obviously the Minister for Education and Vice-President of the Executive Council has similar reservations but he is far more guarded on his views on this issue than was his predecessor. He has learned from the Premier and Treasurer that when a system has difficulties the preferred course is to remain silent, to have an inquiry or to hide the problem from the public. What is wrong with the system of examinations and assessment, apart from the fact that no one can understand what is done or received? The first recommendation of the Keeves–Parkin report was:

1. Increased effort should be made to explain as simply and as clearly as possible, the aims of the examination and the procedures employed to teachers, parents, candidates, the general public and the examinees themselves.

Dr Bailey Sims of the department of mathematics at the University of New England said it was a fine and useful suggestion. It will be interesting to have explained the final scaled marks that appear on the result slips when the scaled mark for an identical performance varies from year to year. It is clear that the method of marking higher school certificate examination papers does not produce acceptable loadings. Consequently unacceptable variations occur between marks allocated from year to year. That fundamental difficulty arises out of the marking system. Despite the confidence of the Board of Senior School Studies, the statistical procedures employed in the grading
of the high school certificate results do not produce acceptable loadings. This shows up as distorted subject rankings within schools. Subsequently, advantages are attained by some schools and students, balanced against the disadvantages of others.

There is no point in subjecting students to constant change. No advantage is gained in turning children and young adults into educational guinea pigs but it is necessary to ensure that the qualification received on graduation, whether it is a school certificate or higher school certificate, has some relevance and holds some weight with employers and institutions of higher education. In a word, the Government should introduce a structured curriculum which can be tested by public examination. A change to the higher school certificate and the school certificate must be made so that the school certificate will not automatically be regarded by all and sundry as a meaningless qualification. Loss of confidence in the New South Wales education system, whether it be justified or not, has sunk to the point where many large employer organizations now conduct their own examinations. Reintroduction of the public examination system would increase the motivation of students and would result in students having more realistic expectations.

Scholastic competition should be reintroduced. The higher school certificate does not convey enough information. The school certificate conveys virtually no information. In its Budget for 1979–80 the Government spent $404 million on secondary education. Education is worth that kind of expenditure but it is also worth spending a few additional million dollars on evaluating the benefits gained from the expenditure of that sum. In essence my comments on the field of education, which received a scant and meaningless sixteen lines in His Excellency's Address, relate to two matters. First, the Government needs to take a most serious look at the level of funding of the State's non-government schools. I do not say that in the context of the competition that went on previously—the rather sordid competition of Government versus non-government schools. Clear evidence is available that something like 28 per cent of the children attending schools in the State's non-government schools are receiving a disadvantaged education because the Government will not come to grips with the level of subsidized funding that the non-government schools require.

The Hon. H. J. McPherson: The level has not altered much over the years.

The Hon. M. F. Willis: It has increased about 5 per cent in four years. It needs to be increased further. I suggest that the Hon. H. J. McPherson do a check of the parochial schools in the areas of the State with which he is familiar. I should be highly surprised if he did not find significant waiting lists for people waiting to get their children into those schools. Such waiting lists are to be found in metropolitan Sydney. The issue of public funding of non-government schools must be measured against the principle I have stated, that every child is entitled to equal opportunity of education and that every parent is entitled to freedom of choice as to the system of education in which his children should be educated.

The second point I have dealt with on education is the widespread disquiet or dissatisfaction or misunderstanding—call it what one will—relating to the value of the school certificate and the higher school certificate. The Government should direct its most urgent attention to these matters. How does one give these qualifications the meaning which all sections of the community will understand? No point is gained by giving a certificate to a child leaving school that may mean the world to an education boffin, if the prospective employer to whom the child takes the certificate says that he does not understand it, as it does not tell him how good the student is or what that student can or cannot do.

The Hon. Marie Fisher: One can always ask the school principal.
The Hon. M. F. WILLIS: That would require the entire teaching staff to be called to the telephone.

The Hon. Marie Fisher: No, it would require contact only with the school principal.

The Hon. M. F. WILLIS: My point is that certificates must not be designed so that only highly professional educationists understand them. All sections of the community must be able to understand what they mean and appreciate their comparative values. I believe the Minister is alive to this dilemma for in the past few days he made a statement on changes in the school certificate. I can see considerable merit in those changes, but he has only scratched the surface of the problem of producing a certificate that is meaningful to the community. Since I took an interest in this area I have spoken to large numbers of teachers, students, parents and employers. When I have asked them what they think of the school certificate all of them, in one way or another, have said that it is a useless scrap of paper. The Hon. Marie Fisher, whom I concede is an expert in education, may shake her head in disbelief, but if people such as those I have mentioned make that kind of statement something is fundamentally wrong with the school certificate. Doubtless every honourable member at some stage of his education received a document called the intermediate certificate. Children were proud to get it. They and their parents and their potential employers understood precisely what the document meant. But the school certificate that a child receives after four years in secondary school means nothing to students, parents or employers.

Honourable members may shake their heads and ask, "Well, what is wrong with the school certificate?" It may have some meaning, but if people do not know what it means, something is fundamentally wrong. I beseech the Government and the Minister to examine the school certificate closely for I can think of nothing more demoralizing to the student population after giving four years of their time to secondary education, than receiving a document that they and the community believe to be an insignificant and almost worthless piece of paper. That is a terrible indictment of the form of qualification that we give to young people after four years of study. I implore the Minister to consider carefully what can be done to improve the system. The certificate should explain what it means so that students and parents will be proud that the child has received it and an employer will look at it and say: "Son: that is a great qualification. You can have a job because I understand what it means." I do not pretend to be an expert in this field, but I am aware that the school certificate is held in the lowest regard in the community. It is not worth the four years of time that students have to put in to obtaining it and the assistance and support that teachers and parents give them.

In conclusion, I revert to my original remarks. As a statement of Government intention and policy the Speech from the throne, which was prepared by the Government, is sterile and barren. It does not address itself to any of the problems of this State. It gives no inkling to the community of what the Government proposes to do about the critical problems of transport, education, the rural sector, the economic climate of the State, employment and, of paramount significance, what the Government proposes to do to restore the confidence of the community in the Government's ability to handle crime and all of the matters of integrity that go with it.

The Hon. J. J. MORRIS [8.37]: I rise to address myself to that part of the Governor's Speech relating to tourism. The present Government has a wonderful record in tourism. That record so embarrassed the Hon. N. M. Orr last Tuesday that he dug up the old corpse of penalty rates. I intend to bury it once again. He put all of the old arguments, but let me examine the fallacies on which they were
based. The honourable member said that hotel workers receive double time and triple time for work at weekends. That is not true. They have the same national standards as workers in other industries throughout Australia. They receive time and a half for work on Saturdays, time and three-quarters for Sundays and double time for bar staff for Sundays.

The Hon. N. M. Orr claimed that any large hotel operator will say that penalty rates are hurting the industry, but Mr Roger Kirby, managing director of Southern Pacific Hotels, which operates about fifty hotels and motels in Australia, denies that assertion. In February 1979 he said that his company could live with penalty rates. In fact, if all penalties were abolished, the cost of a room would fall by only 50c. Mr Kirby is not the only realist in the industry. Mr Bruce Smith, Western Australian president of the Australian Hotels Association, said last year:

The Australian Hotels Association believes that, in the current economic conditions and uncertainty in the market place, wisdom suggests we live with a system we understand and make no "grandstand plays" to satisfy some politicians or some industrial stirrers.

The president of the Australian Hotels Association gave figures showing that the productivity of Australian hotel workers is more than twice that of workers in Singapore, Hong Kong, Thailand and the Philippines, yet the Hon. N. M. Orr talks of inefficiency. That is nonsense. His final fallacy was that Australian room charges are higher than overseas. A survey conducted by my union revealed that room charges in Australia are cheaper than in other major hotels around the world. The union used the Hilton and Hyatt chains to ensure consistency in the comparison.

Last year the British Financial Times conducted a survey of international travel and hotel accommodation costs. Sydney was rated as number thirty-one in the world. It should be realized that in other countries involved in the survey no penalty rates are charged. So-called experts in the industry and politicians who claim to know the tourist industry make all sorts of statements but ignore the costs that are incurred by persons travelling overseas. No doubt many honourable members opposite have stayed in hotels in the United States of America. Some of them might have stayed in the Hilton Hotel or the Hyatt Hotel in California.

The Hon. R. B. Rowland Smith: In what part of California?

The Hon. J. J. MORRIS: I shall take as an example San Francisco. The Hyatt Hotel in San Francisco charges $US100 a night. To that charge must be added a 10 per cent surcharge and 4 per cent taxation. Opposition members have failed to mention that. The Hon. N. M. Orr did not tell the House about that during his contribution to the debate. He failed to mention also the high cost of overseas travel. He did not mention the federal Government's failure to take action to reduce internal air fares. If Australia is to attract tourists from other countries, the cost of air travel in Australia must be reduced. It is cheaper to travel by jet from Sydney to Singapore, to Bali and then to Western Australia than it is to travel first class from Sydney to Western Australia. That is a disgrace.

The Hon. F. M. MacDiarmid: It is much more fun to go via Singapore and Bali.

The Hon. J. J. MORRIS: It might be more fun, but I am concerned about the tourist industry in Australia and the people who work in it. Singapore and Bali might be attractive tourist resorts but the honourable member should have more respect for those persons who earn their living in the tourist industry. In 1979 the federal Government tried to initiate a campaign to abolish standards set by the arbitration system and to deny penalty rates to workers in the tourist industry. If the federal Government
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seeks to return to that arrangement it will cause similar problems to those that occurred in 1979 in the club and hotel industry when stoppages occurred in New South Wales and nationally. It is hypocritical for those persons who attempt to take from workers the standards for which they have fought in the industrial arena to criticize the trade union movement for opposing propositions that it believes not to be in the best interests of union members.

Instead of trying to attack workers, the federal Government should do something positive to attract tourists to New South Wales and to Australia. I congratulate the Minister for Sport and Recreation, Minister for Tourism and Assistant Treasurer on the introduction of the tourist industry development fund. Since its establishment about $6 million has been allocated for development and research. In 1979–80 some $250,000 has been allocated to assist regional tourist committees. For the first time a New South Wales Government representative office has been opened in New Zealand. The Government is doing something positive for the tourist industry. Under the leadership of the Premier and with the administration of the Minister for Sport and Recreation, Minister for Tourism and Assistant Treasurer I hope the tourist industry will continue to go ahead, as it has done over the past four years.

The Hon. F. M. MacDIARMID [8,45]: I reiterate my allegiance to Her Majesty, through His Excellency the Governor, Sir Roden Cutler. I express my admiration for the wonderful work that Sir Roden and Lady Cutler have done during the Governor's record term of office in this State.

Through you, Mr Deputy-President, on behalf of all honourable members I congratulate the Clerks and the staff of the House on the most efficient way that they have assisted honourable members in moving from their previous accommodation to the new parliamentary building. Honourable members have been treated with the courtesy to which they have become accustomed, and the move went smoothly. I thank them for their efforts.

All members of the community would be concerned that since it came to office the Wran Government has made the Governor's Speech so political. Traditionally the Governor's Speech was designed to set out the legislative programme of the government of the day. I regret that the Wran Government has placed the Governor in an invidious position. That practice should cease. The sooner we get back to the traditional role of the Governor's Speech, the better it will be. I noted that one journalist considered that the Premier would be an ideal replacement for Sir Roden Cutler. If that should ever happen, what sort of Governor's Speech could we expect? I suggest sincerely that the Governor's Speech at the opening of the Parliament should be returned to its traditional role. It is ridiculous that the Queen's representative should be placed in such an invidious position. Having listened to the contributions made by Government supporters, it is hard to realize that one is in the New South Wales Parliament. Almost without exception they have spent much time speaking about the federal Government.

The Hon. N. L. King: It causes a lot of trouble.

The Hon. F. M. MacDIARMID: The honourable member's colleagues have spoken of the great things that have happened during the Wran Government's term of office. I suppose they have become a little tired of hearing about the debacle in the mid 1970's when the Whitlam Government was in office. At least the Fraser Government has brought about an economic climate in which people from every level of society can make progress. Inflation is still a worldwide problem, but after the inflation rate of 17 per cent in 1975 the inflation rate of 10 per cent is at least acceptable by world standards.
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The Hon. P. F. Watkins: It might be to the honourable member, but I do not like it.

The Hon. F. M. MacDIARMID: I am sure honourable members would not want me to speak about South America, where the rate of inflation is 100 per cent, but in Great Britain, even under a Labor government, it was up to about 15 per cent or 20 per cent. The Fraser Government has created in Australia an economic climate in which people can make progress. The problem of unemployment also is worldwide. The Minister for Education and Vice-President of the Executive Council, in answer to a question, said that the Fraser Government set out deliberately to create unemployment and pursued policies that would bring about unemployment. By interjection, I disputed his statement. It is a falsehood that the Minister cannot justify.

The Hon. P. F. Watkins: What did Mr Fraser say in his policy speech when he took over from Mr Whitlam?

The Hon. F. M. MacDIARMID: He said, "We will reduce unemployment."

The Hon. P. F. Watkins: I think he said a little more than that.

The Hon. F. M. MacDIARMID: That is the substance of what he said.

The Hon. P. F. Watkins: Who does the honourable member blame?

The Hon. F. M. MacDIARMID: There are more people in work in Australia than in the history of the land. There are two million unemployed in Great Britain. Australia has 300,000 unemployed, and an immigration policy as well. By world standards Australia is doing quite well. No one of any political colour likes to see a person out of a job.

The Hon. Deirdre Grusovin: Unemployed people do not think they are doing well.

The Hon. F. M. MacDIARMID: Of course not. I do not think any person, whether a supporter of the Labor Party, the Liberal Party or the Country Party, or not a supporter of any political party—and there are such people in the community—likes to see a person who genuinely cannot get a job.

The Hon. Dorothy Isaksen: The Leader of the Opposition wants to see the public service reduced.

The Hon. F. M. MacDIARMID: He said that the private sector is not making progress under the Wran Government, which is a fact. He was arguing that because the public service was built up while the private sector was not making any progress. That is a feasible argument.

The Hon. N. L. King: Who writes these speeches for the honourable member?

The Hon. F. M. MacDIARMID: I write my own speeches; I do not have a speech writer like government supporters. Since the Fraser Government came to office the capital inflow into Australia has been staggering. Under the Fraser Government people gained confidence in Australia.

The Hon. N. L. King: It is the Wran Government.

The Hon. F. M. MacDIARMID: No. Under the Fraser Government there has been tremendous inflow of capital into the country. Some has come to New South Wales. Bucketfuls of English money are coming into this country.

The Hon. N. L. King: The honourable member must have listened to the Hon. D. L. Chipp yesterday at question time.
The DEPUTY-PRESIDENT: Order! The honourable member is entitled to be heard in silence.

The Hon. F. M. MacDIARMID: Thank you, Mr Deputy-President. The interjection from the honourable member is irrelevant. The Wran Government blames all its shortcomings on the Fraser Government. That has become like a broken record. I hope that honourable members do not hear too much more of it. Honourable members heard the Leader of the Opposition, in an eloquent speech, say that the Wran Government is a one-man band. That fact is accepted by the community. It is frightening how arrogant the Government has become in a short time, as is evidenced by its rushing the Local Government Areas Amalgamation Bill through the Parliament last week. There is no doubt that when the electors have a chance—and this has been revealed by the voters in Murray and Bankstown already—they will make known to the Government that they will not tolerate this type of action. The Government's inaction was almost unprecedented when it pushed through this House the bill to amalgamate county councils; not one Government supporter was willing to speak to it. That is shameful.

I refer to two matters in the Governor's Speech. Honourable members have heard already one or two honourable members refer to the tourist industry. Brief mention of this was made in the Governor's Speech when he said:

My Government is providing increasing support for approved tourist and tourist-related projects.

Unless the Wran Government makes some decision rapidly on the construction of a second airport or the extension of Mascot airport, tourists will not land in this city; but will go to Tullamarine airport in Melbourne. That fact must be faced by the Government. It would be logical to build a second runway at Mascot airport.

The Hon. D. R. Burton: It is a federal matter.

The Hon. F. M. MacDIARMID: That is so, but the federal Government cannot move unless it has the acquiescence of the Wran Government, as the honourable member knows. The Wran Government is hesitant to make this decision because it holds all the seats round Mascot airport and does not want to upset the electors.

The Mon. J. R. Hallam: It holds seats everywhere, and will continue to hold them.

The Mon. J. R. Hallam: Where does he live—at Moree?

The Hon. F. M. MacDIARMID: Time will tell. The Government must make a decision rapidly because Sydney will be losing out to Tullamarine, which is a 24-hour airport. Mascot will continue to have a curfew during the night. It is time that the Wran Government faced its responsibility and made a decision. Waving spoken with the federal Minister for Transport, the Hon. R. D. Hunt, I know that he is keen to get a decision on this matter. The logical thing is to put a second runway at Mascot.

The Mon. J. R. Hallam: Where does he live—at Moree?

The Hon. F. M. MacDIARMID: He does not live in Woollahra. The Non. J. J. Morris quickly defended the tourist industry and what is happening in hotels and motels at weekends. I ask him, why is it that Australia is one of the few countries—

The PRESIDENT: Order! The honourable member is not entitled to ask the Hon. J. J. Morris a question. He is not responsible for any department.

The Hon. F. M. MacDIARMID: I put it to the honourable member, why is it that Australia is one of the few countries in the world where one cannot obtain service in hotels and motels at weekends? There must be a valid reason. One can argue that the reason is that hotels and motels do not wish to employ staff at weekends because
it involves the payment of penalty rates. It is tragic that if one comes into Sydney, one of the great cities of the world—and I say that advisedly—and stays at one of the good hotels, like the Wentworth—

The Hon. J. J. Morris: The honourable member should name a hotel in which room service cannot be obtained on a Sunday. I ask the honourable member to name such a hotel.

The Hon. F. M. MacDIARMID: I have not said that room service cannot be obtained. I said that one cannot get general service. Service cannot be obtained in the clubs. If honourable members go to a private club in Sydney they have to serve themselves with a drink.

The Hon. F. M. MacDIARMID: I am a member of a club where I have to serve myself on the weekend. There must be justifiable reasons why service cannot be obtained in hotels and motels on weekends. In some hotels and motels one has to make one's own bed. That situation needs to be reviewed. It is a fact that many tourists are flying over Australia and proceeding to New Zealand. The cost of hotel accommodation and service in Australia is higher than in New Zealand.

The Hon. J. J. Morris: Where?

The Hon. J. J. Morris: Order! The honourable member is entitled to make his contribution without any assistance from either side.

The Hon. F. M. MacDIARMID: Where does the honourable member have to serve himself with a drink?

The Hon. F. M. MacDIARMID: I dispute that. In the Governor's Speech brief mention was made of what the Wran Government was doing for sport and recreation. I remember that when the Wran Government first came to office there was a great plug from the Premier and Treasurer and the Minister for Sport and Recreation and Minister for Tourism on how the Government would build an enormous sports complex at Homebush Bay at a cost of $72 million. The complex was to be run by the Government. It was not long before that idea was shelved.

The Government came in with a great deal of promises about what it was going to do for the sportsmen of this State, but in the end they turned out to be a lot of hoo hah. The Government said it would increase facilities for sportsmen in the metropolitan area and in the country. It said it would get more people involved in sport. Unfortunately, that did not happen. This is something the Government should look at and all the people in the community should give cognizance to, because Australia is losing its reputation as a great sporting nation. Our sportsmen are losing out in international competitions such as the Olympic Games. If we are not becoming a race of fatsos, certainly we are not as fit as we once were. I should like to see the Government inject money into a system to encourage more people to participate in sport.

During my time at school it was compulsory to have some form of physical education. Now it does not matter whether at school one plays sport or does not bother. That is a pity. My experience on the committee dealing with drug usage revealed that these days, when children get out of school, many go straight to milk bars or become involved in smoking or using pep pills, which leads to other drugs. It is a frightening story. I should like to see much more done in that area by governments of all political persuasions. Australians need to upgrade themselves as a sporting nation and to get back to the positions we once held. Participation in sport is also in the interests of national health.
It is interesting to note that many of our great sportsmen, such as rugby players and cricketers, came from country areas. They had to find their way to the great metropolitan areas to make their names in sport. In New South Wales they came to Sydney to make their way to the international level in sport. The Liberal–Country party Opposition is committed to increasing sporting facilities in country areas, and I should like to see the Government have the same commitment. If country people are given the chance of participating in developing increasing facilities for sport, I am sure they will jump at the opportunity. In southern New South Wales, as I am sure the Hon. H. J. McPherson would know, the people of Holbrook developed a wonderful sporting complex, which was financed by the Government and by local contribution in equal proportions. By any standards it is a first-class complex where people can play basketball and other sports. Holbrook has a population of barely more than a couple of thousand people, and the complex is something of which they can be proud. That sort of development should occur throughout the State. Such a complex as the one at Holbrook gives people the opportunity of improving their sporting ability and it keeps young people out of milk bars, hotels and clubs. I commend it as a fine example to the Government.

I have already spoken about tourism. One matter concerning tourism affects every member of this House and every person in the State and nation.

The Hon. D. R. Burton: The Prime Minister is our most famous tourist at present.

The Hon. F. M. MacDIARMID: Mr Fraser has not chalked up quite as many miles as the former Prime Minister.

The Hon. D. R. Burton: He has even bought two aircraft to do it.

The Hon. F. M. MacDIARMID: Tourism is vital to everyone in Australia. It is of importance to all thinking people in the community. It is a fact of life that, despite what the Hon. J. J. Morris said, a million Australians leave this country on holidays overseas every year. At the same time about 800 000 tourists come into Australia. This creates a worrying situation for the rural industry. The speed of modern travel with jet aircraft means that exotic diseases can enter the country. This is a very sensitive issue. If an exotic disease such as foot and mouth disease entered Australia, it would cause absolute havoc to the nation. Fortunately, we have never had it. Australia has an enviable record in quarantine precautions. Many agricultural diseases and pests which have caused havoc in other countries have never been known in Australia. However, the million Australians who leave the country on holidays each year and the 800 000 visitors who come to our shores are potential disease carriers. Australian quarantine officers make great efforts to ensure we do not have any of these diseases, but some people continue to enter the country with salami and other animal foodstuffs which can harbour exotic diseases.

The Hon. J. J. Morris: Perhaps the honourable member should put a bamboo curtain around the country.

The Hon. F. M. MacDIARMID: That is the sort of irresponsible remark I should expect from the honourable member. If we got one of these exotic diseases, national havoc would ensue. The honourable member might talk about unemployment at present, but he would have a great deal more to talk about then.

The PRESIDENT: Order! The honourable member should address the Chair and not engage in protracted dialogue across the Chamber. It would be of advantage to all if the honourable member were allowed to proceed in the manner he desires without interjections from either side of the House.
The Hon. F. M. MacDIARMID: No doubt many Australians have noticed in recent times a story on television and in the print media about the effect of an outbreak of exotic diseases in Australia. I speak particularly of foot and mouth disease. A recent study by the Canberra-based Bureau of Agricultural Economics revealed that an outbreak of foot and mouth disease would be likely to cost something like $2,500 million in the first year and a further $1,500 million in each of the next six years. That is the sort of problem we face if ever that disease enters this country. When this is compared with the total value of Australian livestock production in 1979–80, which was $6,087 million, of which $4,214 million was exported, the axe hanging over Australia's head can be easily seen. The figure represents more than 45 per cent of Australia's total export earnings.

Australia is a leading exporter of beef, mutton and wool. Statistics show that 50 per cent of the total international trade in meat is from Australia. This emphasizes the danger of foot and mouth disease, the disease with which we have to concern ourselves. The mere mention of the disease is enough to send chills down the spines of import policy makers around the world. I have here a map of the world. The areas in black are known to have foot and mouth disease. The areas in white, which include Australia, are where foot and mouth disease has not been known. The risk of this disease coming to Australia is increased by modern air travel and by people from the north coming here by sea, such as refugees from Vietnam and Kampuchea. They constitute a greater danger to Australian agriculture through the importation of exotic disease.

The Australian Quarantine Service sums up the subject of foot and mouth disease by saying that it is a disease of cloven hoofed animals, which include cattle, sheep, buffalo, pigs and goats. The disease is spread by contact or by the ingestion of animal food stuffs containing the disease. The introduction of such a disease would affect all meat production, including milk and other dairy products. Producers in the northern hemisphere are terrified at the thought of foot and mouth disease because it reduces livestock productivity and increases costs.

One of the oldest stud Hereford herds in the world was completely eliminated because of foot and mouth disease. The whole herd had to be destroyed. It had been in the same family from the early 1800s and it was heartbreaking for the family to lose such a herd, apart from the high value of the animals concerned. Australia's larger markets for livestock products are countries that are free from foot and mouth disease. They include countries such as the United States of America, Japan, Canada and the United Kingdom. They are the only major markets available for Australian meat. America will not take meat from South America, where foot and mouth disease exists, unless the meat is cooked. The policies of other countries would prevent the importation of meat from Australia. Many countries demand a full year of freedom from foot and mouth disease before resuming imports from affected areas.

Last year a scare took place in Tasmania. Fortunately in that case it proved not to be foot and mouth disease or any other exotic disease, but the farmer had all his pigs destroyed. He received compensation of $30,000, which was far from adequate. That sort of thing happens when scares occur. Australia relies on contributions to export earnings by the rural sector more than most other countries. Australia relies on its rural exports for 45 per cent of its income. The proportion for the United States is 21 per cent, for Canada 10 per cent, for France 15 per cent, for West Germany 5 per cent, for the Union of Soviet Socialist Republics 6 per cent, for the United Kingdom 8 per cent and it is 70 per cent for New Zealand.
According to the Australian Quarantine Service, it would be difficult to estimate the catastrophic effects that would follow the outbreak of foot and mouth disease in Australia. The service predicts that rural output could fall by as much as $2,500 million in the first year resulting directly from the immediate closure of many overseas markets to our products and price reductions in other markets. In following years, industry transfers and adjusted production patterns could reduce losses in rural output to $1,700 million a year. Export earnings by the beef industry alone would fall by at least $1,000 million a year, with an estimated total reduction in the value of output for that industry over an 8-year period of $9,300 million. The figures are frightening. Reduced rural export earnings would have substantial balance of payments implications. That would place great pressure on Australia's currency and necessitate extensive fiscal or monetary measures.

As an infected country, Australia would have to face vigorous international competition or limited markets from lower cost South American countries in meat and meat products. The reduction in farm output incomes would substantially depress rural and regional employment and development, with consequential effects on the Australian economy. The Hon. J. J. Morris should digest all that. The effects in the rural sector could be minimized only by massive government financial intervention, with further resource distortion, in the form of control and eradication funding, compensation, credit and direct payments for farm support or adjustment, retraining and extension.

The Australian Quarantine Service points out that experience in Australia after the bluetongue virus discovery in the Northern Territory demonstrated the speed and nature of international reaction to be expected on the outbreak of a major disease. More than forty countries imposed prohibitions or restrictions on Australian livestock and products, many of which are not vehicles for bluetongue disease transmissions. An immediate reaction follows a scare. A similar overreaction may be expected should foot and mouth disease occur. One could expect wool of all types and leather to be implicated initially. The bluetongue incident also clearly indicated that, in terms of international trade, a foot and mouth disease outbreak, wherever it occurred, would implicate all Australian livestock production irrespective of location. Eradication of the disease could prove a most difficult task, again depending on the location, given the extensive farming methods that are employed. Vaccination could prove equally difficult as a control measure.

Australia's quarantine record relies on its strict policies and practices, which are amongst the most stringent in the world, and its geographical position. It is rather a bore for international travellers to have the aircraft in which they travel sprayed. If those travellers came from a farm overseas they have their boots or shoes confiscated and fumigated. That is necessary. The standard must be maintained. Australians who travel abroad and visit a farm should fill in the white card honestly because the risks to Australia are horrific. There can be no guarantees that Australia can maintain its present situation. The strictest policies in the world provide little protection against an irresponsible traveller who can place Australia's huge agricultural income at risk by an illegal importation. Bitter experience overseas amply demonstrates the significance of illegal entry in the international spread of agricultural pests and disease. I commend the Australian quarantine service for the job it has done up to this time. Though it may prove inconvenient for international travellers, quarantine protection must be observed because it is vital to Australia.

Today the Hon. B. J. Unsworth asked a question which doubtless is of concern to all honourable members and to the public at large. Repeal of the Summary Offences Act by the Wran Government has caused a fall in standards within the community.
The Hon. Delcia Kite: Rubbish!

The Hon. F. M. MacDIARMID: Then let me quote from a letter published in the *Sydney Morning Herald* yesterday. Before doing so, might I say that I have observed what is happening in the Kings Cross area, one of the famous places in Australia. Prostitution is not only becoming more widespread; it is also becoming open and prevalent. Any woman who steps into Kings Cross these days can be propositioned. That is a fact of life, and it is a blot on our society. The letter is headed, "Getting out of Kings Cross" and is written by Philip Luker. He writes:

>SIR, The Attorney-General, Mr Walker, says (Herald, September 11) that he has yet to find a policeman in NSW who has anything but praise for Section 5 of the Offences in Public Places Act, which partly replaced the Summary Offences Act.

Why then, did two detectives from Darlinghurst Police Station visit my office in King Cross six weeks ago, to thank me for sending a telegram to the Premier, Mr Wran, saying my staff and I were leaving Kings Cross mainly because the abolition of the Summary Offences Act has made it so objectionable?

The detectives told me it was now very difficult for them to arrest anyone for objectionable behaviour in the street. Judging from the way Kings Cross has rapidly become worse than 42nd Street in New York or the back streets of Soho in London, they were speaking the truth.

My staff and I, now moved to Surry Hills, are happy to be unmolested by prostitutes, alcoholics, drug addicts, and the yahoos who apparently believe every woman walking in Kings Cross in daylight is looking for sex.

We bequeath the once-attractive village of Kings Cross to these people and the declining number of residents and businessmen who can put up with it.

If that is rubbish I shall give a garden party. The Opposition has openly criticized the repeal of the Summary Offences Act. Opinions such as the one I have quoted are becoming more prevalent in the community. Not only police but citizens as well are concerned at the decline in standards. It is unacceptable and the Government should do something about it.

Though I do not claim to be an educationist, I should like to comment on a matter that was dealt with by the Leader of the Opposition. I have put four children through school and they have been used as guinea pigs. The problem goes back to the Wyndham scheme, which I opposed. As the Leader of the Opposition said, the old system under which children did three years at secondary school and sat for the intermediate certificate, and a further two years and sat for the leaving certificate or matriculated and went on to university, was adequate. In those days the intermediate certificate was worth something and was a lead into many skilled jobs. The children of today are staying at school longer and are not going into trades where they are desperately needed.

I was told on extremely reliable authority that when the North West Shelf commences operations vast numbers of welders will have to be imported from other countries on salaries that are likely to be astronomical. Australia is simply not producing sufficient skilled workers. The federal and State governments are trying to encourage more people into trades, but something must be done urgently. Trades offer many opportunities in this country. It is a pity that because insufficient skilled workers are being trained here they will have to be brought from overseas. Governments of all political colours should look at that aspect of education as a matter of urgency.
When the Liberal and Country party Opposition returns to government it will inject much more money into the areas of which I have spoken. It is committed to providing more money for women in sport, upgrading the Sydney Cricket Ground complex, and creating more employment in the tourist industry. Finally, I submit to the Government again that it should make an early decision on the Sydney (Kingsford Smith) Airport.

The Hon. P. S. M. PHILIPS [9,23]: I join with other honourable members in asserting my loyalty to the person and office of His Excellency the Governor. New South Wales is fortunate indeed to have a Governor of the calibre of His Excellency Sir Arthur Roden Cutler. We very much regret that his term of office will end shortly after a record period. I most sincerely commend you also, Mr President, for the manner in which you carry out the duties of your high office. In addition, I commend earlier speakers for their significant contribution to this important debate.

The Government, through His Excellency the Governor, offers the electors of New South Wales a vast number of programmes and policies. The Government's budget and loan programme will in due course be introduced into this House and we shall then learn how those programmes are to be financed. I propose in this address to draw attention to the inordinate increase in the growth of the government sector in Australia over recent years and, so far as statistics permit, in New South Wales, arising from governments of all political persuasions offering more and more by comparison with the modest increase in the growth of the private sector. I shall be quoting liberally from a recent publication, Government Regulation in Australia, of the Confederation of Australian Industries.

I shall then deal with the effect on the capital market of the steadily increasing demands by the public sector in the light of the impending natural resources boom. In this regard it should be noted that the forecasts of State resource borrowing plans submitted to the 1980 federal Loan Council totalled $7,000 million for the 1980's—at June 1980 values—of which $600 million was approved for borrowing in 1980–81 by the States alone. I shall point out that at present the increased demands stem primarily from the States, including New South Wales, and including borrowings by semi-government and local government authorities, rather than from the Commonwealth. These demands are necessary to assist to pay for the comprehensive programme announced on behalf of the Government by His Excellency, and also to pay partly for other expanding State programmes. First I quote from the publication I have mentioned:

It appears that the size of Government (has) in fact experienced remarkable growth over the last decade. For example:

In all the major characteristics examined, the growth of the government sector has greatly outstripped private sector growth. This can be illustrated by the following selection of percentage growth rates by the government sector during the 1970's (equivalent private sector growth rates are given in brackets):

- Total expenditure plus 298 per cent (plus 132 per cent).
- Capital expenditure plus 150 per cent (plus 90 per cent).
- Sales of securities plus 215 per cent (plus 8 per cent).

The confederation's table on growth in government and private sector outlays is particularly telling. I seek leave of the House to have table "A" incorporated in Hansard.

Leave granted. [See Addendum I.]
Addendum I

TABLE "A_4"

Growth in Government and Private Sector Outlays: 1969–70 to 1978–79

<table>
<thead>
<tr>
<th>Item</th>
<th>1969–70</th>
<th>1978–79</th>
<th>Increase per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Federal Government Expenditure (1)</td>
<td>$7,542</td>
<td>$30,008</td>
<td>+298</td>
</tr>
<tr>
<td>Total general outlays of all public authorities (Federal, State and Local)</td>
<td>$8,649</td>
<td>$32,142</td>
<td>+272</td>
</tr>
<tr>
<td>Total national consumption expenditure and savings</td>
<td>$26,816</td>
<td>$93,205</td>
<td>+248</td>
</tr>
<tr>
<td>Total expenditure on Gross Domestic Product</td>
<td>$29,733</td>
<td>$101,633</td>
<td>+242</td>
</tr>
<tr>
<td>Private final consumption expenditure</td>
<td>$18,234</td>
<td>$60,547</td>
<td>+232</td>
</tr>
<tr>
<td>Total outlays or corporate trading enterprises</td>
<td>$4,325</td>
<td>$10,021</td>
<td>+132</td>
</tr>
</tbody>
</table>


Footnote:

(1) This item covers all Federal Government expenditure, both through and outside of the budget.

The Hon. P. S. M. PHILIPS: The very essence of our economic philosophy as Liberals should be that as little as possible of the nation's resources should be claimed by governments and that individuals ought to have maximum freedom to dispose of their income as they see fit. The fundamental differences on economic matters between Liberals and our opponents in Australia today should be about the total claims made by governments and their agencies through taxation and borrowings on the nation's resources. Where does Labor stand on this issue? The Hon. F. Crean, the former Labor federal Treasurer, made Labor's aims plain in successive budget speeches. In his 1973 Budget Speech he said:

... the whole thesis of the Government's policies requires that there be some increase in the share of resources going to the public sector.

Again, in his 1974 budget he said:

... The relatively subdued conditions in prospect in the private sector provide the first real opportunity we have had to transfer resources to the public sector.

Between 1972 and 1975, as we know, a fundamental shift took place in the balance between the public and private sectors in Australia, with catastrophic results for the latter. Nothing has changed in the intervening years. Mr Hayden put his position clearly in his F. E. Chamberlain lecture in 1979 when he said:

The challenge to traditional democratic socialism has been expressed in a number of deeply dispiriting doctrines.

Mr Hayden went on to identify these deeply dispiriting doctrines:

One example, is the rapid spread of philosophies based on lower taxes and smaller government... This sort of approach strikes directly at the conventional democratic socialist notion that equality and equity can only be assured by a stronger public sector.
His colleague, the federal shadow treasurer, Mr Willis, echoed a like sentiment in his 1978 address to Labor Party economists in Queensland:

If Labor does not gain office next election, then by 1983, when we could next hope to gain office, we would face a mammoth task in rebuilding the public sector—and maybe an equally mammoth task in convincing the electorate that it should pay a higher level of tax to enable us to do so.

The New South Wales Labor Party has the same objectives as its federal Labor brethren. The State platform of the New South Wales Australian Labor Party contains this statement:

The Australian Labor Party (New South Wales Branch) seeks to develop socialist policy in the following ways:

(B) Expansion of the public sector of the economy:
   (i) by nationalization where appropriate and necessary;
   (ii) by the establishment of Government economic enterprises;
   (iii) by planning of economic development.

A crude measure of the expansion by the Government can be gleaned from employment figures. In a speech to the Liberal Party convention on 2nd August last the Leader of the State Opposition said:

There is no clearer or more precise example of the growth of bureaucratic control in this State than what has happened in employment over the last four years.

From March 1976, when Labor won government in New South Wales, to February 1980, the total increase in the number of jobs in the private sector was 200. That is, in the shops, factories, banks, offices and firms of this State, only 200 more jobs after four years of Labor Government. In the same four years, the increase in the number of public servants in New South Wales was an incredible 24,600. For every new private enterprise job there's been employed 123 public servants.

The Government's programme as stated by His Excellency continues the trend towards bigger government, which will have to be financed partly by injections of more taxpayers' funds and bigger loan raisings. The Government says proudly that a major factor in the superior performance of the New South Wales economy has been the Government's insistence upon maintaining a high level of capital spending despite heavy cutbacks imposed by the federal Government. Apart from considerations of Liberal philosophy, why is that a bad thing in capital market terms? I shall attempt to explain, in the context of the impending natural resources investment boom, what is likely to happen if the State and federal governments continue to apply excessive pressure to the capital market. To understand that, it is necessary first to consider what has happened in recent years. I shall refer to what was said by Mr Bain of Bain and Company:

The grand total of annual government raisings both semi and commonwealth has increased nearly tenfold in the ten year period 1969–1979, as attempts were made to maintain expenditures in the face of mounting opposition to increasing tax burdens and printing money. The semi-governmental authorities, including Telecom and other government authorities made up 60 per cent of this increase with the balance of 40 per cent being commonwealth securities.

By States the figures for semi-government and local government borrowings from 1976–77 to 1980–81 taken from table 90 of paper 7 of this year's federal Government Budget are as set out in table B of the federal Budget papers. I seek the leave of the House to have table B incorporated in Hansard.
Governor's Speech: Address in Reply—16 September, 1980

The PRESIDENT: Order! Is there any objection to the table being incorporated in *Hansard*?


The PRESIDENT: Order! As objection has been taken, leave is not granted.

The Hon. P. S. M. PHILIPS: Table B is as follows:

<table>
<thead>
<tr>
<th>Semi-Government and Local Authority Borrowings, 1976-77 to 1980-81 ($ thousands)</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Victoria</td>
<td>Queensland</td>
</tr>
<tr>
<td>New South Wales</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1976-77</td>
<td>301,108</td>
<td>347,547</td>
</tr>
<tr>
<td>1977-78</td>
<td>427,245</td>
<td>45,245</td>
</tr>
<tr>
<td>1978-79</td>
<td>472,671</td>
<td>382,877</td>
</tr>
<tr>
<td>1979-80</td>
<td>382,671</td>
<td>563,275</td>
</tr>
<tr>
<td>1980-81</td>
<td>382,671</td>
<td>563,275</td>
</tr>
</tbody>
</table>

**Note:**
- (a) See the Preface under the heading "Pre-War Programme for State Author-ies". Borrowings by larger authorities exclude special purpose issues approved by the London Council in June 1980 subject to an national programme for re-scheduling of proposals.
- (b) See the Preface under the heading "Pro-gramme for State Author-ies". Borrowings by larger authorities exclude special purpose issues approved by the London Council in June 1980 subject to an national programme for re-scheduling of proposals.
- (c) Totals estimated by the Commonwealth and State Treasuries.
These tables, of which there are two, demonstrate the degree to which State Government borrowings in particular have grown, despite the monetary discipline exercised by Canberra through the Loan Council. A year ago the maximum rate approved by the Loan Council for semi-government public loans of four to nine years maturity was 10.4 per cent. Since then this figure has increased to 12.2 per cent and recently was reduced to 12.0 per cent. The rate for private semi-government loans with maturities of four to nine years reached a maximum of 12.5 per cent, before edging back to 12.4 per cent. However, currently the market yield of these securities is 12.7 per cent. The effect of these high government guaranteed returns, coupled with a veritable flood of semi-government issues over the past two to three months as these authorities seek to obtain their borrowing requirements for their 1980–81 works programmes, has been to crowd out of the market corporate borrowers, some of whom, such as banks and building societies, have interest rates fixed by governments at levels which reduce their ability to compete with semi-government borrowings. This tendency to crowd out must be causing the building society movement considerable concern. According to the Australian of 14th August last, building societies are reporting that funds are being withdrawn from building societies to invest in semi-government securities.

One effect of unchecked increases in government borrowings in the recent past is the vicious cycle of maturing debt with which the government sector is faced in the years immediately ahead, in addition to filling its allocations. This position had been exacerbated by the federal Government's unrealistic method of fixing maximum underwriting fees on public semi-government loans, irrespective of the maturity period of the subscription, as a result of which any shortfall in public subscriptions to a semi-government loan in the past was almost invariably taken up in 4-year stock. Also, in the wholesale market, underwriters were able to offer clients a higher yield on 4-year stock than on longer maturities. Fortunately this system has recently been replaced by a more sensible system of maximum underwriting fees on public loans, which increases in relation to the length of maturity of the subscription. However, as a result of past practices, the government sector is faced with a terrifying mountain of debt maturing within the next few years. Mr Dominguez of Dominguez and Barry estimates the quantum of this debt. I seek permission to have table C incorporated in Hansard.

The Hon. H. J. McPherson: On a point of order. I realize that I am on fairly flimsy ground, but I have taken the point of order rather than raise an objection. The Hon. P. S. M. Philips is not entitled to have so many things incorporated in Hansard that are not freely available to all honourable members during the debate tonight. When a member wishes to include three parts of his speech—and a fairly repetitious and boring speech it is—in Hansard, it has the effect of, first, denying members the right to debate what he is saying before Hansard comes out in twenty-four hours’ time; and second, it has the effect of making his speech read and sound a lot better than it is.

The Hon. P. S. M. Philips: I submit that there is no point of order.

The Hon. R. B. Rowland Smith: The Hon. P. S. M. Philips is trying to incorporate this table in Hansard to prove points he has already put forward. Surely this ought to be admissible for incorporation in Hansard. Surely it is not necessary to have this material distributed, as the Hon. H. J. McPherson suggests. The figures are straightforward, as I understand them, and I do not see why there should be any objection on the part of the House to the incorporation of the document in Hansard.

The PRESIDENT: Order! The honourable member has sought the concurrence of the House to the incorporation of certain material in Hansard. Past practice provides for that to be done but only if there is no objection to the course. Should
there be even one objection, in accordance with precedent set by an illustrious prede- 
ecessor of mine in 1958, if a member desires to have material included in Hansard 
he must read it. However, the practice has been that if there is no objection the 
member responsible for the authenticity of the document sought to be incorporated is 
entitled to ask for its incorporation. If there is one objection he fails in his request.

The Hon. H. J. McPherson: In the interests of all honourable members and 
in maintaining the procedure we have hitherto adopted, it is not my intention on this 
ocasion to object.

The President: Is there any objection? There being no objection the 
honourable member's request is granted. May I suggest to the honourable member that 
when he is seeking to include some detailed material in Hansard he should enunciate, 
at the outset, the source of the documentation he seeks to have included. I am sure 
the honourable members would not encounter difficulties over the material incorporation 
if other honourable members were aware of its source. If the honourable member 
quotes the authority, the title, the page, and so on, so that other honourable members 
may readily check the material when not more than one copy is available, that may 
prevent difficulties. I know that the honourable member has presented a document 
of which copies were not freely available. Some members may wish to make a 
contribution to the debate by refuting or dealing in some other way with the figures 
presented. With due respect, I feel that the honourable member is making a rod for his 
own back in proceeding in the manner he has sought to follow.

Leave granted.

[See Addendum II.]

Addendum II

Maturing Government Loan Obligations (Domestic Only)

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Semis</td>
<td>$750</td>
<td>$910</td>
<td>$1,080</td>
<td>$1,310</td>
</tr>
<tr>
<td>Federal</td>
<td>$2,245</td>
<td>$1,493</td>
<td>$1,601</td>
<td>$2,086</td>
</tr>
<tr>
<td>Total</td>
<td>$2,995</td>
<td>$2,403</td>
<td>$2,681</td>
<td>$3,396</td>
</tr>
</tbody>
</table>

The Hon. P. S. M. PHILIPS: Thank you, Mr President for your helpful 
ruling. Mr Dominguez of Dominguez and Barry estimates the quantum of this debt as 
shown in Addendum I, or table C as it is known. Mr Dominguez goes on to point 
out that already there are signs that in preparing to intensify the attack on the market 
place, government borrowers, both Commonwealth and State, or semi-government, are 
eying the short term market as a legitimate and lucrative additional source of permanent 
loan funds. The massive injections onto the market of short term paper over the last 
year by the Australian Wheat Board confirm this. On a more modest scale, Telecom 
has also been allowed, in a relatively recent innovation, to issue short term paper. 
Also, the semi-government sector is apparently receiving a degree of engagement— 
tacit or otherwise—from Canberra, to enter for the first time areas of short term 
borrowings such as promissory notes and even supplier credits where the average term 
can certainly be less than the present 4-year minimum prescribed by Loan Council.
Simultaneously, for the first time in more than forty years, semi-government authorities are being given limited access to overseas loan markets for infrastructure needs. This concession was of great significance because it seemed to represent an acknowledgement by the Government that the local loan market was inadequate to satisfy fully the demands of the State authorities. Such overseas borrowings, if not hedged, create a disturbing potential for foreign exchange losses, a danger only too familiar to the federal Treasury with its experience of the currency losses of both Qantas and TAA airlines. Although not large at present, the Commonwealth Treasury view is that oversea borrowings by State authorities will have the effect of creating a potentially dangerous source of increase in domestic money supply.

It is little wonder that the federal Treasurer expressed concern in the 1979 Budget Speech at the flood of government paper onto the loan markets. Unfortunately, as yet, apparently he has not been able to do much about the underlying cause of the problem. According to what is stated by the Sydney Morning Herald on 9th July, 1980, to be a confidential report by the federal Treasurer prepared for the last Premiers' Conference, Mr Howard said at that time that the recent infrastructure programme by the States had major implications "for public sector expenditures as a whole and for the total public sector borrowing requirement and therefore for our overall economic policies, and particularly, for our monetary policies." He pointed out that if all the States' bids were accepted, the annual rate of borrowing would be over $1 billion in 1981–82 and 1982–83. He went on to warn:

Such large annual borrowings will inescapably require major adjustments to other areas of policy, including cuts in other borrowing programmes, if they are to be accommodated.

They also imply very large public sector calls on resources in direct competition with private sector demands associated with major resource development projects about to take off.

Returning to one of the main thrusts of my speech—the excessive pressures on private sector borrowing resulting from competition for funds by the public sector—I direct attention to the Confederation of Australian Industries' table, which gives details of the growth in money raising by the Government and the private sector, regretfully only up to 1976–77. I seek leave for that table to be incorporated in Hansard.

[See Addendum III.]

The Hon. P. S. M. PHILIPS: According to the Confederation of Australian Industries the implications of Addendum II, or table D as it is known, are first, if the growth in government borrowings has been financed largely through the capital market, it is clear that private sector borrowers are now facing massive competition from public authorities in terms of bidding for funds. The consequences for interest rates, and the undersubscription of private sector issues, are obvious. Second, if the growth in government borrowings has been largely financed by printing press operations, the impact would primarily have been manifested through inflation, again with obvious consequences for the private sector. Whatever the cause and effect linkages, it is clear that financing operations by government authorities have grown remarkably during the 1970's and they have, for example, swamped new money raisings by listed companies, with presumably substantial underlying effects on private sector financial operations.
It seems highly likely that a consequence of the Government’s programme being debated today, when added to the programmes of the other States in particular—the Commonwealth has reduced its demands on the capital market over recent years and will again this year as I will show—is that the public sector as a whole will continue to make further inroads into domestic capital markets and compete with the private sector for overseas savings just when demands by the private sector will be escalating markedly. Fortunately, present indications are that because of the Commonwealth Government’s domestic surplus this year general public sector borrowing requirements will be roughly the same as last year.

Addendum III

Growth in money raisings by Government and the private sector 1973–74 to 1976–77

<table>
<thead>
<tr>
<th></th>
<th>(A) Listed companies new money raised</th>
<th>(B) Net sale of securities in Australia by Australian public Authorities</th>
<th>(C) (A) as a ratio of (B)</th>
<th>(D) Increase in money supply (M)</th>
<th>(E) (A) as a percentage of (D)</th>
<th>(F) (B) as a percentage of (D)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973–74</td>
<td>1,555 $m</td>
<td>1,256 $m</td>
<td>1.24:1</td>
<td>3,162 $m</td>
<td>49 per cent</td>
<td>40 per cent</td>
</tr>
<tr>
<td>1974–75</td>
<td>1,120 $m</td>
<td>2,540 $m</td>
<td>0.44:1</td>
<td>3,789 $m</td>
<td>30 per cent</td>
<td>67 per cent</td>
</tr>
<tr>
<td>1975–76</td>
<td>1,427 $m</td>
<td>3,978 $m</td>
<td>0.36:1</td>
<td>3,942 $m</td>
<td>36 per cent</td>
<td>101 per cent</td>
</tr>
<tr>
<td>1976–77</td>
<td>1,681 $m</td>
<td>3,950 $m</td>
<td>0.43:1</td>
<td>3,460 $m</td>
<td>49 per cent</td>
<td>114 per cent</td>
</tr>
</tbody>
</table>

Footnotes:
(1) In share capital, debentures, registered notes, loans and deposits. Source: New Capital Raisings by companies listed on Australian Stock Exchanges, ABS, Canberra, various issues.
(2) Source: Table 41, Australian National Accounts, National Income and expenditure, 1977–78.

The Hon. P. S. M. PHILIPS: The borrowing requirements of Commonwealth Government and Commonwealth statutory authorities are estimated at $1,934 million compared to $2,353 million last year. The State and local authorities borrowing requirements in 1980–81 will be $2,452 million—up from $2,162 million last year. This pause overall in Commonwealth Government borrowing requirements merely serves to emphasize the growth in State and local government borrowing. Already, according to the National Bank’s newsletter of 4th August last, figures released concerning infrastructure projects by government and public authorities suggest that some bunching up in the early part of the 1980’s may cause problems. This will, of course, compound the problem.

In New South Wales alone, according to the Government only six months ago, development projects of the order of $10,000 million are planned for commencement in the eighties. However, this figure has already been superseded very dramatically in that, according to a detailed study by the New South Wales Department of Industrial Development and Decentralisation, issued at the end of August, the value of major development projects planned for New South Wales during the eighties is now $18 billion. Though these figures refer to total developments, it seems reasonable to deduce that infrastructure projects by government and public authorities will rise
proportionately. As compared with Government plans, we now know from figures issued last week by the Bureau of Statistics that businessmen expect their investment spending in the second half of 1980 to be 21.5 per cent up on spending in the first half. The federal Treasurer has no doubts in the matter. On 26th June last he said:

Given the potential for supply constraints to develop, the aim must be in these circumstances to limit and, if possible, reduce the public sector’s demands on both real and financial resources. Over recent years, public sector outlays have run at a fairly steady 38 per cent of gross domestic product, compared with the much lower average of 33 per cent in the five years to 1974–75. With the rapid increase in borrowing by State and Commonwealth authorities, the total public sector borrowing requirement has also risen sharply. In fact, although this year’s major reduction in the Commonwealth Budget deficit will produce the first break for some years in the upward trend in the public sector borrowing requirements, it will still leave it at a high level by historical standards.

The Treasurer put the capital market problem resulting from massive expansion in the past into proper perspective in his lecture to the Monash University Liberal Club on 19th June last when he said:

In the current financial year the overall public sector borrowing requirement is likely to be at its lowest level since 1973–74. This is entirely due to the reduction in the Commonwealth Government deficit which has been almost halved in dollar terms from that of a few years ago, and by more than half as a proportion of gross domestic product.

Borrowings of Commonwealth semi-government authorities are also likely to be less as a proportion of gross domestic product.

However, borrowings from the State authorities have continued in 1979–80 to display the rapid growth evident in the latter half of the 1970’s and will increase relative to gross domestic product.

It is significant that for the first time since 1973–74 borrowings of State authorities are likely to exceed the deficit of the Commonwealth Government.

The job of achieving a better balance between the public and private sector is far from finished.

There is still a long way to go. We should not imagine that the economic circumstances which will confront Australia in the decade ahead will allow different—or what some would see as more “relaxed” policies. Rather, the opposite will prove to be the case.

While our financial system is now better able to cope with these demands, it nevertheless remains true that the public sector must avoid undermining the ability of the financial system to service these new requirements by crowding the private sector out of the market for funds.

This is not to deny an appropriate role for the public sector in the provision of basic infrastructure.

Australia has gone through periods of rapid development in the past. However, more than ever before the prospective developments in the 1980’s will require all governments to remember that the public use of capital displaces alternative private uses and that public projects however worthwhile in themselves must not be allowed to make so great a claim on the community’s resources that they crowd out private sector projects, which could make a greater contribution to the national welfare.

The 1980’s will see huge demands for capital.

The Hon. P. S. M. Philips]
I quote again from the Treasurer's statement on the 26th June:

For private sector financial demands to be accommodated satisfactorily there is a need to continue to restrain the public sector borrowing requirement in 1980–81.

As in the current financial year . . . the Commonwealth is prepared to make a significant contribution to this objective. It is against this background that the Commonwealth looks to the State Governments to accept firm restraint in borrowings for their own works programmes and for those of their authorities as the Commonwealth will be for its own.

The past few years have seen considerable progress and it is important that hard-won gains be preserved and built upon. There is at stake here nothing less than the health and prosperity of our economy in 1980–81 and beyond.

I turn to New South Wales where, quite apart from borrowings, it is worth noting that increases in State taxation for the 4-year period from 1975–76 was $730 million or 48.1 per cent. When details of the increase in State taxation are made available for this year, the total extra funds the State will have received for the 5-year period will be close to $1,000 million. In the light of all the foregoing, I appeal to the New South Wales Government to moderate its borrowing programme in future as the Commonwealth has done this year and to indicate in a tangible way to the private sector that New South Wales at least recognizes the importance of the capital market to an expanding private sector, and that this in turn is an essential prerequisite to an improving standard of living and increased employment opportunities for the people of New South Wales. To reduce capital market pressures further, it should go further by utilizing equity funds currently available in the private sector. The private sector can help in a number of ways, but it is necessary to be realistic about what it can reasonably be expected to do.

It will therefore be acknowledged that there are certain public utilities for which it would be difficult to obtain equity finance from the private sector. In particular the facilities most likely to be less attractive to the private sector are those where the cost of usage of the product is spread across a wide spectrum of the community, for example, power stations as part of a grid, toll gates and general ports. The main reason for this is that in order to obtain a satisfactory return on an investment the cost of usage might have to rise to a level which would be politically unacceptable and the Government would move to put a ceiling on price increases. The type of public utility which is more likely to attract private sector equity investment is that which is particularly related to a specific private enterprise: specific port facilities for a mine or group of mines or a specific power station developed to service a particular resource or other project. In those cases it is more feasible for participants in the project to integrate the utility into their capital outlay.

An increasing tendency is apparent for semi-government authorities to use leasing as a method of financing, in which case funds are being provided from the private sector on terms which are commercially acceptable to them. Another financing development which has emerged is what is known as supply credit finance where the private sector financiers undertake to provide the necessary funds directly to contractors who are performing work for a semi-government authority. The capital market has developed a degree of sophistication which is now enabling it to put together some complex financing packages. Private and government sector participants are enjoying this increased knowledge. Though there is no doubt that there are insufficient
funds in Australia to meet the full demands of the private and public sectors. I do not think it is true to assume that the private sector can be, or should be, involved in financing all capital works. Careful consideration needs to be given to any specific approach.

In addition, the New South Wales Government should delay funding some of the capital works promised in the Governor’s Speech. What happens in practice, so far as the New South Wales budget process is concerned, is that Cabinet meetings, inevitably I suppose, involve Ministers in putting their departmental bids for funds, as a result of which the Premier and Treasurer adjudicates on the minor changes which are made from year to year in Treasury recommendations.

There is an inadequate presentation of an overview of government priorities. This is patently unsatisfactory. It is clear that Cabinet procedures involved in considering the Budget and loan accounts should be altered so that the Government is presented with an overview of government priorities before the allocation letter is sent by the Treasurer to the various Ministers. The State should confer with other governments with a view to setting up consultative machinery involving all State governments and the federal Government, so that not only capital raisings by the public sector are better co-ordinated, but also the inevitable shortage of men and materials legitimately required by the public sector for infrastructure activity is minimized. If this were done, the result would not only be diminution in public sector pressure on the capital market; it would also ensure that the private sector had increased resources so that it can get on with the job.

Finally, the Government should put out of its mind any suggestion that it will call for a special meeting of the Loan Council to re-examine the State’s request for infrastructure borrowing with a view to increasing the quantum of this borrowing. This extraordinary proposal was apparently put to Cabinet by the Deputy Premier, Minister for Public Works and Minister for Ports on 9th July last, according to the *Sydney Morning Herald* on the following day. I appeal to the Government to reduce its future demands on the capital market. I commend my other remarks and suggestions to the House.

Debate adjourned on motion by the Hon E. P. Pickering.

**SUPPLY BILL**

First Reading

Bill received from the Legislative Assembly and, on motions by the Hon. D. P. Landa, read a first time and ordered to be printed.

**ADJOURNMENT**

Unemployed Teachers

The Hon. D. P. LANDA (Minister for Education and Vice-President of the Executive Council [10.13]: I move:

That this House do now adjourn.

Earlier today the Hon. M. F. Willis asked me a question about bans and limitations on the supply of information in the Department of Education. Due to confusion about the import of the question, incorrect advice was tendered to me. At a
conference held this morning at the department's offices an attempt was made to resolve the disputation between the two unions. Unfortunately no resolution was arrived at and the limitations on the retrieval of this information when members of one union seek it from, essentially, members of another union have delayed the flow of that information. The answer I gave to the honourable member earlier was not correct and I seek that the record reflect that fact.

Motion agreed to.

House adjourned at 10.15 p.m.