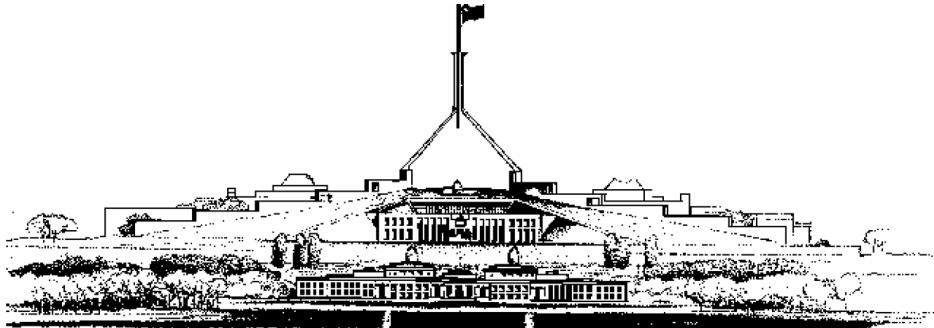




COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



House of Representatives

Official Hansard

No. 37, 1977
Thursday, 15 September 1977

THIRTIETH PARLIAMENT
SECOND SESSION—SECOND PERIOD

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

THIRTIETH PARLIAMENT
(SECOND SESSION—SECOND PERIOD)

Governor-General

His Excellency the Right Honourable Sir John Robert Kerr, a member of Her Majesty's Most Honourable Privy Council, Knight of the Order of Australia, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Knight Grand Cross of the Royal Victorian Order, Knight of the Most Venerable Order of the Hospital of Saint John of Jerusalem, one of Her Majesty's Counsel learned in the law, Governor-General of the Commonwealth of Australia and Commander-in-Chief of the Defence Force.

Second Fraser Ministry

(From 17 July 1977)

*Prime Minister	The Right Honourable John Malcolm Fraser, C.H.
*Deputy Prime Minister, Minister for National Resources and Minister for Overseas Trade	The Right Honourable John Douglas Anthony
*Treasurer	
*Minister for Primary Industry and Leader of the House	The Right Honourable Phillip Reginald Lynch
*Minister for Administrative Services, Vice-President of the Executive Council and Leader of the Government in the Senate	The Right Honourable Ian McCahon Sinclair Senator the Right Honourable Reginald Greive Withers
*Minister for Industry and Commerce	
*Minister for Employment and Industrial Relations and Minister Assisting the Prime Minister in Public Services Matters	Senator the Honourable Robert Carrington Cotton The Honourable Anthony Austin Street
*Minister for Transport	
*Minister for Education and Minister Assisting the Prime Minister in Federal Affairs	The Honourable Peter James Nixon Senator the Honourable John Leslie Carrick
*Minister for Foreign Affairs	
*Minister for Defence	The Honourable Andrew Sharp Peacock
*Minister for Social Security	The Honourable Denis James Killen Senator the Honourable Margaret Georgina Constance Guilfoyle
Attorney-General	The Honourable Robert James Ellicott, Q.C. The Honourable John Winston Howard
Minister for Special Trade Negotiations and Minister Assisting the Prime Minister	
Minister for Health	The Honourable Ralph James Dunnet Hunt
Minister for Immigration and Ethnic Affairs	The Honourable Michael John Randal MacKellar
Minister for Aboriginal Affairs and Minister Assisting the Treasurer	The Honourable Robert Ian Viner
Minister for the Northern Territory and Minister Assisting the Minister for National Resources	The Honourable Albert Evan Adermann
Minister for Post and Telecommunications and Minister Assisting the Treasurer	The Honourable Eric Laidlaw Robinson
Minister for Construction and Minister Assisting the Minister for Defence	The Honourable John Elden McLeay
Minister for Environment, Housing and Community Development	The Honourable Kevin Eugene Newman
Minister for Science	Senator the Honourable James Joseph Webster
Minister for the Capital Territory and Minister Assisting the Prime Minister in the Arts	The Honourable Anthony Allan Staley
Minister for Veterans' Affairs	
Minister for Productivity, Minister Assisting the Prime Minister in Women's Affairs and Minister Assisting the Minister for Employment and Industrial Relations	Senator the Honourable Peter Drew Durack The Honourable Ian Malcolm Macphee
Minister for Business and Consumer Affairs	The Honourable Wallace Clyde Fife

* Minister in the Cabinet

Second Fraser Ministry
(From 6 September 1977)

*Prime Minister	The Right Honourable John Malcolm Fraser, C.H.
*Deputy Prime Minister, Minister for National Resources and Minister for Overseas Trade	The Right Honourable John Douglas Anthony
*Treasurer	The Right Honourable Phillip Reginald Lynch The Right Honourable Ian McCahon Sinclair
*Minister for Primary Industry and Leader of the House	Senator the Right Honourable Reginald Greive Withers
*Minister for Administrative Services, Vice-President of the Executive Council and Leader of the Government in the Senate	
*Minister for Industry and Commerce	
*Minister for Employment and Industrial Relations and Minister Assisting the Prime Minister in Public Service Matters	Senator the Honourable Robert Carrington Cotton The Honourable Anthony Austin Street
*Minister for Transport	
*Minister for Education and Minister Assisting the Prime Minister in Federal Affairs	The Honourable Peter James Nixon Senator the Honourable John Leslie Carrick
*Minister for Foreign Affairs	
*Minister for Defence	The Honourable Andrew Sharp Peacock The Honourable Denis James Killen
*Minister for Social Security	Senator the Honourable Margaret Georgina Constance Guilfoyle The Honourable John Winston Howard
Minister for Special Trade Negotiations and Minister Assisting the Prime Minister	
Minister for Health	
Minister for Immigration and Ethnic Affairs	The Honourable Ralph James Dunnet Hunt
Minister for Aboriginal Affairs and Minister Assisting the Treasurer	The Honourable Michael John Randal MacKellar The Honourable Robert Ian Viner
Minister for the Northern Territory and Minister Assisting the Minister for National Resources	The Honourable Albert Evan Adermann
Minister for Post and Telecommunications and Minister Assisting the Treasurer	The Honourable Eric Laidlaw Robinson
Minister for Construction and Minister Assisting the Minister for Defence	The Honourable John Elden McLeay
Minister for Environment, Housing and Community Development	The Honourable Kevin Eugene Newman
Minister for Science	
Minister for the Capital Territory and Minister Assisting the Prime Minister in the Arts	Senator the Honourable James Joseph Webster The Honourable Anthony Allan Staley
Attorney-General	
Minister for Productivity, Minister Assisting the Prime Minister in Womens' Affairs and Minister Assisting the Minister for Employment and Industrial Relations	Senator the Honourable Peter Drew Durack The Honourable Ian Malcolm Macphee
Minister for Business and Consumer Affairs	
Minister for Veterans' Affairs	The Honourable Wallace Clyde Fife The Honourable Ransley Victor Garland

* Minister in the Cabinet

MEMBERS OF THE HOUSE OF REPRESENTATIVES

THIRTIETH PARLIAMENT—SECOND SESSION: SECOND PERIOD

Speaker—The Right Honourable Billy Mackie Snedden, Q.C.

Leader of the House—The Right Honourable Ian McCahon Sinclair

Chairman of Committees and Deputy Speaker—Philip Ernest Lucock, C.B.E.

Deputy Chairmen of Committees—John Lindsay Armitage, Robert Noel Bonnett, Peter Hertford Drummond, Geoffrey O'Halloran Giles, Alan William Jarman, Henry Alfred Jenkins, Vincent Joseph Martin and the Honourable Ian Louis Robinson

Leader of the Opposition—The Honourable Edward Gough Whitlam, Q.C.

Deputy Leader of the Opposition—The Honourable Thomas Uren

Leader of the National Country Party of Australia—The Right Honourable John Douglas Anthony

Deputy Leader of the National Country Party of Australia—The Right Honourable Ian McCahon Sinclair

Abel, John Arthur	Evans (N.S.W.)	Jarman, Alan William	Deakin (Vic.)
Adermann, Hon. Albert Evan	Fisher (Qld)	Jenkins, Henry Alfred	Scullin (Vic.)
Aldred, Kenneth James	Henty (Vic.)	Johnson, Leonard Keith	Burke (Vic.)
Anthony, Rt Hon. John Douglas	Richmond (N.S.W.)	Johnson, Hon. Leslie Royston	Hughes (N.S.W.)
Armitage, John Lindsay	Chifley (N.S.W.)	Johnson, Peter Francis	Brisbane (Old)
Baillieu, Marshall	La Trobe (Vic.)	Jones, Hon. Charles Keith	Newcastle (N.S.W.)
Baume, Michael Ehrenfried	Macarthur (N.S.W.)	Jull, David Francis	Bowman (Old)
Beazley, Hon. Kim Edward	Fremantle (W.A.)	Katter, Hon. Robert Cummin	Kennedy (Old)
Birney, Reginald John	Phillip (N.S.W.)	Keating, Hon. Paul John	Blaxland (N.S.W.)
Bonnett, Robert Noel	Herbert (Qld)	Kelly, Hon. Charles Robert	Wakefield (S.A.)
Bourchier, John William	Bendigo (Vic.)	Kilen, Hon. Denis James	Moreton (Old)
Bowen, Hon. Lionel Frost	Kingsford-Smith (N.S.W.)	King, Hon. Robert Shannon	Wimmera (Vic.)
Bradfield, James Mark	Barton (N.S.W.)	Klugman, Richard Emanuel	Prospect (N.S.W.)
Braithwaite, Raymond Allen	Dawson (Qld)	Lloyd, Bruce	Murray (Vic.)
Brown, Neil Anthony	Diamond Valley (Vic.)	Lucock, Philip Ernest, C.B.E.	Lyne (N.S.W.)
Bryant, Hon. Gordon Munro, E.D.	Wills (Vic.)	Lusher, Stephen Augustus	Hume (N.S.W.)
Bungey, Melville Harold	Canning (W.A.)	Lynch, Hon. Phillip Reginald	Flinders (Vic.)
Burr, Maxwell Arthur	Wilmot (Tas.)	MacKellar, Hon. Michael John Randal	Warringah (N.S.W.)
Cadman, Allan Glyndwr	Mitchell (N.S.W.)	MacKenzie, Alexander John	Calare (N.S.W.)
Cairns, Hon. James Ford	LaTalor (Vic.)	McLean, Ross Malcolm	Perth (W.A.)
Cairns, Hon. Kevin Michael Kiernan	Lilley (Qld)	McLeay, Hon. John Elden	Boothby (S.A.)
Calder, Stephen Edward, D.F.C.	Northern Territory	McMahon, James Leslie	Sydney (N.S.W.)
Cameron, Hon. Clyde Robert	Hindmarsh (S.A.)	McMahon, Rt Hon. William, C.H.	Lowe (N.S.W.)
Cameron, Donald Milner	Griffith (Old)	McVeigh, Daniel Thomas	Darling Downs (Old)
Carige, Colin Laurence	Capricornia (Qld)	Macphee, Hon. Ian Malcolm	Balaclava (Vic.)
Cass, Hon. Moses Henry	Maribyrnong (Vic.)	Martin, Vincent Joseph	Banks (N.S.W.)
Chapman, Hedley Grant Pearson	Kingston (S.A.)	Martyr, John Raymond	Swan (W.A.)
Chipp, Hon. Donald Leslie	Hotham (Vic.)	Millar, Percival Clarence	Wide Bay (Old)
Cohen, Barry	Robertson (N.S.W.)	Moore, John Colinton	Ryan (Old)
Connolly, David Miles	Bradfield (N.S.W.)	Morris, Peter Frederick	Shortland (N.S.W.)
*Conner, Hon. Reginald Francis Xavier	Cunningham (N.S.W.)	Neil, Maurice James	St George (N.S.W.)
Corbett, James	Manarao (Old)	Newman, Hon. Kevin Eugene	Bass (Tas.)
Cotter, John Francis	Kalgoorlie (W.A.)	†Nicholls, Martin Henry	Bonython (S.A.)
Crean, Hon. Frank	Melbourne Ports (Vic.)	Nixon, Hon. Peter James	Gippsland (Vic.)
Dobie, Hon. James Donald Mathieson	Coor (N.S.W.)	O'Keefe, Frank Lionel	Paterson (N.S.W.)
Drummond, Peter Hertford	Forrest (W.A.)	Peacock, Hon. Andrew Sharp	Kooyong (Vic.)
Edwards, Dr Harold Raymond	Berowra (N.S.W.)	Porter, James Robert	Barker (S.A.)
Ellicot, Hon. Robert James, Q.C.	Wentworth (N.S.W.)	Richardson, Peter Anthony	Tangney (W.A.)
Falconer, Peter David	Casey (Vic.)	Robinson, Hon. Eric Laidlaw	McPherson (Old)
Fife, Hon. Wallace Clyde	Farrer (N.S.W.)	Robinson, Hon. Ian Louis	Cowper (N.S.W.)
Fisher, Peter Stanley	Mallee (Vic.)	Ruddock, Philip Maxwell	Parramatta (N.S.W.)
FitzPatrick, John	Darling (N.S.W.)	Sainsbury, Murray Evan	Eden-Monaro (N.S.W.)
Fraser, Rt Hon. John Malcolm	Wannon (Vic.)	Scholes, Gordon Glen Denton	Corio (Vic.)
Fry, Kenneth Lionel	Fraser (A.C.T.)	Shipton, Roger Francis	Higgins (Vic.)
Garland, Hon. Ransley Victor	Curtin (W.A.)	Short, James Robert	Ballarat (Vic.)
Garrick, Horace James	Batman (Vic.)	Simon, Barry Douglas	McMillan (Vic.)
Giles, Geoffrey O'Halloran	Angas (S.A.)	Sinclair, Hon. Ian McCahon	New England (N.S.W.)
Gillard, Reginald	Macquarie (N.S.W.)	Snedden, Rt Hon. Billy Mackie, Q.C.	Bruce (Vic.)
Goodluck, Bruce John	Franklin (Tas.)	Staley, Hon. Anthony Allan	Chisholm (Vic.)
Graham, Bruce William	North Sydney (N.S.W.)	Stewart, Hon. Francis Eugene	Lang (N.S.W.)
Groom, Raymond John	Braddon (Tas.)	Street, Hon. Anthony Austin	Corangamite (Vic.)
Hamer, David John, D.S.C.	Issacs (Vic.)	Sullivan, John William	Riverina (N.S.W.)
Haslem, John Whittom	Canberra (A.C.T.)	Thomson, David Scott, M.C.	Leichhardt (Old)
Hayden, Hon. William George	Oxley (Qld)	Uren, Hon. Thomas	Reid (N.S.W.)
Hodges, John Charles	Petrie (Qld)	Viner, Hon. Robert Ian	Stirling (W.A.)
Hodgman, Michael	Denison (Tas.)	Wallis, Laurie George	Grey (S.A.)
Holten, Hon. Rendle McNeilage	Indi (Vic.)	Wentworth, Hon. William Charles	Mackellar (N.S.W.)
Howard, Hon. John Winston	Bennelong (N.S.W.)	**West, Stewart John	Cunningham (N.S.W.)
Hunt, Hon. Ralph James Dunnet	Gwydir (N.S.W.)	Whitlam, Antony Philip	Grayndler (N.S.W.)
Hurst, Christopher John	Adelaide (S.A.)	Whitlam, Hon. Edward Gough, Q.C.	Werriwa (N.S.W.)
Hyde, John Martin	Moore (W.A.)	Willis, Ralph	Gellibrand (Vic.)
Innes, Urquhart Edward	Melbourne (Vic.)	Wilson, Ian Bonython Cameron	Sturt (S.A.)
Jacobi, Ralph	Hawker (S.A.)	Yates, William	Holt (Vic.)
James, Albert William	Hunter (N.S.W.)	Young, Michale Jerome	Port Adelaide (S.A.)

*Death reported 23 August 1977.

†Resigned 30 September 1977.

**Elected at by-election 15 October 1977.

THE COMMITTEES OF THE SESSION

(SECOND SESSION—SECOND PERIOD)

STANDING COMMITTEES

ABORIGINAL AFFAIRS—Mr Ruddock (*Chairman*), Mr Beazley, Mr Bryant, Mr Calder, Mr Drummond, Mr Les Johnson, Mr McLean, Mr Wentworth.

ENVIRONMENT AND CONSERVATION—Mr Hodges (*Chairman*), Mr Baillieu, Mr Bryant, Dr Cass, Mr Fisher, Dr Jenkins, Mr Simon, Mr Wilson.

EXPENDITURE—Mr Garland (*Chairman*, to 13 September), Mr Kevin Cairns (*Chairman*, from 13 September), Chairman of the Joint Committee of Public Accounts or his nominee, Mr Aldred (from 13 September), Mr Bungey, Mr Crean, Dr Edwards (from 18 August), Mr Fife (to 18 August), Mr Hurford, Dr Jenkins, Mr Lusher, Mr Stewart, Mr Sullivan, Mr Willis.

HOUSE—Mr Speaker, Mr Abel, Mr Donald Cameron, Mr Holten, Mr Innes, Dr Klugman, Mr Les McMahon.

LIBRARY—Mr Speaker, Mr Armitage, Mr Baillieu, Mr Bryant, Mr Garrick, Mr O'Keefe, Mr Wentworth.

PRIVILEGES—Mr Bowen, Mr Clyde Cameron (from 1 November), Mr Donald Cameron, Mr Hodgman, Mr Jacobi, Mr Jarman, Mr Lucock, Mr Nicholls (to 30 September), Mr Scholes, Mr Viner.

PUBLICATIONS—Mr Hodges (*Chairman*), Mr Fitzpatrick, Mr Gillard, Mr Martyr, Mr Millar, Mr Wallis, Mr Antony Whitlam.

ROAD SAFETY—Mr Katter (*Chairman*), Mr Cohen (to 4 October), Mr Falconer, Mr Goodluck, Mr Groom, Mr Charles Jones, Mr Les McMahon, Mr Morris (from 4 October), Mr Ruddock, Mr Short.

STANDING ORDERS—Mr Speaker (*Chairman*), the Chairman of Committees, the Leader of the House, the Deputy Leader of the Opposition, Mr Anthony, Mr Bryant, Mr Fife, Mr Giles, Dr Jenkins, Mr Keith Johnson, Mr Scholes.

JOINT STATUTORY COMMITTEES

BROADCASTING OF PARLIAMENTARY PROCEEDINGS—Mr Speaker (*Chairman*), The President, Senator Sir Magnus Cormack, Senator Douglas McClelland, and Mr Donald Cameron, Mr Corbett, Mr Graham, Mr Scholes, Mr Antony Whitlam.

PUBLIC ACCOUNTS—Mr Connolly (*Chairman*), Chairman of the House of Representatives Standing Committee on Expenditure, Senator Colston, Senator Lajovic, Senator Messner, and Mr Armitage, Mr Crean, Mr Dobie, Mr Lusher, Mr Martin, Mr Short.

PUBLIC WORKS—Mr Kelly (*Chairman*), Senator Kilgariff, Senator Melzer, Senator Young, and Mr Bungey, Mr James, Mr Keith Johnson, Mr Les McMahon, Mr Millar.

JOINT COMMITTEES

ABORIGINAL LAND RIGHTS IN THE NORTHERN TERRITORY—Senator Bonner (*Chairman*), Senator Cavanagh, Senator Chaney, Senator Coleman, Senator Kilgariff, Senator Robertson, and Mr Beazley, Mr Bryant, Mr Calder, Mr Drummond, Mr Les Johnson, Mr McLean, Mr Ruddock, Mr Wentworth.

AUSTRALIAN CAPITAL TERRITORY—Senator Knight (*Chairman*), Senator Archer, Senator Devitt (from 18 August), Senator Georges (to 18 August), Senator Ryan, and Mr Baillieu (from 6 September), Mr Baume, Mr Crean, Mr Fry, Mr Haslem, Mr Sainsbury.

FOREIGN AFFAIRS AND DEFENCE—Senator Sir Magnus Cormack (*Chairman*), Senator Bishop, Senator Scott, Senator Sibraa, Senator Sim, Senator Wheeldon, Senator Young, and Mr Armitage, Mr Beazley, Mr Brown, Mr Bryant, Mr Fry, Mr Garland (to 13 September), Mr Hamer, Mr Jacobi, Dr Klugman, Mr Martyr (from 13 September), Mr Neil, Mr Ian Robinson, Mr Shipton, Mr Short, Mr Sullivan.

NEW AND PERMANENT PARLIAMENT HOUSE—The President and Mr Speaker (*Joint Chairmen*), the Minister for the Capital Territory, Senator Drake-Brockman, Senator McLatosh, Senator Melzer, Senator Missen, Senator O'Byrne, Senator Young, and Mr Kevin Cairns, Mr Garland (to 13 September), Mr Keith Johnson, Mr Keating, Mr Lloyd, Mr Scholes, Mr Simon (from 13 September).

SELECT COMMITTEE

TOURISM—Mr Bonnett (*Chairman*), Mr Cohen, Mr Charles Jones (from 18 August), Mr Jull, Mr Ian Robinson, Mr Sainsbury, Mr Short, Mr Stewart, Mr Young (to 18 August).

PARLIAMENTARY DEPARTMENTS

SENATE

Clerk—J. R. Odgers, C.B.E.
Deputy Clerk—R. E. Bullock, O.B.E.
First Clerk-Assistant—K. O. Bradshaw
Clerk-Assistant—A. R. Cumming Thom
Principal Parliamentary Officer—H. C. Nicholls
Usher of the Black Rod—H. G. Smith
Senior Clerk of Committees—A. H. Higgins

HOUSE OF REPRESENTATIVES

Clerk of the House—J. A. Pettifer
Deputy Clerk of the House—D. M. Blake, V.R.D.
First Clerk-Assistant—A. R. Browning
Clerk-Assistant—L. M. Barlin
Operations Manager—B. P. Harvey
Senior Parliamentary Officers
Serjeant-at-Arms Office—I. C. Cochran
Procedure Office—J. K. Porter
Table Office—I. C. Harris
Committee Office—M. Adamson

PARLIAMENTARY REPORTING STAFF

Principal Parliamentary Reporter—K. R. Ingram
Assistant Principal Parliamentary Reporter—J. F. Kerr
Leader of Staff (House of Representatives)—A. J. G. Simpson
Leader of Staff (Senate)—J. P. Dulihanty

LIBRARY

Parliamentary Librarian—A. L. Moore, O.B.E.

JOINT HOUSE

Secretary—R. W. Hillyer

THE ACTS OF THE SESSION

(SECOND SESSION: SECOND PERIOD)

- Air Navigation Amendment Act 1977 (Act No. 91 of 1977)—
An Act to amend the *Air Navigation Act* 1920.
- Airline Equipment (Loan Guarantee) Act 1977 (Act No. 149 of 1977)—
An Act relating to the provision of certain equipment for a domestic airline.
- Apple and Pear Stabilization Amendment Act (No. 2) 1977 (Act No. 145 of 1977)—
An Act to amend the *Apple and Pear Stabilization Act* 1971.
- Apple and Pear Stabilization Export Duty Amendment Act (No. 2) 1977 (Act No. 146 of 1977)—
An Act to amend the *Apple and Pear Stabilization Export Duty Act* 1971.
- Apple and Pear Stabilization Export Duty Collection Amendment Act (No. 2) 1977 (Act No. 147 of 1977)—
An Act to amend the *Apple and Pear Stabilization Export Duty Collection Act* 1971.
- Appropriation Act (No. 1) 1977–78 (Act No. 139 of 1977)—
An Act to appropriate certain sums out of the Consolidated Revenue Fund for the service of the year ending on 30 June 1978.
- Appropriation Act (No. 2) 1977–78 (Act No. 140 of 1977)—
An Act to appropriate a sum out of the Consolidated Revenue Fund for certain expenditure in respect of the year ending on 30 June 1978.
- Appropriation (Urban Public Transport) Act 1977 (Act No. 99 of 1977)—
An Act to appropriate moneys out of the Consolidated Revenue Fund and the Loan Fund for the purpose of urban public transport and to authorize the borrowing of certain moneys by the Commonwealth.
- Australian Rural Bank Act 1977 (Act No. 156 of 1977)—
An Act relating to the proposed Australian Rural Bank to be established for the purpose of assisting in the financing of primary production.
- Australian Shipping Commission Amendment Act 1977 (Act No. 153 of 1977)—
An Act to amend the *Australian Shipping Commission Act* 1956.
- Beef Industry (Incentive Payments) Act 1977 (Act No. 155 of 1977)—
An Act to provide for incentive payments in respect of certain cattle kept for beef production.
- Brigalow Lands Agreement Amendment Act 1977 (Act No. 148 of 1977)—
An Act to amend the *Brigalow Lands Agreement Act* 1962.
- Broadcasting and Television Amendment Act 1977 (Act No. 160 of 1977)—
An Act to amend the *Broadcasting and Television Act* 1942, and for related purposes.
- Broadcasting Stations Licence Fees Amendment Act 1977 (Act No. 94 of 1977)—
An Act to amend section 6 of the *Broadcasting Stations Licence Fees Act* 1964.
- Coal Research Assistance Act 1977 (Act No. 135 of 1977)—
An Act to establish a Coal Research Trust Account and for related purposes.
- Commonwealth Electoral Amendment Act (No. 2) 1977 (Act No. 116 of 1977)—
An Act relating to Proclamations with respect to the distribution of the States into Electoral Divisions.
- Commonwealth Electoral (Redistribution) Act 1977 (Act No. 117 of 1977)—
An Act relating to the redistribution of the States into Electoral Divisions.
- Commonwealth Employees (Employment Provisions) Act 1977 (Act No. 85 of 1977)—
An Act to make provision with respect to certain matters concerning Commonwealth employees.
- Commonwealth Grants Commission Amendment Act 1977 (Act No. 143 of 1977)—
An Act relating to the membership of the Commonwealth Grants Commission.
- Conciliation and Arbitration Act (No. 2) 1977 (Act No. 124 of 1977)—
An Act to amend the *Conciliation and Arbitration Act* 1904.
- Conciliation and Arbitration Amendment Act (No. 3) 1977 (Act No. 108 of 1977)—
An Act to amend the *Conciliation and Arbitration Act* 1904, and for other purposes.
- Customs Amendment Act 1977 (Act No. 154 of 1977)—
An Act to amend the *Customs Act* 1901.
- Customs Tariff (Coal Export Duty) Amendment Act 1977 (Act No. 103 of 1977)—
An Act to reduce the export duty on coal.
- Customs Tariff Validation Act (No. 3) 1977 (Act No. 144 of 1977)—
An Act to provide for the validation of certain collections of duties of Customs.
- Defence Force (Retirement and Death Benefits Amendments) Act (No. 2) 1977 (Act No. 161 of 1977)—
An Act to amend the *Defence Forces Retirement Benefits Act* 1948 and the *Defence Force Retirement and Death Benefits Act* 1973 and for related purposes.

The Acts of the Session

- Diesel Fuel Tax (No. 1) Amendment Act 1977 (Act No. 87 of 1977)—
An Act to amend the *Diesel Fuel Tax Act (No. 1)* 1957.
- Diesel Fuel Tax (No. 2) Amendment Act 1977 (Act No. 88 of 1977)—
An Act to amend the *Diesel Fuel Tax Act (No. 2)* 1957.
- Environment (Financial Assistance) Act 1977 (Act No. 150 of 1977)—
An Act to grant financial assistance to the States in connexion with projects related to the environment, and for other purposes.
- Excise Tariff Amendment Act 1977 (Act No. 104 of 1977)—
An Act relating to duties of Excise.
- Excise Tariff Amendment Act (No. 2) 1977 (Act No. 136 of 1977)—
An Act relating to duties of Excise on coal.
- Family Law Amendment Act 1977 (Act No. 102 of 1977)—
An Act to amend the *Family Law Act* 1975 to fix a maximum age for Judges of the Family Court of Australia and for related purposes.
- Governor-General Amendment Act 1977 (Act No. 188 of 1977)—
An Act to amend the *Governor-General Act* 1974 with respect to the salary of the Governor-General.
- Health Insurance Levy Act 1977 (Act No. 132 of 1977)—
An Act to impose a health insurance levy upon certain incomes.
- Homeless Persons Assistance Amendment Act 1977 (Act No. 142 of 1977)—
An Act to amend the *Homeless Persons Assistance Act* 1974.
- Income Tax Assessment Amendment Act (No. 2) 1977 (Act No. 126 of 1977)—
An Act to amend the law relating to income tax.
- Income Tax Assessment Amendment Act (No. 3) 1977 (Act No. 127 of 1977)—
An Act to amend the law relating to income tax.
- Income Tax (Companies and Superannuation Funds) Act 1977 (Act No. 130 of 1977)—
An Act to impose a tax upon incomes of companies and superannuation funds.
- Income Tax (Film Royalties) Act 1977 (Act No. 131 of 1977)—
An Act to impose income tax upon income derived by non-residents in respect of the supply of films and video tapes.
- Income Tax (Individuals) Act 1977 (Act No. 129 of 1977)—
An Act to impose a tax upon incomes, other than incomes of companies and of superannuation funds.
- Income Tax (International Agreements) Amendment Act 1977 (Act No. 134 of 1977)—
An Act to amend the *Income Tax (International Agreements) Act* 1953.
- Income Tax (Rates) Amendment Act (No. 2) 1977 (Act No. 128 of 1977)—
An Act to amend the *Income Tax (Rates) Act* 1976.
- International Development Association (Further Payment) Act 1977 (Act No. 86 of 1977)—
An Act to approve the making by Australia of a further payment to the International Development Association.
- International Fund for Agricultural Development Act 1977 (Act No. 90 of 1977)—
An Act relating to the International Fund for Agricultural Development.
- Judiciary (Diplomatic Representation) Act 1977 (Act No. 115 of 1977)—
An Act relating to the appointment of the Honourable Russell Walter Fox as an Ambassador-at-large.
- Lands Acquisition Amendment Act 1977 (Act No. 105 of 1977)—
An Act providing for the extension of the *Lands Acquisition Act* 1955 to the external Territories and for purposes connected therewith.
- Liquefied Gas (Road Vehicle Use) Tax Amendment Act 1977 (Act No. 89 of 1977)—
An Act to amend the *Liquefied Gas (Road Vehicle Use) Tax Act* 1974.
- Loan Act 1977 (Act No. 109 of 1977)—
An Act to authorize the borrowing and expending of moneys for defence purposes.
- Local Government (Personal Income Tax Sharing) Amendment Act 1977 (Act No. 93 of 1977)—
An Act to amend the *Local Government (Personal Income Tax Sharing) Act* 1976.
- National Health Acts Amendment Act 1977 (Act No. 100 of 1977)—
An Act relating to the payment of benefits in respect of the provision of nursing home care.
- National Health Amendment Act 1977 (Act No. 98 of 1977)—
An Act relating to the provision by the Commonwealth of certain medical services.
- Nitrogenous Fertilizers Subsidy Amendment Act 1977 (Act No. 114 of 1977)—
An Act relating to subsidy in respect of certain nitrogenous fertilizers.

The Acts of the Session

- Non-government Schools (Loans Guarantee) Act 1977 (Act No. 106 of 1977)—
An Act to authorize the giving of guarantees on behalf of the Commonwealth in respect of certain loans made to non-government schools in the States, and for purposes related thereto.
- Office of National Assessments Act 1977 (Act No. 107 of 1977)—
An Act to establish an Office of National Assessments and for related purposes.
- Oilseeds Levy Act 1977 (Act No. 112 of 1977)—
An Act to impose a levy upon certain oilseeds produced in Australia.
- Oilseeds Levy Collection and Research Act 1977 (Act No. 113 of 1977)—
An Act to provide for the collection of levy imposed by the *Oilseeds Levy Act 1977* and to establish an Oilseeds Research Trust Account.
- Port Statistics Act 1977 (Act No. 125 of 1977)—
An Act to provide for the collection of certain statistics relating to ports.
- Postal and Telecommunications Commissions (Transitional Provisions) Amendment Act 1977 (Act No. 95 of 1977)—
An Act to amend the *Postal and Telecommunications Commissions (Transitional Provisions) Act 1975*, and for related purposes.
- Public Service (Permanent Head—Dual Appointment) Act 1977 (Act No. 133 of 1977)—
An Act to authorize the appointment of the one person to hold, or to act in, the offices of Secretary to the Department of Overseas Trade and Secretary to the Department of the Special Trade Negotiator.
- Queensland Grant (Special Assistance) Act 1977 (Act No. 138 of 1977)—
An Act to grant financial assistance to Queensland.
- Remuneration and Allowances Amendment Act 1977 (Act No. 111 of 1977)—
An Act relating to the remuneration and allowances payable to the holders of certain judicial and other offices, and for other purposes.
- Social Services Amendment Act 1977 (Act No. 159 of 1977)—
An Act relating to social services.
- States Grants (Capital Assistance) Act 1977 (Act No. 97 of 1977)—
An Act to grant financial assistance to the States in connexion with expenditure of a capital nature and to authorize the borrowing of certain moneys by the Commonwealth.
- States Grants (Coal Mining Industry Long Service Leave) Amendment Act 1977 (Act No. 137 of 1977)—
An Act to amend the *States Grants (Coal Mining Industry Long Service Leave) Act 1949*.
- States Grants (Housing Assistance) Act 1977 (Act No. 110 of 1977)—
An Act to authorize advances to the States of financial assistance in connexion with housing and to authorize the borrowing of certain moneys by the Commonwealth.
- States Grants (Roads) Act 1977 (Act No. 101 of 1977)—
An Act to grant financial assistance to the States in relation to national roads and other roads.
- States Grants (Schools Assistance) Act 1977 (Act No. 157 of 1977)—
An Act relating to the grant of financial assistance to the States for and in relation to schools.
- States Grants (Tertiary Education Assistance) Bill 1977 (Act No. 158 of 1977)—
An Act relating to the grant of financial assistance to the States in connexion with universities, colleges of advanced education and technical and further education institutions.
- Stevedoring Industry Acts (Termination) Act 1977 (Act No. 119 of 1977)—
An Act to provide for the termination of the operation of the Stevedoring Industry Acts and for related purposes.
- Stevedoring Industry Charge (Termination) Act 1977 (Act No. 120 of 1977)—
An Act to terminate the operation of the *Stevedoring Industry Charge Act 1947* and to amend the *Stevedoring Industry Charge Assessment Act 1947*.
- Stevedoring Industry Finance Committee Act 1977 (Act No. 123 of 1977)—
An Act to establish a Stevedoring Industry Finance Committee and for related purposes.
- Stevedoring Industry Levy Act 1977 (Act No. 121 of 1977)—
An Act to impose levies in respect of the employment of waterside workers.
- Stevedoring Industry Levy Collection Act 1977 (Act No. 122 of 1977)—
An Act relating to the collection of levy imposed by the *Stevedoring Industry Levy Act 1977*.
- Tasmania Grant (The Mount Lyell Mining and Railway Company Limited) Act 1977 (Act No. 141 of 1977)—
An Act to grant financial assistance to Tasmania in relation to The Mount Lyell Mining and Railway Company Limited.
- Television Stations Licence Fees Amendment Act 1977 (Act No. 96 of 1977)—
An Act to amend section 6 of the *Television Stations Licence Fees Act 1964*.

The Acts of the Session

Trade Practices Amendment Act (No. 2) 1977 (Act No. 151 of 1977)—
An Act relating to Trade Practices.

Transport Planning and Research (Financial Assistance) Act 1977 (Act No. 152 of 1977)—
An Act to grant financial assistance to the States in connexion with planning and research in relation
to land transport.

Wool Industry Amendment Act (No. 2) 1977 (Act No. 92 of 1977)—
An Act to amend the *Wool Industry Act* 1972.

THE BILLS OF THE SESSION

SECOND SESSION—SECOND PERIOD

Acts Interpretation Amendment Bill 1977—
Initiated in the House of Representatives. First Reading.

Australian Capital Territory Supreme Court Amendment Bill 1977—
Initiated in the House of Representatives. First Reading.

Criminal Investigation Bill 1977—
Initiated in the House of Representatives. First Reading.

Customs Tariff Amendment Bill (No. 2) 1977—
Initiated in the House of Representatives. First Reading.

Human Rights Commission Bill 1977—
Initiated in the House of Representatives. First Reading.

Income Tax (Arrangements with the States) Bill 1977—
Initiated in the House of Representatives. First Reading.

Industries Assistance Commission Amendment Bill 1977—
Initiated in the House of Representatives. First Reading.

National Water Resources (Financial Assistance) Bill 1977—
Initiated in the House of Representatives. First Reading.

Northern Territory Supreme Court Amendment Bill 1977—
Initiated in the House of Representatives. First Reading.

Territory Authorities (Financial Provisions) Bill 1977—
Initiated in the House of Representatives. First Reading.

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Thursday, 15 September 1977

Mr SPEAKER (Rt Hon. B. M. Snedden, Q.C.) took the chair at 10.30 a.m., and read prayers.

PETITIONS

The Acting Clerk—Petitions have been lodged for presentation as follows and copies will be referred to the appropriate Ministers:

Private Nursing Homes: Pensioner Patients

To the Honourable the Speaker and Members of the House of Representatives assembled. The petition of the undersigned citizens of Australia respectfully sheweth:

That many pensioners who are holders of the Pensioners Health Benefit Card, have suffered undue hardship as inmates of private nursing homes, because the Federal Government subsidy was insufficient to meet the charges as laid down.

Many pensioners whose spouse was an inmate of the private nursing homes suffered poverty in an endeavour to sustain their partner while in the nursing home.

Only in rare cases was the statutory minimum patient contribution as laid down adhered to.

That the telephone was a matter of life and death to many pensioners, but because of the cost of installation of the telephone many are unable to afford the installation.

That those pensioners who have only their pension and very little else to live on and are forced to pay high rents, are in many cases living in extreme poverty.

The foregoing facts impel your petitioners to ask the Australian Government as a matter of urgency to:

(1) Make sure that subsidies paid to private nursing homes are such that each pensioner holding a Pensioners Health Benefit Card will pay the private nursing home no more than the statutory minimum patient contribution, which will allow \$6 per week to be retained by the pensioner patient for their personal use.

(2) That a pensioner holding a Pensioner Health Benefit Card shall have a telephone installed free of charge, or at a very nominal charge.

(3) That those pensioners who have only their pension and very little else to live on, shall receive a subsidy to assist them. The subsidy to be governed by a means test.

And your petitioners as in duty bound will ever pray.

by Sir William McMahon, Mr Cadman, Mr FitzPatrick, Mr Lucock, Mr Les McMahon and Mr Morris.

Petitions received.

Broadcasting and Television Programs

To the Honourable the Speaker and Members of the House of Representatives in Parliament assembled. The humble petition of the undersigned citizens of Australia respectfully sheweth:

That because television and radio:

- (a) affect our social and moral environment,
- (b) are family media watched and heard by many children at all times, and
- (c) present too much explicit violence and sex,

they therefore need stronger control than other media and the existing standards need stricter enforcement in both national and commercial sectors.

Your petitioners therefore humbly pray that the Australian Government will amend the Broadcasting and Television Act, in relation to both national and commercial broadcasters, to legislate:

- (a) for adequate and comprehensive programs in the best interests of the general public,
- (b) against self-regulation by the broadcasting and television industry,
- (c) for an independent consumer body to represent the best interests of the general public, and
- (d) for immediate and effective penalties to be imposed for breaches of program and advertising standards.

And your petitioners as in duty bound will ever pray.

by Mr Cadman and Mr Martin.

Petitions received.

Tertiary Education Assistance

To the Honourable Speaker and Members of the House of Representatives in Parliament assembled. The petition of the undersigned students, parents, teachers and citizens of Australia respectfully sheweth:

That the decision of the Government to withdraw all forms of financial assistance to students of non-State tertiary institutions in the main, business colleges, is in total conflict with stated Government education policy.

The decision will result in a shortage of places for training secretarial and clerical students and an inordinate demand upon the State Government technical education systems.

At a time of severe economic disruption, this action must lead to an unnecessary worsening of the current employment situation for school leavers.

Your petitioners, therefore, humbly pray that the Commonwealth Government will act immediately to reverse its decision.

And your petitioners as in duty bound will ever pray.

by Mr Cadman.

Petition received.

Tertiary Education Assistance

To the Speaker and Members of the House of Representatives assembled. The humble petition of the undersigned citizens (students, parents, teachers) of Australia respectfully sheweth:

That the decision by the Government to withdraw all forms of financial assistance to students of non-State Tertiary Institutions is in total conflict with stated Government education policy.

The decision will result in a shortage of places for training secretarial and clerical students and an inordinate demand upon the State Government education system.

At a time of severe economic disruption, this action must lead to a serious worsening of the current employment situation, particularly school leavers.

Your petitioners, therefore, humbly pray that the Federal Government will act immediately to reverse its decision.

And your petitioners as in duty bound will ever pray.

by Mr Hyde.

Petition received.

South Africa: Death of Mr Steve Biko

To the Honourable the Speaker and Members of the House of Representatives in Parliament assembled. The humble petition of the undersigned citizens of Australia respectfully showeth:

That on 13 September, 1977, Steve Biko, President of the Black Peoples Convention died, aged 30, while being held incommunicado for questioning in detention without trial in South Africa;

That this is the 20th death of a black political prisoner in similar circumstances in South Africa in the last 18 months; and the 44th death of a prisoner while in police custody in recent years;

That Steve Biko had been held in detention since August 22; and had previously been held for 101 days without trial; and in addition, was under a five-year house arrest and restriction order;

That Steve Biko is the acknowledged leader of the black people's resistance to apartheid, racial exploitation and injustice in South Africa, and that in this context his death in the hands of the white police must be regarded with grave suspicion;

Your petitioners accordingly request the Australian Government to register the strongest protest to the South African Government at the circumstances of Biko's death and decline to accept the credentials of the new South African ambassador due to appointed shortly.

And your petitioners as in duty bound will ever pray.

by Mr Hurford.

Petition received.

Industries Assistance Commission: Report on Clothing

To the Honourable the Speaker and Members of the House of Representatives in Parliament assembled. The humble petition of undersigned citizens of Australia respectfully showeth:

That Swedish Knitting Mills, an Australian manufacturer of high quality knitted goods, provides secure employment for 54 people, which would be threatened by any reduction of government support.

Your petitioners therefore humbly pray that the recommendations of the Industries Assistance Commission report on clothing not be implemented.

And your petitioners as in duty bound will ever pray.

by Mr Peter Johnson.

Petition received.

Hearing Impaired Citizens: Special Telephone Equipment

To the Honourable the Speaker and Members of the House of Representatives in Parliament assembled. The humble petition of certain members of the Australian Association for Better Hearing, and other citizens of Australia, respectfully showeth that a financial burden is imposed on hearing impaired members of the public in that the special telephone equipment, which is essential for such hearing impaired citizens to make telephonic communication, is subject to installation costs and rental charges.

Your petitioners therefore humbly pray that the Federal Government give every consideration to waiving the installation costs and rental charges of the special telephone equipment required by hearing impaired members of the public.

And your petitioners as in duty bound will ever pray.

by Mr Charles Jones.

Petition received.

Hunter Region Working Women's Group

To the Honourable the Speaker and Members of the House of Representatives in Parliament assembled. The humble petition of the undersigned electors of the Newcastle and Hunter Region respectfully showeth:

There be continuing and expanding funding for the Hunter Region Working Women's Group so that it can continue to provide child care, legal aid, community health, welfare and educational services to the women of the Hunter Region.

And your petitioners as in duty bound will ever pray.

by Mr Charles Jones.

Petition received.

Australian National Gallery: Purchase of Major Art Works

To the Honourable the Speaker and Members of the House of Representatives in Parliament assembled. The humble petition of the undersigned citizens of Australia respectfully showeth:

That Cabinet's decision to reject the Council of the Australian National Gallery's proposal to purchase the Georges Braque painting, *Grand Nu*, ignores the knowledge and experience of the Council's members.

Your petitioners therefore humbly pray that the Council of the Australian National Gallery be granted the right to purchase major works of art within the Gallery's budget without Cabinet intervention and that Cabinet revoke its decision to reject the Council's recommendation to purchase the *Grand Nu*.

And your petitioners as in duty bound will ever pray.

by Mr Morris.

Petition received.

Uranium

To the Honourable Speaker and Members of the House of Representatives in Parliament assembled. The humble petition of the undersigned citizens respectfully showeth:

1. That the undersigned do not support the Federal Government's decision to go ahead with extensive mining and export of Australian uranium.

2. That the undersigned call on the Federal Government to reverse its decision immediately.

3. That the undersigned call on the Federal Government to fund a 12 month full-scale program of public education and debate representing all points of view on the numerous and complex questions associated with the mining of Australian uranium. This program should be commenced as soon as practicable.

4. That the undersigned call on the Federal Government to allow the final decision on the mining of Australian uranium to be made through a voluntary referendum by the people of Australia at the end of the 12 month full-scale program of public education and debate.

And your petitioners as in duty bound will ever pray.

by Mr Simon.

Petition received.

Australian Broadcasting Tribunal

To the Honourable the Speaker and Members of the House of Representatives in Parliament assembled. The humble petition of the undersigned citizens of Australia respectfully sheweth:

(1) We protest against any proposed self-regulation of the broadcasting and television media in Australia.

(2) The appointment of Mr Gynell as Chairman of the Australian Broadcasting Tribunal because of his admitted bias.

Your petitioners therefore humbly pray that no self-regulation is implemented and Mr Gynell be dismissed as Chairman of the Australian Broadcasting Tribunal.

And your petitioners as in duty bound will ever pray.

by Mr Antony Whitlam.

Petition received.

QUESTIONS WITHOUT NOTICE

WATER PROJECTS—BURDEKIN BASIN

Mr E. G. WHITLAM—I ask the Minister for National Resources a question which arises from the debate on water projects which he missed yesterday. The question especially concerns the Burdekin Project Committee's report in June which stated that the choice between the Burdekin Falls and the Urannah dam sites to meet projected water requirements for agriculture, industry and urban supplies in the Burdekin Valley and Townsville region, revolved around the future role of hydro-power generation in the Queensland electricity supply network. I ask: Have the Australian Government and the Queensland Government yet discussed this basic question, as the Committee described it? If so, with what result? If the Governments have not discussed it, when will they do so in view of the critical water requirements established by the Committee? Mr Speaker, I am also told that the Committee's report has not been tabled in the Parliament. I ask why that has not happened.

Mr ANTHONY—I am delighted that the Leader of the Opposition has this new-found interest in water resources. After the performance of his Government of slowly eliminating a national program of water resources he is now starting to find that such a program has certain electoral merits. Obviously he is trying to reactivate some credibility in Queensland by taking an interest in water matters. However, the proposals mentioned by the honourable gentleman were included in a long list of proposals that were given to him when in government by the Queensland Government. Of course at that time the Labor Government did not find it appropriate to provide funds for these schemes. These matters, along with many other water proposals

around Australia, are now being examined by my Department. It is the intention of the Government to come forward with a national water resources policy. I hope that I can make a statement on this matter during the course of this Parliament.

GIFT FROM THE PEOPLE'S REPUBLIC OF CHINA

Mr WENTWORTH—Mr Speaker, my question is directed to you. I refer to the magnificent tapestry picture, the recent gift from the delegates of the People's Republic of China to this Parliament. I ask you, Sir: If and when this picture is hung in the House, will you have put under it the appropriate inscription 'Timeo Danaos et dona ferentes', which means, 'I fear the Chicoms even when they bring gifts'? While a picture may not present the same physical opportunities for concealment as does a wooden horse, would it not be prudent, metaphorically speaking, to look behind the picture? Since apparently I am cast in the role of Laocoon in this matter, will you use your authority as Speaker—

Mr SPEAKER—Order! The honourable member allegedly is asking a question. I ask him to come to the point of his question.

Mr WENTWORTH—I ask: Will you use your authority as Speaker to protect me from the traditional consequences?

Mr SPEAKER—I am afraid I cannot protect the honourable member from the consequences he brings upon himself. I will—

Mr Wentworth—I thought it would be like that.

Mr SPEAKER—The honourable member will withdraw.

Mr Wentworth—I did not think it would be like that.

Mr SPEAKER—The honourable member will withdraw.

Mr Wentworth—Yes, I do. I said I did not think it would be like that.

Mr SPEAKER—For the final time I ask the honourable member to withdraw otherwise I will deal with him immediately.

Mr Wentworth—Sir, I have withdrawn. I do withdraw.

Mr SPEAKER—I will make inquiries in relation to the tapestry to see where it might properly be presented. I would like to say on behalf of all members of this chamber, and I am sure on behalf of the Senate, that the sentiments expressed

in the question by the honourable member for Mackellar are not shared by the rest of the members of the Parliament.

AUSTRALIAN ECONOMY: DEVALUATION

Mr UREN—I direct my question to the Prime Minister. Following the 17½ per cent devaluation decision in November of last year the Prime Minister said on the Australian Broadcasting Commission program *AM* of 30 November:

Is there a man here who would say they would sooner put Australia into hock to the tune of \$1,000m rather than devalue because that was the alternative offered to us by our official advisers.

I ask: Is the current attempt by the Government to borrow more than \$600m overseas an indication of a complete reversal of the policies implemented at the time of the November devaluation?

Mr SPEAKER—Order! The honourable gentleman will now ask his question.

Mr UREN—Mr Speaker, I have to preface the question.

Mr SPEAKER—The honourable gentleman has taken far too much time prefacing the question.

Mr UREN—What conditions now exist that did not exist to justify the policy that was given last November? Can such a policy reversal cause uncertainty and speculation, as shown by the loss of \$350m in the international reserves in August alone?

Mr MALCOLM FRASER—As honourable gentlemen know, the action that was taken towards the end of last year by the Government placed the rate on a proper basis with a different management structure, and that alters the circumstances to a very considerable extent. The present Opposition is remarkable. It is remarkable for a number of things, not least for its utter irresponsibility in this matter. Time after time after time, members of the Opposition quite deliberately have taken actions and said things in public designed to create uncertainty, designed to cause difficulty and designed to cause speculation. The Australian public is awake-up to them.

MEDICAL BENEFITS PAYMENTS FOR ABORTIONS

Mr FALCONER—My question is directed to the Minister for Health. I remind him of the significance of item 6469 in the Medical Benefits Schedule which enables payment to be made for

abortions. Is he aware of the very real conscientious objection that many people have to contributing towards payment for abortions through health funds? Can he say whether he has taken any action to resolve this situation and to provide relief for the people concerned?

Mr HUNT—The Health Insurance Act provides for medical benefits to be paid for services rendered by legally qualified medical practitioners. A number of services attracting benefits are listed in the Medical Benefits Schedule, and four of them result in the termination of pregnancy. I have had many representations, in fact I have had thousands of representations, from people throughout the community, objecting to being party to paying benefits for such procedures unless the mother has had an abortion because of the state of her health. As a consequence I have had examinations made to see whether it is feasible to try to determine the reasons why abortions are carried out. This does raise some very serious problems relating to the privacy of the individual. It does raise some very difficult problems for my Department and for the various health insurance funds.

I would not like to see a situation develop in which people had to declare, for one reason or another, why a medical service was provided. However, I have asked my Department to examine the whole area to ascertain whether there are ways and means of ensuring that benefits are payable only to mothers who have had an abortion on proper medical grounds. I also have asked my Department to refer this matter to the Medical Benefits Schedule Revision Committee, which is a professional body charged with the responsibility of recommending to the Minister any changes that should be made to the existing Medical Benefits Schedule. I expect a report from that Committee in the very near future. I give the honourable member an assurance that I am concerned about this matter. I know that certain members of the Government also are concerned about it. However, there are also people in the community who would not like to see my Department or the health insurance funds engage in a witch hunt to ascertain why abortions were carried out. There could well be a way to get through this difficult problem, and I hope that we will find it.

SPECIAL YOUTH EMPLOYMENT TRAINING PROGRAM

Mr KEITH JOHNSON—My question, which is addressed to the Minister for Employment and Industrial Relations, concerns his announcement

on 17 August that the Special Youth Employment Training Program was to be expanded to include 20 to 24 year-olds. In view of that announcement and the fact that 8,500 teenagers were involved in the program at the end of July, why has the Government allocated only \$18m for the program this year? Is the Minister aware that \$18m would cover only a monthly average of 5,500, which is 3,000 fewer than the figure for July? Can the Minister inform the House why the Budget allocation is \$9m less than is necessary to retain the program at its current level, let alone to expand it to include older age groups?

Mr STREET—I have already answered a question on more or less the same lines as this question. As the Treasurer made quite clear in his Budget Speech, the allocation of funds for the National Employment and Training scheme of which the Special Youth Employment Training Program is a part was set, from memory, at \$54m. However, should this prove inadequate as a result of the age limit under the Special Youth Employment Training Program being raised from 19 years to 24 years more money will be appropriated as needed.

PENSIONERS: TAXATION

Mr BAILLIEU—I ask the Treasurer: Did he say in his Budget Speech that as from 1 February 1978 the amount that may be earned before income tax is payable will be raised from \$2,850 to \$3,750? Does this mean that thousands of pensioners in the La Trobe electorate and tens of thousands of pensioners throughout Australia will no longer be required to lodge income tax returns or to pay income tax? Does the Government's tax reform put an end to the situation which took every possible tax dollar from Australians, including the pensioners of this country and which was a direct legacy of the previous Labor Government?

Mr LYNCH—The honourable gentleman is well known in this House and in his electorate for the particular interest that he takes in social welfare matters generally and I welcome the interest which he has again expressed in the taxation position of elderly citizens, particularly age pensioners, throughout the Australian community and especially in the electorate of La Trobe. As the honourable gentleman suggested in his question, the new taxation reforms which have been introduced in this Budget will raise the minimum tax threshold by almost \$600. This means, as he is aware, that many thousands of pensioners and elderly people in his electorate will be tax exempt for the first time.

I might say generally that the reform will make some 225,000 people free from tax for the first time and is therefore a very significant social reform in the interests of elderly people throughout the Australian community. In short, many thousands of pensioners will no longer have to pay tax. This is in very sharp contrast with the policies of the former Administration which imposed an intolerable tax burden upon the community generally and upon aged persons particularly. The House will be aware that personal income tax receipts for the first two years of the Labor Administration increased by 89 per cent and that an impost was placed upon elderly people. The Government, recognising the inequity of what it was left with by the former Administration, has moved decisively to lift this burden.

DRUGS INQUIRY: DISCLOSURE OF TAXATION RECORDS

Mr LIONEL BOWEN—My question is directed to the Treasurer. I refer to the New South Wales royal commission into narcotics and stimulants and to section 16(4)(a) of the Income Tax Act which says that the Commissioner of Taxation can disclose to people carrying out official duties information relating to the income of taxpayers. Is the Minister aware that there are numerous reports of a number of people who are alleged to be involved in drugs being awash with money and acquiring substantial assets? In the interests of justice and to assist the royal commission will the Treasurer consider directing the Commissioner of Taxation to provide to the royal commission such information as he has in regard to how people may have acquired money and assets which are disclosed in their income tax returns and which obviously have come from criminal activities?

Mr LYNCH—The Government is, of course, anxious to assist the royal commission to whatever extent possible. The question which the honourable gentleman has asked relates to the discretion of the Commissioner of Taxation and therefore properly is a matter for discussion with him. I inform the honourable gentleman that, given the thrust of this question with which I agree, I will take the matter up with the Commissioner to see to what extent in his judgment, he having a discretion in a number of these areas, we can make available whatever information is required.

INTERNATIONAL SUGAR AGREEMENT

Mr MILLAR—Will the Minister for Overseas Trade inform me as to the progress being made

in efforts to negotiate a new international sugar agreement?

Mr ANTHONY—Negotiations started again this week in Geneva between member countries of the international sugar agreement. The meeting is a continuation of the negotiations which broke down in May when the participating countries thought that we would have an extension of the previous sugar agreement negotiated in 1968 but new factors were brought in relating to stock holdings. This produced numerous complications. Figures which were introduced were unrealistic and imposed enormous burdens on sugar producing countries to hold sugar and to provide the storage facilities. As a result, the conference broke down. In the meantime, private negotiations and discussions have been taking place in which Australia has been playing a major part.

As a result of an encouraging response from a number of countries which saw problems, this conference has been reconvened. It is hoped that we may be able to come to some sort of agreement. I think this is even more imperative now than it was when the conference met in May because the world price has gone down by about another £50 a ton to just over £100 a ton which is quite ruinous for most sugar producing countries. Along with most of the other Ministers, I shall be attending the last week of the conference when it will be getting to the crunch point of quotas and stock holding figures and obligations being imposed upon countries to find ways and means of financing these arrangements. I am hopeful that something positive will come out of the meeting.

Australia plays a major role in this conference. We are the second largest exporter to the free market. Because of our long association with international commodity agreements we are looked to for guidance and help. We have a large team of competent and respected technicians who provide a lot of the basic information. If a new agreement is achieved I think a great deal of credit will go to the Australian team which is made up of representatives of the sugar industry, the Queensland Sugar Board, CSR Ltd, and the Queensland Government, as well as the Department of Overseas Trade and the Department of Primary Industry.

OVERPAYMENTS OF UNEMPLOYMENT BENEFITS—UNDERSTAFFING OF SOCIAL SECURITY DEPARTMENT

Mr E. G. WHITLAM—I ask the Prime Minister a question. It concerns the answers he gave yesterday to questions asked by the honourable

member for Prospect and me concerning Public Service staff ceilings. He will remember telling my colleague that in no case did the Public Service Board advise him that existing staff ceilings would result in inadequate control of payments made by the Department of Social Security. He repeated those words almost precisely in answer to my question. He then went on:

In any case in which the Public Service Board, together with members of the interdepartmental committee, did recommend an increase in staff ceilings, such a recommendation was accepted.

I ask him whether it is a fact that the Public Service Board's report which was tabled last week cited the processing of unemployment benefit as one of the four areas in which there had been staffing problems, and that only in some cases were the interdepartmental committee's reports and recommendations to the Prime Minister accepted by him. I also ask whether he noticed that yesterday the Minister for Social Security stated that she had direct communication with the Prime Minister during the past year on the matter of staff numbers in her Department and that she believed that further staff was necessary to enable her Department to give an effective and efficient service. I therefore ask him: Does he, on reflection, now concede the accuracy of the Board's report and of his own Minister's statement? Will adequate staff be provided to prevent these overpayments in future?

Mr MALCOLM FRASER—I think the House will be indebted to the honourable gentleman for his question, because if honourable members look carefully at what Senator Guilfoyle has said and what I have said they will see that there is a complete consistency between the statements. It is perfectly obvious that Senator Guilfoyle was in touch with me about staff ceilings in her Department. As a result, during last year, through representations made directly to the Board and through me to the Board, the Board made recommendations for a lift of 900 in the staff ceilings in the Department of Social Security. Yesterday I used the figure of 850, but this morning I am further advised that it was 900. A very significant part of that number was related to the unemployment benefit section.

Mr Hurford—When did that happen?

Mr MALCOLM FRASER—It happened during the year, on successive occasions. As representations were made throughout the course of the year, so decisions were made. Let me also say that no recommendation of the Board in relation to these matters was rejected or applied in part; the recommendations of the

Board were applied in full. A total of 900 additional staff was recommended for the Department of Social Security, an increase of 8 per cent, at a time when staff numbers in the Service as a whole were reduced by 2 per cent. No manner of discussion about the question of staff ceilings will hide the fact that the main reasons were the method of payment two weeks in advance. That has been ended. It was ended as a result of discussions before the Budget. The decision was announced in the Budget. In addition, the Minister has announced a review of procedures and administrative practices of the Department. These factors together point to the totality of the causes of these matters. Quite clearly, the question of payment two weeks in advance was the main cause of this problem. Of course there were staffing difficulties throughout the year. They were responded to, to the extent of an 8 per cent increase in the staff of that Department.

VISITS TO AUSTRALIA BY BARBARO FAMILY

Mr ABEL—I direct a question to the Minister for Immigration and Ethnic Affairs. I direct his attention to recent reports in the media about visits to Australia by members of the family known as Barbaro. I ask the Minister whether there have been any applications to him for permission for Domenico Barbaro or any of his family to visit Australia. If there have been such applications, on what grounds were they made, and with what results?

Mr MacKELLAR—I have seen Press reports and heard media statements with respect to Domenico Barbaro and two others. I remind the honourable member that this matter was canvassed in the *National Times* in July 1974. Subsequently a question in relation to the matter was answered in the Senate. In November 1976 I dealt with an application for admission to Australia of the wife of Domenico Barbaro and their three children to visit Mr Barbaro's mother who, I understand, is still living in South Australia. I sought advice from my Department in relation to this request and, consistent with the strong advice it had provided successive Ministers in relation to these members of this family, I decided not to grant entry.

COMMUNITY NEEDS: PSYCHO-EDUCATIONAL PROGRAMS

Dr J. F. CAIRNS—Has the Minister for Health seen an article in the Community Health Bulletin No. 5 by Dr Kenneth Mitchell in which Dr Mitchell suggested the formation of centres

for development and training, with research facilities, to identify community needs and plan and develop the implementation of preventive psycho-educational programs? Is the Minister favourable to this development, and can he say whether it is likely that the formation of the kinds of centres suggested by Dr Mitchell will take place soon?

Mr HUNT—I have seen the article to which the honourable member referred. The author suggested that alternative approaches have been developed which will assist people to identify the pressures imposed upon them and to discover those of their reactions which lead to maladjustment and so on. Of course, this is quite a new area of consideration and one that is well worthy of support. According to my departmental advisers there is sufficient justification to give very sympathetic consideration to an application for any funds that might be made available to the Hospitals and Health Services Commission or, indeed, to the National Health and Medical Research Council for a pilot project to test the general relevance of these techniques as an alternative form of health management.

The honourable member will be interested to know that the Government is interested in developing alternative health delivery schemes and alternative systems of treatment. One of the major policy thrusts which we are adopting is to test these out on a pilot basis, to monitor the progress of their development and to evaluate them at the conclusion of the test. Certainly, Dr Mitchell's suggestions in these areas are well worthy of a pilot testing. I hope that the National Health and Medical Research Council or the Hospitals and Health Services Commission will give favourable consideration to any application he might make.

INDIAN MILITARY ATTACHE: ATTEMPTED ABDUCTION

Mr JARMAN—I ask the Minister for Foreign Affairs: Was the Military Attaché at the Indian High Commission, Colonel Iqbal Singh, abducted last night? If so, what action does the Government contemplate taking to prevent similar incidents occurring in the future?

Mr PEACOCK—During the early hours of this morning an attempt was made to abduct the Indian Military Attaché, Colonel Iqbal Singh. As this deplorable incident, which, I understand involved the physical wounding of the Attaché, is still being investigated by the police authorities I am not in a position to make a detailed statement on what has occurred. I do, however, wish to record that the Government deplores and regrets

this tragic occurrence, which has understandably caused considerable anguish, not only to Colonel Singh and his wife, who also was involved forcibly in the attempted abduction, but also to the High Commissioner and other members of the staff.

The Acting Secretary of my Department has already seen the High Commissioner and, at my direction, on behalf of the Government has expressed deep regret at the incident and has conveyed the Government's promise to do all in its power to apprehend the person responsible. Coming on top of the recent fire at the premises of the Indian High Commission, last night's occurrence warrants, I believe, the added sympathy and concern of all members of the House.

Honourable members—Hear, hear!

SPECIAL YOUTH EMPLOYMENT TRAINING PROGRAM

Mr MORRIS—I ask the Minister for Employment and Industrial Relations: Is it a fact that employers applying for the training subsidy under the Special Youth Employment Training Program are not required to provide information concerning the position for which they are claiming the subsidy or to give an assurance that it is in addition to their work force? Has the Minister's attention been drawn to reports that some employers are abusing this program by sacking existing employees, including non-indentured apprentices, and replacing them with young persons under the conditions of the program in order to gain the \$63 a week subsidy? Is it not a fact that an employer can give notice to an employee and apply for the subsidy on the same day? Has this in fact occurred? Will the Minister give an assurance that applicant employers will be required to provide evidence that they are increasing their work force when they apply for the subsidy so as to protect persons currently employed and to ensure that taxpayers' money is used responsibly by this Government?

Mr STREET—From time to time allegations have been made that employers have sacked present members of their work force in order to take on somebody under the subsidised training programs, either the ordinary National Employment and Training scheme or the Special Youth Employment Training Program. We have taken sample surveys on this question to see whether the allegations were correct. We have found very little evidence to support them. But, if the honourable gentleman can provide me with specific evidence that employers have been abusing the scheme in this way, I shall see that action is taken.

ANTARCTICA

Mr CONNOLLY—Is the Minister for Foreign Affairs aware of the growing international interest in the resources of the Antarctic? What is the Government's attitude to the exploitation of the living resources of the Antarctic? Does the Government intend to hold to its claim to the Australian Antarctic Territory?

Mr PEACOCK—The Government is aware of the growing international interest in the Antarctic resources and of the need for Australia and its Antarctic Treaty partners to respond to it. In my speech in the House on 15 March I referred to many of the complex issues facing us, especially those involving Antarctic resources. I also spoke of the need to define our national interests in terms which recognised the potential importance of the Antarctic to the whole of mankind.

As regards the element of sovereignty and title to which the honourable member refers, it is evident from the Law of the Sea Conference and the demands being made by a number of nations, based on the concept of the common heritage of mankind, that this principle will be applied by many in the international community to claims made and held in the Antarctic. It is the policy of the Australian Government, however, to maintain our sovereignty, notwithstanding those demands. It is a sovereignty whose legal basis is well supported by Australian activity dating back, from the Australian point of view, to Mawson's first expedition from 1911 to 1914, to the transfer of title through the Executive Council by Britain to us in 1933 and to its early discovery and exploration. We have, of course, recently announced plans to increase our activities by allocating extra expenditure in this year's Budget for rebuilding our three Antarctic stations, expanding the scope of our scientific work in the Antarctic and its adjacent waters, and beginning design studies for an Australian ship to meet our transport requirements to the Antarctic and our research requirements in the Antarctic and its adjacent waters.

The most urgent issue at the present time is the danger of uncontrolled exploitation of the Antarctic's marine living resources. We are working with our Treaty partners towards a conservation convention aimed at preserving the Antarctic's marine living resources for future generations. We see such a convention as being the most effective means of safeguarding the ecological balance amongst the Antarctic's marine life. But, if in the future challenges are made to Australia's sovereignty, I reiterate that it is the policy of the

Government to maintain that sovereignty over our Territory in the Antarctic.

ABORIGINAL HOSTEL IN ALICE SPRINGS

Mr CALDER—Is the Minister for Aboriginal affairs aware that some 60 Aborigines staged a protest march to the office of the Department of Aboriginal Affairs in Alice Springs on Monday, 12 September 1977? Was the protest concerned with the intended sacking and/or removal from the premises of the co-manager of the local Aboriginal hostel called The Hole in One, Rosalie Monks? Is it a fact that she was dismissed with only half an hour's notice and that she was asked to vacate the premises almost immediately? Will the Minister have this matter investigated and have the facts brought to light? Will he also have the co-manager reinstated, as the marching protesters demanded? Will the Minister also investigate the request of the protesters and lend his weight to their demands that the men likely to make such decisions—

Mr SPEAKER—Order! The honourable gentleman will cease arguing the issue. He can seek facts.

Mr CALDER—I am concluding, Mr Speaker. Will the men making such decisions be replaced by men who are acceptable to the Aboriginal people themselves as a significant section of the Aboriginal people—

Mr SPEAKER—Order! The honourable gentleman will resume his seat. The question is in order.

Mr VINER—I am aware of the meeting referred to by the honourable gentleman which was held recently in Alice Springs. I understand that a march occurred in Alice Springs. The police were informed of the march and it was peacefully conducted. Certain representations were made to my regional director in Alice Springs about the employment of Mr and Mrs Monks at an Aboriginal Hostels hostel in that place. I am concerned at the circumstances in which the services of Mr and Mrs Monks were sought to be terminated at the particular hostel. However, I inform the honourable gentleman that the proposal by Aboriginal Hostels was that they be transferred to the management of another hostel in the eastern States and alternative opportunities were provided to them. I am also informed that the Aboriginals concerned wish to meet again in about a week's time. That meeting will be held. I shall of course keep a close watch on developments and keep myself

fully informed on what is happening in this particular matter.

MR H. W. FANCHER: TELEPHONE ACCOUNT

Mr E. G. WHITLAM—I address a question to the Minister for Post and Telecommunications. As a devotee of *AM* he will have noticed that yesterday Mr Fancher was interviewed about the \$17,000 debt which Telecom alleges he owes on two unlisted telephone services. As Mrs Fancher swore in open court last May that the telephone calls were made and accepted on behalf of the Federal Government and that one of the phones was installed for that very purpose, and as Mr Fancher himself said on radio yesterday that one of the phones was owned by the Government and had been installed so that he could accept reverse charge calls on it, why did the Minister in his answer which appears in yesterday's *Hansard* to the question I put on notice for him 3½ months ago refuse, on the excuse of commercial confidence to answer all questions other than the amount of the debt? Why will he not give public answers which will help us to assess the worth of what Mr and Mrs Fancher publicly allege about the Government's responsibility for this extraordinary debt, incurred ostensibly by private persons in the course of a few months? In my last question without notice on this matter—also 3½ months ago—I asked whether he would table the applications which were made over the previous two years for the installation or transfer of the services and the itemised accounts in respect of each service showing the overseas numbers to which calls were made and from which reverse charge calls were accepted during the period. He then replied that he would consider it and see how much he could do to accommodate my requirements. Will he now table these applications and accounts, most of which, I gather, have already been produced by Telecom in the Townsville court?

Mr ERIC ROBINSON—I considered as much as possible how I could accommodate the honourable gentleman's requirement for information. Why is he so obsessed about Wiley Fancher and his wife? Why this intense interest? I have already stated my opinion of those two people. The honourable gentleman also said that I am a devotee of *AM*. I can assure him that I am not. Sometimes I listen to the program. I did not listen on this particular occasion. I have considered the request for information that the honourable gentleman has made. If it will help him and give him some sense of contentment I shall consider it again. As to whether I change

my mind, that will be a matter on which honourable members will have to wait and see. But of course you, as a reasonable person, would appreciate—

Mr SPEAKER—Order! The Minister will address his answer through the Chair.

Mr ERIC ROBINSON—I am sorry, Mr Speaker. I was going to say to the Leader of the Opposition, through you, that as a reasonable person he would understand that there has to be a standard maintained with regard to commercial transactions and a standard maintained by Telecom. I will not allow my office to be used to disclose information which is not proper and which should not be disclosed about people who have arrangements with the Telecommunications Commission. But again, I will give due consideration and due weight to the honourable gentleman's persistent demands and requests.

SOUTH AUSTRALIAN URANIUM DEPOSITS

Mr WILSON—I direct my question to the Minister for National Resources. I ask: Has any study been made of the economic benefits to South Australia of development of that State's uranium deposits? Can the Minister inform the House as to the employment opportunities which the development of uranium in that State would provide?

Mr ANTHONY—One of the exciting events that occurred in South Australia a few years ago was the discovery of uranium at Lake Frome and Mount Painter. During the last 12 months a very extensive ore body which is combined with copper has been discovered at Roxby Downs. It is quite obvious that in South Australia there is the potential for significant development of uranium mining. That is something that did interest the South Australian Government very much. It carried out an extensive study of the uranium industry and also of the possibility of establishing a hexafluoride plant and an enrichment plant. For reasons which I find a bit hard to understand clearly, the Premier, Mr Dunstan, in about March this year, no doubt because of the influence of some of the left-wing and communist elements in that State said: 'No, we are not going to take any interest in uranium'.

South Australia is a State which is really lacking in resources and needs more potential and more job opportunities. I know that some of the unions would certainly like to get involved in mining so that they could broaden the base of employment opportunities in industry in South Australia. I feel very sorry for South Australians

because they have such a negative Premier who does not want to develop resources so as to increase the wealth and opportunity of all people in South Australia. We have to acknowledge that it is a very big State but its potential for development is limited. Vast areas of it are desert and it is very hard to increase the population in those areas. But here was a chance, with three uranium deposits which could go ahead subject to environmental study. The Government has—

Mr Hurford—Western Mining said 1985.

Mr ANTHONY—Listen to the honourable member from South Australia. No wonder he is sensitive. I think that the South Australian people ought to know who is holding back development in that State. We want to see more opportunities but the Premier there is all words and front, instead of going ahead and increasing the wealth of that State. All that South Australia gets from Labor is additional imposts on industry and private enterprise which is trying to create jobs. Nowhere does this portray itself more than in the decision not to mine uranium.

In this House last session I presented a very large report—a report that took two years to prepare in South Australia—on the uranium industry. That report said that if Australia went ahead with the development of a complete uranium industry there would be 10,000 jobs for people during the construction stage; 5,000 people would have permanent jobs in the mining operations; 2,000 people would be employed in enrichment and 3,000 people would be employed in research and development. Of course South Australia was desperately hoping that this industry would go to South Australia. That is why it spent such an enormous amount of money in preparing a very extensive report. This report stated—this was Mr Dunstan's report—that there would be employment for 20,000 people and that directly and indirectly half a million people would benefit from the development of an integrated uranium industry in this country. All I can say is that it is an ostrich attitude for people to bury their heads in the sand if they really believe in the welfare of South Australia and the development of opportunities in that State.

OVERSEAS BORROWINGS

Mr UREN—I direct to the Treasurer a question which refers to overseas borrowings. I ask him whether he recalls an answer to a question asked by the honourable member for Oxley in which he said:

We have made it perfectly clear . . . that the Euro-dollar loan of \$250m will be exceeded during the course of the year. The Press statement which I issued some weeks ago

made the point that we would have in mind a figure of around \$600m or in excess of it.

Does his answer imply that the loan ceiling has now moved from \$250m to \$600m? Is it a fact that these two separate loan programs total \$850m? Was the Treasurer seeking to mislead the House?

Mr LYNCH—The Prime Minister has already made clear in the House today that the honourable gentleman's interest and that of some of his colleagues in the Opposition in this matter is destructive. I have invited the honourable gentleman on previous occasions to be responsible not only in this House but also outside of it in the manner in which he seeks to ask questions and in the nature of the questions which he poses. The facts of this matter are perfectly clear. A number of Press statements have been issued. The honourable gentleman will recall in the first place the announcement of the Euro-dollar loan initially for \$200m. As a consequence of negotiations in Europe we were in a position on very good commercial terms to increase that loan to \$250m.

Mr E. G. Whitlam—\$200m to \$250m.

Mr LYNCH—An amount of \$200m was the original announcement. As a consequence of negotiations in Europe that was then increased to \$250m. That amount of money will be very shortly reflected in our reserves. We have made the position regarding the balance of our program perfectly clear in Press statements issued by me on several occasions. Let me repeat this point: We have a capacity to raise at short notice further very substantial amounts on the world capital markets whether by public issues or by private placements. In addition to the \$250m loan presently in process, borrowings of a further \$600m or more are being planned.

Mr Hayden—That is a further—

Mr LYNCH—If the honourable gentleman in fact looks at the response which I gave in the House on 8 September he will see that I made it perfectly clear then that the Press statement which I had issued made the point that we would have in mind a figure of around \$600m or in excess of it.

Mr E. G. Whitlam—So that is in addition to the \$250m?

Mr LYNCH—Yes, that is quite clear. The Government will not hesitate to make further use of Australia's triple A credit standing in the world as a triple A borrower if we consider it necessary to do so. I again say to the honourable gentleman—

Mr Uren—Where is Khemlani?

Mr LYNCH—Well, the honourable gentleman would have more information about Khemlani than I have. I recall—

Mr E. G. Whitlam—You recommended Fancher?

Mr LYNCH—The Deputy Leader of the Opposition is as obsessive with the name Khemlani as the Leader of the Opposition is obsessive with the name Fancher.

INCOMES AND WAGES

Mr SHORT—Is the Prime Minister aware that the British Trades Union Congress recently adopted by a large majority a motion calling for a 12-month interval between pay increases? Can the Prime Minister inform the House whether the Government has consistently argued before the Australian Conciliation and Arbitration Commission for a longer than three month period between national wage case hearings? Finally, does he have any grounds for expecting that the Australian Council of Trade Unions will adopt the same responsible attitude as has the British Trades Union Congress towards this matter in the interests of all Australians?

Mr Charles Jones—Are they the Pommie shop stewards?

Mr MALCOLM FRASER—I am advised that the Trades Union Congress in Britain has taken decisions in this matter and they certainly are well directed towards a recovery in Britain.

Mr Charles Jones—Is not that where Sinclair's Pommie shop stewards come from?

Mr SPEAKER—Order! The honourable member for Newcastle has interjected twice. His first interjection did not produce any laughter and his second interjection did not produce any laughter. A third interjection will produce a reprimand from me.

Mr MALCOLM FRASER—The Trades Union Congress has taken decisions that are designed to assist in the recovery of the British economy. I believe that those decisions were taken in a very responsible manner. By more than 7,000,000 votes to about 4,300,000 votes, the Congress voted for a 12 months interval between pay increases. Clearly the Trades Union Congress has recognised the role that wages play in inflation and the role that too great an increase in wages can play in preventing employment opportunities from arising. When I was in Britain in June I was advised that in the previous 12 months real wages in that country had fallen by

seven per cent. Against that background the decision obviously is a thoroughly responsible one.

A 12 months interval obviously would give greater stability for firms and businesses and would enable them to plan ahead. The wage hearings that occur in Australia on a quarterly basis very clearly are unsettling and disturbing, especially as employers find it very difficult to know what the Conciliation and Arbitration Commission might award from one hearing to the next. The Australian Council of Trade Unions could learn a great deal from the responsibility exhibited by the British Trades Union Congress. I would hope very much that the same attitude could be shown in Australia and that the same decision could be made in favour of much longer intervals—preferably 12 months—between wage hearings. I have not the slightest doubt that that would provide much greater confidence within the Australian economy and greater security and greater employment opportunities for many thousands of Australians. There is one thing which I think the British trade union leaders have had very much in mind: They are concerned not only for their members who have work but also for the unemployed in Britain. They have taken this decision with the interests of the unemployed very much in mind. If Australian trade union leaders could act in the same way we would march much faster along the road to recovery.

HEALTH INSURANCE FUNDS: DIRECTOR-GENERAL OF HEALTH

Dr CASS—I address my question to the Minister for Health. Is there not a conflict of interest for the Director-General of Health because of his responsibility for the National Health Act under which he controls and approves the registration and conduct of all private health insurance funds, including Medibank Private, and his responsibilities as Chairman of the Health Insurance Commission which operates Medibank Private? Can Medibank really operate independently of the Government, as the Minister frequently says it should and as Trans-Australia Airlines and the Commonwealth Banking Corporation do, in competition with private enterprise, with this dual leadership exercised by the Director-General of Health and other health officials on the Commission?

Mr HUNT—I suppose that if we followed that logic to its ultimate the honourable gentleman would say that I had a conflict of interest in that I administer the National Health Act and am responsible for its operation, whilst at the same

time the Health Insurance Commission is responsible to me as the Minister. I do not accept the point raised by the honourable member. I have had no complaint from any of the health insurance funds which have been registered according to the conditions and provisions of the National Health Act. The honourable member raises a very interesting point but one that I do not take very seriously.

DEPARTMENT OF CONSTRUCTION

Mr McLEAY (Boothby—Minister for Construction)—For the information of honourable members I present the annual report of the Department of Construction for the year ended 30 June 1977.

PERSONAL EXPLANATIONS

Mr E. G. WHITLAM (Werriwa—Leader of the Opposition)—Mr Speaker, the Deputy Prime Minister (Mr Anthony) has misrepresented me and I wish to make a personal explanation.

Mr SPEAKER—The Leader of the Opposition may proceed.

Mr E. G. WHITLAM—The right honourable gentleman alleged that my interest in the Burdekin Basin was recent. I point out, as *Hansard* will testify, that I have raised this issue since the mid-1960s constantly and frequently. I also point out that it was my Government, in September 1973, which jointly with the Bjelke-Petersen Government established the Burdekin Project Committee about whose report in June this year I had asked the Minister.

Mr WENTWORTH (Mackellar)—It is reported in the *Sydney Morning Herald* that the Leader of the Opposition (Mr E. G. Whitlam) recently made a statement which said—

Mr SPEAKER—Order! Does the honourable gentleman claim to have been misrepresented?

Mr WENTWORTH—Yes.

Mr SPEAKER—Does the honourable gentleman wish to make a personal explanation?

Mr WENTWORTH—Yes. The Leader of the Opposition is reported as saying:

Everyone in the Australian Parliament is now an ardent Sinophile.

'Everyone' includes me. I am, of course, a Sinophile in the sense that I am a friend of the Chinese people but I suspect that the Leader of the Opposition meant something else. Certainly his phrase could be misinterpreted in that way. I rebut the misrepresentation. I am, I hope, a friend of the Chinese people although I am not

prepared as are some other members of this House to go crawling to the Chinese communists.

AMENDMENTS TO THE INDUSTRIES ASSISTANCE COMMISSION ACT

Ministerial Statement

Mr HOWARD (Bennelong—Minister for Special Trade Negotiations)—by leave—I make this statement in the absence of my colleague, the Minister for Business and Consumer Affairs (Mr Fife), who is indisposed. As indicated by the Prime Minister on 26 August last the Government has had under consideration the role of the Industries Assistance Commission in current economic circumstances. I am now able to inform the House of decisions the Government has taken regarding proposed amendments to the Industries Assistance Commission Act. I should make it clear at the outset that the Government remains committed to the principle of independent public inquiry into industry assistance matters by the Industries Assistance Commission and the Temporary Assistance Authority. The changes decided upon by the Government are designed to ensure that recommendations of the Industries Assistance Commission are made in the light of Government policy and that the reports of the Commission furnish to the Government all relevant information so that fully informed decisions can be made by the Government.

The changes will not compromise the independent role for which the Commission was established and are fully consistent with the often stated policy of the Government that it is the role of the IAC to advise and the responsibility of the Government to decide upon the nature and levels of assistance which should be afforded particular industries. In its review of the role of the IAC the Government has been concerned to ensure that under the relevant legislation the Commission is able to respond fully to the Government's policy with respect to industry. In particular the Government wishes to ensure that the employment consequences of specific recommendations of the IAC are fully canvassed in its reports.

Honourable members will be aware that in April 1976 the Government drew the attention of the Industries Assistance Commission to the Government parties' pre-election policy on tariffs and assistance. At that time the Government requested the Commission to report explicitly upon a number of matters in all future reports. In addition the Government included in the references sent to the Commission dealing with footwear, clothing and textiles specific

reporting requests which dealt, *inter alia*, with employment considerations. The Government has decided to incorporate some of the matters referred to in its request of April 1976 and the references on footwear, clothing and textiles as amendments to the Industries Assistance Commission Act.

The amendments to the Industries Assistance Commission Act decided upon by the Government are additional to those which were foreshadowed earlier this year. Those amendments related particularly to the temporary assistance provisions of the Industries Assistance Commission Act. The overall purpose of the further amendments is to make the statement of Government guidelines in section 22 of the Act more closely reflect Government objectives, and to ensure that Commission reports cover all the issues on which the Government wishes to have the advice of the Commission. The amendments involving changes to the statement of Government guidelines in section 22 (1) of the Industries Assistance Commission Act are aimed to ensure that these guidelines reflect more closely the Government's approach to industry policy. One amendment is to insert as the first subsection in the guidelines in section 22 (1) a statement of the Government's desire to achieve sustained growth in the Australian economy through balanced development of Australian industries thereby providing increased opportunities for employment and investment.

The Government also proposes to amend existing guideline (a) in section 22 (1) of the Industries Assistance Commission Act to ensure that it expresses the Government's objective that any measure to achieve changes in the structure of industry aimed at improving the efficiency with which the community's productive resources are used, are related to the capacity of the economy and the work force to absorb the changes involved. The Government also intends to amend the Act to empower the Minister to issue supplementary guidelines for the Commission and, as necessary, direct the Commission as to the priority it should place on the guidelines in the Act and on any supplementary guidelines given to it from time to time. A new section is to be added to the Act to provide that in its reports the Commission will explicitly report on the following:

- (a) The assistance required to maintain the present level of activity and employment in the production of the goods under reference. If a lower level of assistance is recommended by the Commission, it shall be required to give

the reasons why it does not recommend the assistance required to maintain the present level of activity and employment;

(b) whether in the Commission's view the structure of the industry could be improved and, if so, how this should be done and the consequences thereof;

(c) the probable consequences, economic, social and otherwise of changing existing levels of assistance, including the employment effects of its recommendations and their effects on employment in decentralised locations; and

(d) any other matter which the Minister may, from time to time, request the Commission to report on under this section.

Consistent with the Government's view of the respective roles of the Industries Assistance Commission and the Government with respect to industry assistance matters it is in the Government's view important that both the Industries Assistance Commission and the Temporary Assistance Authority be given through the Industries Assistance Commission Act a clear statement of the Government's objectives and a clear indication of the matters upon which the Government wishes to have advice in reports made to it by these two bodies. The Industries Assistance Commission will continue to deal with industry assistance matters of an on-going or longer term nature, while the Temporary Assistance Authority will deal with industry assistance matters of a temporary nature, deriving from import competition.

I wish particularly to draw attention to the Government's intention which was stated in the White Paper on Manufacturing Industry, in these terms:

circumstances such as those experienced in recent times will require emphasis on short-term policies which enable employment opportunities to be maintained until sound and sustainable growth is restored. The Government will therefore adopt appropriate measures of temporary assistance to support industry and to provide for the resolution of immediately urgent problems.

As indicated in my statement to the House earlier this year, the Act will continue to provide for the Temporary Assistance Authority to have regard generally to the same guidelines as apply to the Commission under section 22(1) of the Act. However, the Government has decided to include a new provision in the Act to indicate that the substantial purpose of an inquiry by the Temporary Assistance Authority is to report on the level of assistance necessary to maintain the current level of activity and employment in the production of the goods under reference for a defined period.

Under the amendments already foreshadowed the length of the period for which temporary assistance may be accorded will depend on the particular circumstances. Where the industry has been the recipient of temporary assistance for two of the past four years, a reference on long term assistance will be sent immediately to the IAC and the temporary assistance will continue until three months after receipt of the IAC's report. Where the industry has not received temporary assistance for two of the past four years, the temporary assistance will run for up to 12 months in the first instance. This period could be extended to up to two years following a further report from either the Temporary Assistance Authority or the IAC. The provision of assistance beyond two years requires an inquiry by the IAC.

It is the Government's intention to introduce amendments to the IAC Act dealing with the previously foreshadowed changes relating to the Temporary Assistance Authority and the fresh changes I have outlined in this statement at the earliest opportunity. I commend the statement to the House. I present the following paper:

Amendments to the Industries Assistance Commission Act—Ministerial Statement, 15 September 1977.

Motion (by Mr Sinclair) proposed:

That the House take note of the paper.

Mr YOUNG (Port Adelaide) (11.41)—Firstly, on behalf of the Opposition I say, without debating the pros and cons of the statement initially and the alterations which are put forward as a sign of what may happen to the Act, that I think this would have been a far better way of handling the matter rather than the statement which was made by the Prime Minister (Mr Malcolm Fraser) some weeks ago which started a run of speculation as to the future of the Industries Assistance Commission. I say here and now—there can be no refuting this statement—that the IAC in its operations has not gone outside the charter which has been given to it by the Parliament. Many accusations are made about its operations and about its recommendations but on no occasion has anyone ever put forward the view that the Industries Assistance Commission had done anything other than comply with the charter given to it by the Parliament. That charter always, of course, is subject to alteration by the Parliament as are the guidelines. But the IAC has carried out what it considers to be the directions set down in the Act.

At times of a rundown economy, such as we have now, there is always a move by people to perhaps become concerned about the impact of

IAC reports on industries, specifically on employment. I know that the Prime Minister said in his statement that perhaps the IAC was dampening down investment. I think that perhaps the boot is on the other foot. People are becoming sensitive, and rightly so, about the impact of IAC reports on employment. But as the IAC has said, when talking about changes which are taking place in our economy, there is a certain tyranny in believing that we can live with the status quo. Changes will take place. It is a question of how we deal with them and of how we allocate our resources.

I suspect that the largest of our manufacturing industries is subject to this sort of review because in spite of the IAC recommendations which were to lower the protection given to the auto industry in Australia—conservative and Labor governments have moved to give that industry greater protection both in the form of tariffs and quotas—we find today that that industry is in as much trouble as it has ever been over the last 20 years. It is working below 70 per cent of capacity. In some areas it is not even working at the break-even point. So we can see that not always is this massive protection or the quota system the answer to the problems presented to us by manufacturing industry, nor is it the fact that we can lock into manufacturing industry, about which we are speaking, the size of the work force which now works in it. The drop from 28 per cent to 21 per cent over the last 15 or 20 years is likely to continue.

The advent of the investment allowance has led to a great deal of investment in labour-saving devices. So just by virtue of decisions which are made outside the IAC which are instruments of government, such as those relating to education levels and so forth, one can see a change taking place. I compliment the IAC on the work it is doing on the structural adjustment program and in analysing the changes which are taking place in our industries and perhaps putting up some ideas as to what we can expect. On this side of the House we continue to be concerned about the type of unemployment we have in Australia. We have repeatedly attempted to have the Government set up a joint committee of the Parliament to look specifically at the makeup of our unemployment. Time and time again, we believe, the type of unemployment we have in Australia is submerged by the cliche that perhaps we have unemployment similar to that of the Depression when all the evidence shows that it is different and will need a different recipe to overcome the problem.

I do not like the inference in the statement made by the Minister for Special Trade Negotiations (Mr Howard) on behalf of the Minister for Business and Consumer Affairs (Mr Fife) that the Minister will retain the right to give additional guidelines to the Industries Assistance Commission or, as he said in his statement, supplementary guidelines. Not too long ago we had a debate in the Parliament on the right of the discretionary powers of the Minister in the operations of the Trade Practices Act. The Government was then condemnatory about the way in which a Minister could, on some occasions, agree to certain mergers or take-overs. Here the suggestion is made that the Minister will be empowered to give supplementary guidelines to the Commission. That can only mean that the Government is not clear in its thinking about what it wants the IAC to do. It means that governments in future, until such time as that procedure is changed, will be subject to the most intense lobbying from both sides of industry as to what those guidelines ought to be. It means that the IAC, perhaps at every hearing, could have a different set of guidelines and there would be no overall objective look at what should be or may be happening to our industries.

It is suggested that the Government will change the Act in the way set out in the statement. We will wait and see the legislation when it is introduced. Over the last 18 months our experience is that Government legislation does not necessarily follow statements made by the Government in the House. This would be an exception to the rule. The rule has been for the Government to make a statement and, some time later, we have received different legislation. But it seems to me to be in the best interests of the operation of both the Government and the IAC, and of industry generally, for those guidelines to be set. As I said previously, the IAC is not being charged with going outside its charter. It could be that on some occasions when it gives its view on what may happen to the work force, we need other operatives, perhaps from the Department of Social Security and from manpower sections of the Government, to look at those recommendations to see what can be done.

Let us recall it is the Government which makes the decisions, not the IAC, and government decisions on industry in the future should come in a package. If the Government makes a decision which will have the effect of putting people out of work there ought to be some other government instrumentality which sees that those people are looked after. All too often in the past the IAC has

carried the burden for the lack of government policies in manpower areas. That has not been the Commission's charge. That guideline could have been added to the charter. It has not been. All the statement is asking the IAC to do is to spell out in greater detail what it considers will happen. Let us recall that on so many occasions when the IAC has been ignored, such as in relation to recommendations which it has made on protection, and where the Government has opted for greater protection, in the long term that has not proved to be the answer.

We are now receiving a call from many international bodies for freer trade to help the economies of the Western world get back on their feet. To tighten the hold on industry to try to stick rigidly to the status quo argues against the case put forward to us by these international bodies. Of course, we have to be concerned with the livelihood of the people who work in these industries and who may be threatened by lower protection. But it is not just a matter of the makeup of the IAC recommendations, nor the Government acting in that one area. There should be a co-ordinated approach to the welfare of the working people in terms of jobs which may be lost as a result of lowering protection. There should be no escape clause as far as industries are concerned in the guidelines which are sent to the Commission. It will prove to be a very haphazard approach indeed if, on every occasion something is referred to the IAC, with that reference goes a new set of guidelines. That will not work and the Government is setting itself up for all sorts of charges as a result of the intense lobbying which is likely to go on.

Manufacturing industry is facing a very difficult period, for a variety of reasons, not the least of which are the recommendations which may be made from time to time by the IAC. I believe that the Government has in many ways opted out of its real responsibilities to give us a co-ordinated approach to industry, manpower, security, location, migration and education—all the heads of policy that ought to be taken into account when one talks about the future life of our industries and the future security of the working people. We will have a great deal more to say on the subject when the legislation is introduced.

One should not be carried away by the words of the Deputy Prime Minister about the great future of the mining industry and the tens of thousands of people who will be employed. He sounds as though he is very much in favour of dismantling all Australian manufacturing industry. His great dream of everyone working in the

mining industry seems to be at hand, although one can see from the official figures that the number of people who will work directly in the mining industry will be less than 2 per cent of our total work force. When he talks about those tens of thousands of people who can go to uranium mining in South Australia, he ought to recall that all parties, including his and the Liberal Party in the South Australian Parliament, voted against uranium mining in South Australia. It was not just Don Dunstan and the Labor Party, it was the Liberal Party and the Country Party as well. It is a fool's paradise and a gross misleading of the Australian public for anyone to believe that we could transfer thousands of people out of either the tertiary industries or the manufacturing industry into the mining industry, because the mining industry will not employ very many people.

I think that the way in which the Government is handling this matter is very messy. It is part of the rhythm of this Government to blame somebody. It is the IAC's fault because there is no investment. It is the Conciliation and Arbitration Commission's fault because wages rise. It is the unions' fault because something else happened. Time and time again the Prime Minister and other Ministers blame some authority or some body in Australia for the economic mess in which this country now finds itself. It is about time someone in the Government started to look at the Cabinet and at the decisions being made by this Government for the cause of our problems, because the main instrument of decision-making in this country is the Government. It is not the IAC, it is not the Arbitration Commission, it is not the Chambers of Manufactures; nor is it any other body. It is the Government of this country which is making these decisions. The messy way in which it has handled the matter of the Industries Assistance Commission is in complete accord with all the other decisions and criticisms it made of other authorities throughout this country.

Question resolved in the affirmative.

BILLS RETURNED FROM THE SENATE

The following Bills were returned from the Senate without amendment:

Broadcasting Stations Licence Fees Amendment Bill 1977.

Television Stations Licence Fees Amendment Bill 1977.

Postal and Telecommunications Commissions (Transitional Provisions) Amendment Bill 1977.

AUSTRALIA'S COAL RESOURCES

Discussion of Matter of Public Importance

Mr DEPUTY SPEAKER (Mr Lucock)—Mr Speaker has received letters from both the honourable member for Blaxland (Mr Keating) and the honourable member for Mackellar (Mr Wentworth) proposing that definite matters of public importance be submitted to the House for discussion today. As required by Standing Order 107 he has selected one matter, that proposed by the honourable member for Blaxland, namely:

The alarming growth of foreign equity and control in Australia's coal resources.

I therefore call upon those members who approve of the proposed discussion to rise in their places.

More than the number of members required by the Standing Orders having risen in their places—

Mr DEPUTY SPEAKER—I call the honourable member for Blaxland.

Mr Anthony—I take a point of order. Ten members or more must rise.

Mr Young—The number is eight. Mr Deputy Speaker, he has raised a frivolous point of order. Throw him out.

Mr DEPUTY SPEAKER—Order! I checked when members stood. There was the required number. I call the honourable member for Blaxland.

Mr KEATING (Blaxland) (11.55)—Mr Deputy Speaker, when in government the Australian Labor Party constantly drew attention to and endeavoured to do something about the increasing level of foreign investment in Australia's coal resources. We said then and repeat now that, while there is a role for foreign investment, we should do all that we can to ensure that Australians control and own their own coal which, next to petroleum, is the world's most important energy source. There is little doubt that coal will be the energy bridge between petroleum and the alternative technologies at the end of this century. As Kenneth Davidson of the *Age* rightly pointed out this morning, governments and energy planners overseas are turning to more coal-fired power stations and downgrading the role of uranium. He pointed out that the Uranium Producers Forum has claimed that the exports of uranium oxide will reach \$1,200m a year in the 1990s, but he said that coal exports totalled \$1,300m in 1976-77 and, on the basis of the Joint Coal Board's projections, the value of coal exports could be in the order of \$3,000m a year by the year 2000. He wrote:

And yet there seems to be no thought given to how this development can be organised so that the interests of Australia can be maximised.

While Australians divide bitterly over the pros and cons of uranium mining, the overseas giants are quietly increasing their investment in Australian coal.

They have recognised its potential, even if Australians have not.

These are very prescient words by Mr Davidson, but it must be pointed out that the Labor Party has been stating the same points for years. Particularly during the Connor years, the Labor Government was castigated by the Australian Press and the mining industry for its policies based on the belief that coal was probably the most valuable energy resource that Australia possessed. Now the doubters have become the converted, but the grip on Australia's coal resources by foreign companies has increased to such an extent in the past 18 months that urgent action is required if the trend is to be halted, if not reversed.

We said in government, and it is even more pertinent now, that Australia from now until the end of the century will not be riding on the sheep's back but in the back of the coal truck. We said in government, and it is even truer today, that oil companies were rapidly becoming energy companies as they diversified into all manner of energy resources to hedge against the day when petroleum begins to fall as a total percentage of the world's energy requirements. It must be said that in view of the value of coal in the world today all manner of companies are getting in for their cut and carving up Australia's coal resources to form the basis of their corporate empires in the next 30 years.

Let us look at the acquisition of Australian reserves in recent times—in fact, since the return to power of the Liberal and National Country parties in Canberra. The following is a selection, and probably not an exhaustive one, of recent takeovers and acquisitions of Australian coal interests by foreign companies. In New South Wales British Petroleum Australia Ltd has acquired 50 per cent of Clutha Development Pty Ltd. The Shell Co. of Australia Ltd has purchased 37 per cent of the shares of Austen and Butta Pty Ltd. This investment was frozen for 90 days by the Foreign Investment Review Board and was released only recently. Warkworth Mining Pty Ltd has acquired a coal lease in the Singleton area. The company's shareholders are: Costain Aust. Ltd, 30 per cent; H. C. Sleigh Ltd, 45 per cent; Mitsubishi Development Pty Ltd, 15 per cent; and the Australian Resource Development Bank Ltd, 10 per cent. The Australian subsidiary of the Canadian Placer group has

acquired 50 per cent of the Oakbridge Ltd mine at Walgan in the Lithgow region. A letter of intent has been signed by Hartogen Explorations Pty Ltd with the two French companies—Le Nichel (Australia) Exploration Pty Ltd and Charbonnages de France—to take up a 50 per cent interest in the Wambo coal mine. Conzinc Riotinto of Australia has acquired 13 per cent of Coal and Allied Industries Ltd. It is now attempting to buy another 42 per cent of the capital of this company, but the Foreign Investment Review Board has that takeover under investigation.

In Queensland the State Government recently granted Capricorn Coal Developments a coal lease in the German Creek area of the Bowen Basin. The company's shareholders are: Intercontinental Fuels Ltd, a European company, 26.6 per cent; Commercial Union (United Kingdom), 26.6 per cent; the National Coal Board of the United Kingdom, 20 per cent; and Austen and Butta, 26.6 per cent. We are even letting a British Government institution into our coal reserves. Shell has acquired 16.5 per cent of Theiss Holdings Ltd which owns the South Blackwater coal mine and is a partner in Theiss Dampier Mitsui which also owns leases at Moura, Kianga and Nebo. This was frozen by the Foreign Investment Review Board. As we know, nothing will come of it.

Houston Oil and Minerals of the United States—80 per cent—and R. W. Miller (Holdings)—20 per cent—have received prospecting rights from the Queensland Government for the Oaky Creek coal field. Esso has acquired 25 per cent of the Hail Creek joint venture. This leaves Australian Associated Resources with 60 per cent and I.O.L. Petroleum—a CRA subsidiary—with 15 per cent. These acquisitions are a damning indictment of this Government's ideological prejudices and deliberate irresponsible shortsightedness in the field of energy resource development in this country.

All we have had from this Government is ad hocery—a piecemeal of resource projects that might, and probably will not, get off the ground, with no attempt to place them in the context of an overall energy policy or, indeed, an overall minerals policy. According to the Government, an overall energy policy is something that is still in the process of being formulated. In the United States, within a couple of months of President Carter's inauguration, his administration produced a comprehensive energy policy for a country that in wealth, industry and population far outstrips Australia in its complexities. Yet from the Fraser Government, after almost two

years we have had only a promise of an energy policy, only a promise of a minerals policy.

The fact of the matter is that a proper energy and minerals policy would mean that the Government would have to sit down and negotiate—not just talk—with powerful foreign and national industry groups. The complete confusion of the proposed resources tax indicates just how incompetent the Fraser-Anthonay Government is in the area of resource negotiation on behalf of the Australian people. At present the Queensland coal industry is more than 80 per cent foreign owned. Can any honourable member imagine the laissez-faire politician, Mr Bjelke-Petersen, and the intimidated Fraser-Anthonay coalition sitting down and taking on Utah—the company in which Australia's equity is only 11 per cent and which thinks it can hide its massive profits under token gifts to the Australian Opera of, I think, around a quarter of a million dollars.

The first and obvious consequence of these facts of government idleness and foreign company domination is that at a time when an energy hungry world is in a position to listen to Australia and Australia is in a position to be taken seriously in the world's councils, we do not even control the resources necessary to achieve this end. But that is not all. We also are not in a position to oversee the proper development of our energy resources, not only to protect Australia from the energy crisis, but also to see that our major trading partners are given as much assistance as is commensurate with Australia's domestic requirements.

At present, because of the foreign domination of the industry, decisions on the development of Australia's coal are being made not in Australia but in the board rooms of London, New York and Tokyo. What other country in the world would so readily give away such a national asset as at least 300 years reserves of coal without any strings attached? There is no doubt that further exploration will increase the size of these reserves. It has been calculated by experts that, with the development of technology, particularly of in situ mining, in situ fuel coal reserves in the Galilee Basin in Queensland alone, based on the extrapolation of data from ore bores in the same area, will total more than the Sydney and Bowen basins combined. Their magnitude is such that they form a virtually limitless source of fuel if demand should become sufficient to encourage the development of in situ synthetic fuel production.

It is vital that these areas do not fall under total foreign domination and that foreign

interests in these areas and other coal producing areas are required to spend money on research and development technology, such as in situ mining, as part of the agreement to allow them to mine Australian coal. The Federal Opposition believes that conditions must be imposed on coal leases to prevent over-development of coal in Australia which would result in lower prices, and to ensure that research and development is undertaken as well. State chauvinism and neglect by the Fraser-Anthonay Government is largely responsible for the situation in the coal industry today.

There are two important aspects related to the whole question of resource development with which I want to deal. Firstly, I want to lay at rest the view that Australia can progress only with a high level of direct foreign investment. Whilst in the past it has certainly been the catalyst for development, Australia is now experiencing a situation in which profits and dividends payable abroad by companies in Australia represent just over half of the total after-tax company income. Let me refer briefly to a table prepared by the economic analysts SYNTEC. Mr Deputy Speaker, I seek leave to incorporate this table in *Hansard*.

Mr DEPUTY SPEAKER (Mr Lucock)—Is leave granted? There being no objection, leave is granted.

The table read as follows—

PERCENTAGE OF COMPANY INCOME PAYABLE OVERSEAS

Year	Percent
1966-67	23.2
1967-68	28.8
1968-69	27.4
1969-70	26.4
1970-71	29.4
1971-72	27.3
1972-73	32.5
1973-74	36.5
1974-75	52.7
1975-76	55.2

Mr KEATING—This table shows that income payable overseas as a percentage of company income grew from 23.2 per cent in 1966-67 to 55.2 per cent in 1975-76. The apologists for massive foreign investment argue that, with the adequate plough-back of earnings by foreigners this trend will not exacerbate the problems of the current account and the balance of payments with repatriated dividends becoming a growing proportion of the invisibles. But it is precisely because of the plough-back of the profits and the dividends normally payable abroad that were made in the late 1960s and early 1970s that we

now have a situation in which dividends are so massive. With the world economic downturn and Japanese steel production static, dividends were not re-invested in new productive plant but were just left to accrue. This is evidenced also in a SYNTEC table which demonstrates that net private investment funded by overseas investment in Australian companies fell from a high of 40.3 per cent in 1970-71 to 11 per cent in 1975-76. I seek leave to incorporate this table in *Hansard* also, Mr Deputy Speaker.

Mr DEPUTY SPEAKER—Is leave granted? There being no objection, leave is granted.

The table read as follows—

PERCENTAGE OF NET PRIVATE INVESTMENT FUNDED BY OVERSEAS INVESTMENT IN AUSTRALIAN COMPANIES

Year	Per cent
1966-67	23.0
1967-68	37.6
1968-69	33.6
1969-70	29.9
1970-71	40.3
1971-72	39.7
1972-73	12.3
1973-74	8.0
1974-75	15.2
1975-76	11.0

Mr KEATING—What we have seen occurring over a period of time is a massive change in the pattern of investment and the nature of repatriated dividends. The real problem for Australia is the inadequacy of the Australian capital market. Australian companies of good standing and with good prospects cannot get enough debt capital backing to match their equity interest. The Australian stock exchanges have virtually dried up as a source of capital, particularly large amounts of capital. Banks and institutions in Australia will lend only against assets and not against the potential cash flow of sound investments backed by firm contracts.

The monopoly in banking given to Australia's handful of private and public banks has produced the most conservative banking community in the world. Entrepreneurial banking is foreign to these institutions. They will play no ambitious or adventuresome role in the development of this young nation's massive mineral endowment. Australian companies have to sell off their equity to foreign corporations to get adequate capital to develop these projects. This is how many of the companies to which I have referred earlier in my speech have been able to secure such large blocks of equity in valuable coal projects. One wonders what the answer to this problem is. Perhaps it is the opening up of

the banking licences in Australia to world banking competition so that some of the smug executives in Australian banks will have to get out and compete instead of having their business given to them on a plate by the provisions of the Banking Act. There is just no point in the Government talking about minimum Australian equity requirements when it knows damn well that these hopeless institutions in Australia stand in the way of a growing level of Australian corporate ownership.

In conclusion, the Federal Government has a bureaucratic mechanism for the control of the inflow of foreign capital into Australian resource industries, that is, the Foreign Investment Review Board. There are in the Treasurer's statement on foreign investment of 1 April 1976 foreign investment criteria to be applied by the Board on receiving any foreign takeover proposal. These criteria are comprehensive but, as the role of the Board is only to advise the Cabinet, the Government can veto any takeover by a foreign company.

The Fraser Government must inform the Parliament and the people of its attitude towards the increasing foreign domination of the Australian coal industry. It is simply not good enough to say that the Foreign Investment Review Board thinks that a particular takeover is a good thing in the national interest or otherwise. The Government must state its position on the issue of foreign interest in coal. It must clearly lay down separate guidelines for the coal industry to see that Australians ultimately have a major equity in this industry and are in control of it.

Mr ANTHONY (Richmond—Minister for National Resources) (12.9)—I have listened with disappointed interest to the speech by the honourable member for Blaxland (Mr Keating). One wonders what motivates him to make such a speech. No doubt he is pandering to some of his friends somewhere along the line within the socialist movement. He did not really deliver his speech with much fire and brimstone. There really was not much fire in his belly during his speech. It was just a prepared document which obviously he intends to circulate amongst some of his pseudo intellectual friends within the socialist movement. It was a rehashing of the great old catchcries about foreign investment, multinationals and oil companies. We have heard it all before. But what is so obvious about the honourable member's speech is the air of disappointment and resentment at the fact that something is starting to happen in the coal industry in Australia.

Mr Baillieu—Bitterness.

Mr ANTHONY—Bitterness? It is complete sour grapes. What did we see happen during the Labor Government's term of office? We saw absolutely nothing. The Labor Government suffered the consequences of its own socialist policies and its complete incompetence and inability to gain the confidence of the people to invest in and to develop the great coal resources of this country. Now we are seeing things happen. Perhaps the motive of the honourable member really is to undermine confidence. Perhaps he is trying to be subversive in order to make people rather dubious about investing their money in Australia and to make them think that if ever there is another change of government there will be the quick implementation of Labor's policy of nationalising the coal industry in this country.

Mr Keating—That is not our policy. Mr Deputy Speaker, I raise a point of order. The Deputy Prime Minister is referring to a fantasy which is not Labor policy—

Mr DEPUTY SPEAKER (Mr Lucock)—Order! The honourable member for Blaxland will resume his seat. That is not a point of order. I call the Deputy Prime Minister.

Mr ANTHONY—Thank you, Mr Deputy Speaker. The fantasy which the honourable member mentions is the current policy of the Labor Party which is to the effect that it generously would allow some foreign ownership. But that was not the policy that came out of the previous Australian Labor Party Conference and that is not the policy which is emanating from the Australian Council of Trade Unions Congress which is currently in session in Sydney. If it were in government the Labor Party would want complete control and ownership of Australian resources. It would not care how much harm it did to Australia in the process. Why did we see that sordid and scandalous affair concerned with overseas borrowings? What was the whole motivation of the Labor Party? It was to buy out foreign interests so that it could take complete control of Australian resources and put Australia into hock. It did not care how it went about it. It did not care about going through the back door and back alleys to borrow money from dubious sources—

Mr Jacobi—What is wrong with Australian control—

Mr DEPUTY SPEAKER—Order! I point out to the honourable member for Hawker that the honourable member for Blaxland was heard in silence.

Mr Keating—I was talking sense.

Mr DEPUTY SPEAKER—I suggest that there be no interjections and no comment from the table.

Mr Jacobi—Let us have another speaker.

Mr DEPUTY SPEAKER—Order! The honourable member for Hawker will remain silent. I call the Deputy Prime Minister.

Mr ANTHONY—Thank you, Mr Deputy Speaker. I understand the sensitivity of honourable members opposite. When a party has suffered the worst defeat ever in Australia's electoral history on this issue, of course there will be some reaction.

Mr Keating—Come on; answer the detail.

Mr ANTHONY—The honourable member for Blaxland talked about New South Wales. He talked about the British Petroleum company buying into the Clutha company. There has been no change in the percentage of Australian ownership as a result of that deal. It has been through the Foreign Investment Review Board. What is he complaining about? Is he complaining about one foreign company moving in and replacing another foreign company?

Then there is the case of the Shell company buying into the Thiess company. That transaction resulted in an 8 per cent reduction in Australian ownership, from 92 per cent to 84 per cent. Is it Australian Labor Party policy that it would not allow even 16 per cent foreign ownership? Is that what the Labor Party disagrees with? We want to know, the Australian people want to know, the people in the coal industry want to know and the people overseas who want to invest want to know what Labor Party policy is. The trouble with the Labor Party is that it will not come out in the open; it will not come clean about it. When we came into office we laid down firm guidelines on foreign investment and takeovers. We established the Foreign Investment Review Board which examines all these things. The transactions between the BP and Clutha companies and the Shell and Thiess companies were approved by the Board after examination. There is no room for disagreement. It is in the interests of those coal mining projects to get more capital so that they can expand and so that there can be improved working conditions and more opportunities for the people who work in those mines.

When talking about New South Wales, why does the honourable member for Blaxland not refer to the visit to Japan just recently by the Premier of that State? He came back and

preened himself about selling out the New South Wales Electricity Commission mine at Newnes near Lithgow. He sold 49 per cent of it to the Japanese without even offering Australians the opportunity to buy into it. It is sheer hypocrisy for Labor Party members to talk about a foreign sell-out when its leaders engage in that sort of behaviour. They have no principles and no standards whatsoever. All they do is become emotional on the foreign investment issue. They will not stand up—

Opposition members interjecting—

Mr ANTHONY—Of course they are getting upset. They hate to hear it. They should criticise the Premier of New South Wales. At least we in the Commonwealth Government do things decently and in a proper, orderly manner; but the New South Wales Government will come at anything.

Mr Bryant—Mr Deputy Speaker, I raise a point of order. I am finding it difficult to follow the right honourable gentleman's argument. Can you clarify whether he is actually conducting an auction of Australian assets?

Mr DEPUTY SPEAKER (Mr Lucock)—Order! The honourable member for Wills knows that that is not a point of order. He will resume his seat.

Mr ANTHONY—I find quite amusing the knowledge that there is such a conflict in the Labor movement. When it comes to a quid it will sell out to anybody, as we have seen in the case of Mr Wran from New South Wales.

Let us look at what is happening. When we came into office we said that we wanted to get development going, following three years in which not one major project got under way because of the Labor Government's doctrinaire policies. What have we seen? Approval has been given in relation to three big projects in Queensland. Norwich Park has been cleared. What has happened with the Utah company there? Whereas previously there was only about 10 per cent Australian equity, under the arrangements that we reached with Utah on Norwich Park the Australian equity was increased from 10 per cent to 20 per cent.

Mr Keating—Big deal!

Mr ANTHONY—Big deal? What did the Labor Government do? It did absolutely nothing. It did not even get the development of the mine under way. We have increased the Australian equity in Norwich Park and got it proceeding. We have been able to clear Hail Creek

and we have been able to clear Nebo. An Australian company has been able to take up an interest there. We have been able to get the Gregory project under way. All of these things involve enormous increases in Australian equity. The Tahmoor project in New South Wales is now proceeding. These projects represent countless millions of tons of coal. Yet during the term of the Labor Government nothing happened.

Let me illustrate the confidence which has developed in the Australian coal mining industry. We all know the difficulties which Japan is experiencing in the form of a downturn in steel production and a lack of sales. Japan previously imported a quite high percentage of its coal requirements from the United States. During the years 1974-75 to 1976-77 Japan's imports of coal from the United States have dropped from 25 million tons to 17 million tons, and Australian sales of coal to Japan over that same period have increased from 21 million tons to 24.5 million tons. At a time when Japan has reduced its production we are actually selling more coal to Japan, and we will continue to sell more coal to Japan in spite of the competition from—

Mr Keating—That was thanks to Connor. That was Connor's work, not yours. You lot sold out, as usual.

Mr ANTHONY—What does the honourable member think is happening now? He says that we are getting the credit for increased sales now. The Labor Party will take the credit for anything. It will take the credit for the approval of the development of these mines. That development is what is making the honourable member so upset.

Mr Keating—I raise a point of order, Mr Deputy Speaker. It was bad enough that the Minister should berate a former Labor Minister, without claiming credit for his achievements—

Mr DEPUTY SPEAKER (Mr Lucock)—Order! No point of order is involved. The honourable member for Blaxland will cease taking points of order which he knows are not points of order.

Mr Keating—Well, it is a sell-out.

Mr DEPUTY SPEAKER—Order! The honourable member for Blaxland will resume his seat.

Mr ANTHONY—The record of the development of the coal mining resources in this country is very impressive. Equity in Utah has been increased. There has been talk of actual Australian ownership in coal decreasing. That is

mainly because the statistical definition of ownership is measured against actual production. Increased production is largely due to the efforts of Utah which tends to bring down Australian ownership. It is actual production taking place and not a change of equity in itself.

Opposition members say they do not want foreign capital. How will they get into the business of coal conversion which will require enormous technology and enormous funds?

Mr Keating—I have just told you—use the banks. Make them do something.

Mr ANTHONY—Does the honourable member want coal conversion? It will take an enormous amount of expertise which we do not have. At the moment New South Wales—honourable members should remember that New South Wales is a Labor State—Victoria and the Commonwealth have come to an agreement with the German Government and German industrialists to carry out a \$3m feasibility study on coal conversion. If that study proves successful a \$50m pilot plant will be established. If this is successful we will need a \$1,300m coal conversion plant for which German technology and funds will be required. Yet the way Opposition members are talking today is detrimental to encouraging people overseas to invest in these projects. The huge Millmerran coalfield in Queensland lends itself to coal conversion. Foreign interests are involved in this coal conversion.

Why should we not have foreign investment provided it meets our equity guidelines which are being applied thoroughly and properly? We want to see 50 per cent Australian ownership. If there is a worthwhile project in which we cannot get Australian participation but which could go ahead with foreign money, of course we would let it go ahead. We want to see more development, more jobs and more prosperity. We want to see more wealth for all Australians. Opposition members are so hidebound by their doctrinaire philosophy that they do not care about the circumstances in Australia. They are more concerned with pursuing their philosophy than with looking after the welfare of Australians. We know from experience and the long history of this country that Australia has done far better than most of the other countries around the world. Why? It has been run on a private enterprise system in which people have been encouraged to come to this country and develop resources. We will continue that philosophy because we know that it will be the most successful for this country.

The sort of rubbish we have heard today is obviously an exercise for some intellectuals. Those in the coal mining industry who need more capital, who want to replace obsolete equipment and who need to expand find that by taking in overseas partners—in some cases they have only a small interest as I mentioned in respect of the Shell Company moving into Thiess—they can get new plant and equipment and make operations better for their workmen and coalminers. But the Opposition would rather keep things retarded. We are making Australia one of the leading exporters of coal in the world. We are doing that by sensible, practical policies without any stupid emotionalism about foreign investment and foreign companies. While this Government keeps control of the situation it will not mind foreign investment in the Australian coal mining industry.

Mr DEPUTY SPEAKER (Mr Lucock)— Order! The Deputy Prime Minister's time has expired. The discussion is now concluded.

OFFICE OF NATIONAL ASSESSMENTS BILL 1977

Bill presented by Mr Malcolm Fraser, and read a first time.

Second Reading

Mr MALCOLM FRASER (Wannon—Prime Minister) (12.25)—I move:

That the Bill be now read a second time.

Honourable members will recall that on 5 May 1977 I advised the House of certain decisions that the Government had taken in relation to the organisation of intelligence and security arrangements. Those decisions followed the Government's study of one of the reports of the Royal Commission on Intelligence and Security. One of the most important findings of the Royal Commissioner, Mr Justice Hope, was that Australia needs intelligence of quality, timeliness and relevance and that existing intelligence assessments do not meet these tests as well as they should.

In my statement on 5 May, I said that in the light of the Royal Commissioner's findings, the Government had decided to introduce legislation to establish an Office of National Assessments. This Bill is designed to give effect to the Government's decisions in so far as they concern the Office of National Assessments. The Office of National Assessments will be a separate statutory authority independent of any government department or authority, and it will be free from any external direction or control as to the contents and conclusions of its reports and

assessments. The Office will be concerned with assessing intelligence about international developments and not with domestic situations.

The Bill provides that from time to time as circumstances require the Office will make assessments in relation to those international matters which are of national importance. As I mentioned in my statement of 5 May, matters of national importance will be regarded as including:

matters affecting the responsibility of more than one Minister, department or authority

or being of a level of importance warranting cabinet reference

or being of importance to basic government policy

or having major implications for the basic premises of departmental policy or programs.

The Office will not be organised to collect intelligence by clandestine or other means.

Those departments, the defence organisation and established intelligence agencies which at present collect and collate intelligence will continue to fulfil their present functions. Nor will they be precluded from engaging in research, analysis and assessment essential to the discharge of statutory responsibilities, or of functions derived from ministerial responsibilities.

The Office will make objective reports and assessments, drawing both on intelligence and on other sources of information and expertise. The Office will avoid comment or advice regarding policy, although its assessments should obviously have relevance to, and assist in, policy formation. The Office will be subject to policy control and managerial oversight through the Committee of Ministers on Intelligence and Security assisted by a committee of permanent heads, as I announced on 5 May.

The Office will include seconded officers from departments, the defence force and other authorities as well as a permanent core of career officers professionally qualified in the assessment of intelligence on international developments in the political, strategic and economic fields. Subject matters of national interest will include international economic as well as international political and strategic questions. This reflects the Government's concern to have the best possible intelligence assessments on matters in the economic and resources fields which will be of increasing relevance.

The Office will be assisted by a National Assessments Board and an Economic Assessments Board. These boards will be chaired by

the director-general and consist of officers drawn from relevant departments who will provide expert comment on the subjects under assessment. The Government intends that the National Assessments Board will include a senior officer from the Department of Foreign Affairs, the senior civilian and the senior military officer from the Joint Intelligence Organisation and senior officers from the economic departments as appropriate.

Similarly, the Economic Assessments Board will include senior officers drawn from the Department of the Treasury or the Department of Finance, along with officers from the Department of Foreign Affairs and from other economic departments and the civilian element of JIO as appropriate. For both boards, senior officers may also be co-opted, as appropriate, from other departments and authorities with a contribution to make to the subject under assessment.

The Director-General will issue reports and assessments from the office of his own authority but will, wherever possible, consult the appropriate assessment board before doing so. In the event of there being a significant difference of opinion in relation to an assessment between the Director-General and one of the assessments boards on which agreement cannot be reached, the Director-General will furnish with his assessment a statement on the difference of opinion. The Government intends that the Director-General should have access to all relevant information and expert advice necessary for him to make his assessments.

The Bill provides that subject to any legal provisions on the limitation of access to certain categories of information and to compliance with any conditions specified by the Minister, the Director-General shall have access to all Government information and material relevant to a matter being assessed. It has been agreed however, that the Office will not duplicate specialist departmental capabilities including existing data banks. As I foreshadowed in my statement of 5 May, the Government has already taken steps to establish the Office. The first Director-General, Mr R. W. Furlonger, has been appointed by the Executive Council and took up office last month. Recruitment of staff and establishment of support facilities is well advanced and it is expected that the Office can commence producing reports and assessments by the end of the year.

The Government views the establishment of this Office as an event of considerable importance. It is a step towards implementing some of the recommendations of the Royal Commission on Intelligence and Security. Decisions on the other recommendations will be taken and announced in the course of the current session of Parliament. The availability to the Government of objective assessments on matters of external concern to Australia should greatly assist the determination of policies and priorities in the whole field of our external relations. I commend the Bill to the House.

Debate (on motion by Mr E. G. Whitlam) adjourned.

CONSTITUTIONAL DEVELOPMENT OF THE AUSTRALIAN CAPITAL TERRITORY

Ministerial Statement

Mr STALEY (Chisholm—Minister for the Capital Territory)—I table a paper entitled 'Proposals for the Constitutional Development of the Australian Capital Territory' and seek leave to make a statement relating to the same matter.

Mr SPEAKER—Is leave granted? There being no objection, leave is granted.

Mr STALEY—In a public statement dated 6 October 1976 I indicated that the Government had decided that legislative and executive functions would be delegated to the Australian Capital Territory Legislative Assembly. I said then that the Government envisaged the delegation of authority for a significant portion of the Australian Capital Territory territorial and local government functions and recognised the democratic right of Australian Capital Territory citizens to be involved in the making of laws and the taking of decisions which affected them. I also indicated that the Government would identify those functions which should be reserved as the continuing responsibility of the Commonwealth Government, such as functions relating to the national interest or the seat of government interest. I indicated that the Department of the Capital Territory in close co-ordination and co-operation with other interested departments would prepare detailed proposals on the financial and administrative arrangements for submission to Government and that the Government would ensure that the proposals would be available to Australian Capital Territory residents before the next Assembly election.

In accordance with the undertaking made in October 1976 the Government has now decided to release a proposal for the constitutional

development of the Australian Capital Territory with the objective of encouraging widespread public examination and comment on the issues prior to a final decision being made. The proposals are being announced now so that interested groups and the public will have plenty of time to debate them. The issues involve matters of significance and complexity and, in accordance with the best principles governing legislative policy development of such a nature, it is proper that they should be placed before the public so that they can be adequately examined and, if need be, reassessed in the light of Assembly and community views. There are now over 200,000 people living in Canberra and it is reasonable to expect that they would want to take part in a system of legislative and management controls affecting their daily lives.

Last June I announced that the next Assembly election, scheduled for September 1977, would be deferred. Because of the importance of the proposals to the people of the Territory, the term of the present Assembly will be extended until not later than 31 December 1978 to allow full public debate of the proposals. The exact date of the election will be announced later. I am unable to give a firm commitment on the timing of a final decision on any handover of powers or functions. All the views expressed will be considered before a final decision is made. The objective is to have the matter settled before the next Assembly election. After considering various reports on constitutional development in the Australian Capital Territory the Government indicated last year that there should not be any piecemeal delegation of functions. Under the proposals now released it is envisaged that legislative and executive responsibility for a significant portion of territorial activities will be transferred in one step to an elected Assembly. The Commonwealth, however, would retain control of matters affecting the national interest or the seat of government interest.

The proposals are designed to encourage and facilitate active and effective citizen participation in the democratic processes of lawmaking and administration while at the same time recognising the importance of the continuing role of the Commonwealth Parliament and the Government in maintaining the standing and importance of Canberra as the national capital and seat of government of Australia. The proposals envisage the delegation of wide policy and executive responsibility for important functions such as health, education and welfare services, public transport, the Australian Capital Territory

police, municipal services, the present government housing operations and many other services of government in the Territory. The constitutional position of the Territory as the seat of government and national capital does not allow the Commonwealth to divest itself of responsibility for the government of the Territory. What is proposed is a delegation of powers to an Assembly and not the creation of a State. Under the proposals the Governor-General in Council would have a reserve power to refuse assent to Assembly ordinances and the Parliament would retain the power of disallowance of ordinances.

In recognition of Canberra's unique position as the national capital the proposals indicate that the Commonwealth would retain control of those areas of administration which have a direct impact on the national capital role of the city. Because of this the National Capital Development Commission would not be brought under Assembly control although procedures would be devised for greater community and Assembly involvement in the planning and development of Canberra. To preserve the present integrated land management system in the Territory, all land administration functions would also be retained by the Commonwealth. National institutions such as the Australian War Memorial and the Art Gallery would remain Commonwealth responsibilities.

The proposed allocation of responsibility between the Commonwealth and the Assembly is spelt out in detail in the paper which I have tabled. The allocation reflects the rights and responsibilities of democratic participation in local territorial affairs and safeguards the national interest in the seat of government and the national capital. The right to make democratic decisions in territorial affairs will entail responsibility to contribute a proper share of resources to the level of standards and services in Canberra. Under the proposals the financial arrangements for Commonwealth assistance to territorial activities would require negotiations on a regular basis between the Commonwealth and the elected Assembly with critical appraisal of expenditure levels. In recent years Australian Capital Territory municipal costs and locally produced revenues have been brought into balance with only limited government subvention to take account of national capital characteristics. It should be expected that the Government would be looking to the same general processes of refinement in high expenditure areas here including education, welfare and health. This refinement would be achieved responsibly and gradually.

In accordance with the Government's federalism policy it would be expected also that increases in levels of services and new initiatives would be funded from territorial sources of revenue. States apply charges such as estate, gift, probate and succession duties, lottery and gambling taxes, stamp duties of different kinds, tobacco and other licence fees and charges for services, registrations and the like. Such sources of revenue would need to be considered by the Assembly. The question of tax sharing and subventions would also be one for negotiation. I have already had preliminary discussions with all members of the existing Legislative Assembly and with local senators and members of the House of Representatives. These discussions have concerned the principles of the proposed handover of powers and functions and during the period of public debate I expect that the broad outline will be filled in with all the necessary detail. To date there has been a most pleasing degree of bipartisan support for the broad proposals among members of this Parliament and among members of the Legislative Assembly of the Australian Capital Territory. There would be a need for members of the present Assembly to co-operate with the Government and Commonwealth departments in the preparation of legislation, the machinery of administration and the financial arrangements to ensure a smooth and efficient transfer of powers and functions. Departmental officers would be available to assist the Assembly and provide advice and expertise.

I repeat that the objective in announcing the proposals now is to stimulate public debate on the issues and to ensure that the views and opinions of all those with an interest in the proposals can be put forward and considered in totality before final decisions are made. I present the following paper:

Constitutional Development of the Australian Capital Territory—Ministerial Statement, 15 September 1977.

Motion (by Mr Eric Robinson) proposed:

That the House take note of the paper.

Mr BRYANT (Wills) (12.40)—We of course have had placed before us something which is rather more a problem than I think a solution. I make no reflection upon the present Minister for the Capital Territory (Mr Staley) in that regard. I think that we are facing one of the more intractable problems of government—the relationship between local situations and national situations. Nobody has found a solution. Australia is in consistent and continual trouble about it. The Australian Capital Territory will find itself in the

same situation. In Britain long-established communities are in great trouble because they want to have some sort of autonomy. Papua New Guinea faces the same difficulty. I am therefore prepared to agree with the objective that the Minister has outlined. I am not certain that I agree with the proposals. I know that he does not put them before us with a view that we should agree with them but that we should examine them.

The Minister's statement carried the optimistic note that we would have the matter settled. Surely from the Australian experience we would say that anything to do with constitutions and the relationships between the various levels of government will never be settled. So I say to the Minister: 'It is a good statement but is it about a good solution?' I notice that new federalism raises its multifaceted head. I think the problem is in some ways impossible of solution. But one of the great difficulties in facing governmental questions here, and I suppose everywhere else, is that we are more likely to concentrate on structural rather than functional solutions. Instead of looking at the function which we want to perform, making that the objective of the consideration and then producing the functions, we are likely to take existing functions and get on with the job of fitting people and institutions to them. I think that the problem of relationships between the Australian people through their government and Parliament here or the local people of Canberra through their Assembly will still remain unresolved. So all I ask is that whatever solutions we finally come up with, whatever laws we finally pass through this Parliament, we do not make any inflexible rules. It is surely a lesson to all Australians that a written Constitution, with the great difficulty of changing it, is poison to progress. I hope we will avoid that in the Australian Capital Territory.

During my period as the Minister in charge of the Australian Capital Territory I hoped that we would evolve the situation that gradually the Legislative Assembly would recognise that the authority and opportunity that was placed before it had real substance. One thing that always bothered me was the way in which it continually demanded to know what were its powers. I suppose, to use the vernacular, one would say: 'Your powers are whatever you can get away with'. In other words, you produce the legislation and it passes through the system. The Legislative Assembly is in the same position as we are here. It is always possible that the Senate or the High Court will declare invalid whatever we do and veto it. There are very few institutions that have

total autonomy in the sense that the Assembly wanted it defined.

I suppose that in a sense the Legislative Assembly was a body of my own creation. I make that rather modest assumption before I leave the town. The Assembly appears never to have appreciated the power that lay before it. There is an immense body of law in the Australian Capital Territory. I think that 150 or more ordinances are listed which cover almost every area of human endeavour. I used to say to the Assembly—and I presume the present Minister for the Capital Territory has said so too—'You make the laws about those things and if they transgress the national policies as we see them we have not only a right but also a duty to amend them, send them back or veto them'. I suppose it is unfortunate that when we created the Assembly we did not give it adequate drafting facilities. I accept some responsibility for that. I suppose our Government has to accept some responsibility. But we all have to admit that there was difficulty in getting adequate drafting staff in Australia. This was one of the difficulties that we faced as a government of change. I take it that the present Government has faced the same difficulty in trying to change our decisions back again. I think that this is an area of expertise in the law to which we will have to give more attention. The Assembly always seemed to react by assuming that the initiative lay with the Minister and the Department. It is my regret that so far the Assembly has not shown much more energy and initiative in that regard. Members of the Assembly, because of the part time nature of their position, lack the necessary time in which to perform their duties. I suppose that the most significant piece of legislation to flow from the membership of the Assembly was the projected law on consumer affairs introduced by Ms Kelly. There may have been other legislation of which I am unaware. This brings me to the issue of the membership of the Assembly. I think we can make a case for full time membership. I was not so sure of that three years ago, but the more I see of government, the more I see of the necessity to strengthen the representative contribution to government of this country, the more I am convinced that that is something we will have to face.

Mr Sainsbury—It costs money.

Mr BRYANT—Everything, I suppose, costs money. But money is the measure not so much of what the cost will be but of one's capacity to supply facilities. The honourable member costs

money. I do not regret that and we will keep paying this money until the next election. In a community such as this the cost of a legislative assembly is a relatively marginal one compared with the total cost of the city. I think that cost is of little significance. It is a question of input. By putting in more representative people we might reduce the necessity for other public officials. Some 18 members of the Assembly would be administering a city of some 200,000 people. This is nearly half the population of Tasmania. We should bear in mind the number of representatives, or misrepresentatives, we get from Tasmania. There are 15 in this Parliament as well as representatives in the Tasmanian Parliament and on all the local councils. I am not suggesting that Tasmania does not need all these people. I have come to the conclusion, again out of a great deal of experience first as a member and then as a Minister in this Parliament, that we need many more directly representative people taking a part in effective government and government control.

Mr Hodgman—Mind you, we colonised Victoria. Had it not been for Tasmania there would have been no Victoria.

Mr BRYANT—I think that the honourable member is dead right. I think there should be no greater reflection on Tasmania than the fact that it produced the present Victorian Government obviously by its colonisation program. The problem in respect of Canberra is that the 18 people elected to the Legislative Assembly have other work to do. We must ask whether membership should be on a full time basis. If we do—and this point was made in the Minister's statement—we would exclude from government many people of great talent and capacity to serve this city. There may well be a case for some part time and some full time members. This is a decision that could be made by the Assembly itself according to the functions it sees it ought to carry out.

I do not think in these circumstances that a membership of 18 is enough. It is time we did what we wanted to do in the first instance, namely, divide the Australian Capital Territory into four or five electorates with three to five members to be elected from each electorate on the basis of proportional representation. Under such a system we might end up with an assembly consisting of about 20 or 30 people. I suggest that this area should be examined. I cannot overemphasise the importance of the representative function. I think that in a consideration of these matters we are often too bound by both precedent and existing situations.

One of my other disappointments during my time as Minister was that the Assembly did not

take up the right it had as a result of the power given to it for its members to have an effective say in respect of authorities. I was disappointed when Mr Gordon Walsh retired from the Assembly and from the Australian Capital Territory Milk Authority that another member of the Assembly did not take over chairmanship of the Authority. I believe that we are faced with the questions of ministerial authority in government and the whole system in which we are cast. I think that we are a little obsessed with the managing director concept of Ministers. In fact the Minister is not just the managing director, he is the whole board of directors. There should be more involvement in the political input in relation to these matters, just as there is in some other countries. Britain is a case in point, although I do not think the Ministers there act as teams all the time. Here we have a multitude of authorities and the Legislative Assembly ought to be the chairman and ought to have a more effective say in direction.

My view was that there should have been a continuous evolution of local government in Canberra along the line of total input rather than an attempt to define it by ordinance and administrative fiat. I do not agree with the deferment of the election of the Legislative Assembly. I do not think there will be any advantage in having the present members of the Legislative Assembly involved in these deliberations. That could be done by the newly elected members. I can understand why the Liberal members of the Legislative Assembly would not want the election to be held. I presume that they would have visited upon them the wrath of the citizens of this area because of the disadvantages imposed on them by this Government—although not always by the present Minister for the Capital Territory, of course.

Mr Hodgman—Your Mr Vallee is a great help to the Liberal Party.

Mr SPEAKER—Order! I point out that if the honourable member for Denison wishes to interject, and that is out of order, he should return to his seat. He is out of order on two counts in interjecting from some other honourable member's seat.

Mr BRYANT—I am glad that there is such a large audience here at present. I point out to honourable members the difficulty in which the Government finds itself, or the Minister finds himself, in attempting to define the areas which ought to be regarded as national responsibilities and those which ought to be local responsibilities. Most of us would agree, although members

of the Legislative Assembly may not, that control of land ought to be reserved to the national body; but why should the matter of holidays be reserved to the national body? I remember that when I was the responsible Minister I granted a number of holidays in the Australian Capital Territory which brought down on my innocent head the wrath of the local employers. However, I think that the matter of holidays ought to be a local affair. But what is the difference between these things? Why are unit titles and long service leave reserved to the national body when other things are to be transferred? I put these things forward for consideration, not with a suggestion that they be decided one way or the other but to show the very great difficulty we face in trying to make a decision about them.

Is the role of this Parliament adequate? The Governor-General in Council, that is the Ministry or the Executive Council, will be able to veto decisions. The reasons will be tabled here, but will we then be able to disallow the veto? I hope that we will examine the legislation in that respect when it comes forward. As for the replacement of members of the Legislative Assembly, I think we should use the Tasmanian system and not have nomination by the parties. I think that both the system that we use for the Senate and the one that is to be used for the Legislative Assembly constitute a denial of the representative principle. I do not think people ought to be able to sit in representative bodies unless they are actually direct representatives.

I am not too sure that the abolition of the Department of the Capital Territory is wise. My experience after examining government bodies throughout Australia as a member of the House of Representatives Standing Committee on Environment and Conservation is that we need some overall authority or functional unit which can bring everything into focus. One of the great disabilities of nearly every area of Australia is the dispersal of functions through authorities which do not need to co-operate with one another. For instance, I disagreed with the transfer of the Commonwealth car service to the Department of Administrative Services—not because I have any grudge against that Department but because I felt that this was a departure from the principle that we ought to be trying to support—that functions which concern people and areas ought to be integrated as nearly as possible into some co-operating force.

In the city of Canberra we have an opportunity to create an administrative and executive operation which will be an example to the rest of

Australia. We only have to look at the management of Melbourne and Sydney to see how difficult it is to get any sense out of the whole system. I think that that transfer was a backward step. I think that the dispersal of the Department of the Capital Territory will be a backward step.

Mr Staley—But in a way it will bring things together, will it not?

Mr BRYANT—Some of the responsibilities will be dispersed to some other Minister who will not bother much about them because he will have 45 other things to do. I have several fears which I would like to express. One is that the financing provisions will be such that they will start to cause atrophy in this city. The citizens will have a much heavier burden to bear in order to keep up the standard of the Australian Capital Territory. I foresee the deadening hand of the Treasurer coming into it. On the other hand, I think that part time membership of the Legislative Assembly will mean that its members will not have enough time to apply themselves to the job. The Minister responsible will find the Legislative Assembly on the edge of his duties and therefore we will find that many things will flow back and the place will become just another bureaucratic enclave.

The Minister having brought the matter here and having initiated discussion, the time has come for us to try to get the community to think a little more constructively about it. I hope that some of the thoughts expressed here and in the other place about the Australian Capital Territory can be put out in such a way that the citizens will start to think a little more constructively about this matter. If we are not careful we will end up in a situation of confrontation. Some people will be for it and others will be against it, and somebody will have to make a decision which, with the hindsight of history, probably will be the wrong decision.

Mr SPEAKER—Order! The honourable gentleman's time has expired.

Mr DONALD CAMERON (Griffith) (12.56)—Mr Speaker, on looking at the Constitution I find that section 125 refers to the establishment of a capital territory no closer than 100 miles from Sydney. If one looks back to our early history one finds that the only reason the Australian Capital Territory was established was to satisfy the jealousies which existed between Victoria and New South Wales. It was agreed that this Territory would be established to meet the needs or rather whims of those 2 States. We have seen the Territory grow in its splendour over the

years and today we have a flourishing city and Territory.

Previously in this House I have proposed the concept of changing section 125 of the Constitution in order that the Australian Capital Territory might be placed back in New South Wales. I have a very firm view about this, a view which has been commended by people in almost every State, namely, that there is no need whatsoever to keep up a duplication of the bureaucracy and the forms of government that are necessary simply to look after the needs of only a quarter of a million people. Everywhere I go in Australia, except in New South Wales, people come to me and say: 'I agree with your formula for the Australian Capital Territory'. People in New South Wales come to me and say: 'What have we done wrong?' New South Wales is the only State that is opposed to the idea; the rest are totally in favour of it.

We talk about cutting down government expenditure, and I believe that we can start right here in Canberra. There is absolutely no need for a small population to have its own parliamentary system and a duplication of government departments when the Government of New South Wales, only four hours away by road or 30 minutes by air, could do the job most adequately. In Canberra we are splurging the public purse to pander to the whims of a handful of people. People in Canberra know that this is where the lucky country is. When we see the way that the people of Canberra are looked after and compare the facilities here with the facilities that the rest of Australia has to suffer, there is little wonder that the people of Canberra want to retain their selfish little nest.

I notice that it is nearly one o'clock, but I want to register here once and for all my total opposition to any concept of government for the Australian Capital Territory other than thrusting it back into New South Wales whence it came and allowing it to stand on its own feet with the rest. I can understand that the people of the Territory may be a little nervous about what might happen if Mr Wran became their Premier, but let me assure them that the foundations of Canberra have been so well laid and the city has been so well planned that now not even a Labor State Government could destroy it. It is here. Let us call an end to the charade. We have our show-piece. I believe that it is time the Capital Territory was put back into New South Wales and the people in this area were treated like other Australians and not accorded the special treatment they command under the present system.

Question resolved in the affirmative.

Sitting suspended from 1 to 2.15 p.m.

APPROPRIATION (URBAN PUBLIC TRANSPORT) BILL 1977

Bill presented by Mr Nixon, and read a first time.

Second Reading

Mr NIXON (Gippsland—Minister for Transport) (2.15)—I move:

That the Bill be now read a second time.

The purpose of this Bill is to appropriate \$30.31m for expenditure under the terms of the joint Commonwealth/State Urban Public Transport Agreement. Of this amount \$5m is allocated for new projects and \$25.31m provided to meet cost increases on approved projects. Included in the Budget allocation for urban public transport is \$20.6m available from existing appropriations of which \$18.27m is for the continuation of approved urban public transport improvement projects and \$2.42m is the carry-over from the \$20m allocated last year to meet

cost increases. The Bill therefore, brings the total Commonwealth Budget allocation in 1977-78 to \$51m.

Whilst the Government has been forced to reduce its allocation this year our overall commitment has been substantial if we consider the full five years of the program. In the first three years of the program—1973-74 to 1975-76—some \$79m was paid to the States while in the first two budgets of the present Government—1976-77 and 1977-78—an amount of \$58.4m was spent last year and \$51m is budgeted for expenditure this year making a total of \$109.4m—an increase in two years of some 40 per cent over that provided in the preceding three years. I seek leave to incorporate in *Hansard* Table 1 which sets out advances made to the States to 30 June 1977.

Mr DEPUTY SPEAKER (Mr Lucock)—Is leave granted. There being no objection, leave is granted.

The table read as follows—

Table 1
MONEYS SPENT UNDER URBAN PUBLIC TRANSPORT AGREEMENT 1973-74—1976-77

State	1974-75	1975-76	1976-77	Total
	\$	\$	\$	\$
New South Wales	14,763,403	5,693,666	24,596,051	45,053,120
Victoria	18,867,227	9,332,523	15,884,936	44,084,686
Queensland	2,126,029	8,984,714	11,379,744	22,490,487
South Australia	6,083,784	6,757,152	4,420,366	17,261,302
Western Australia	2,828,653	750,080	1,869,044	5,447,777
Tasmania	359,333	2,380,013	252,610	2,991,956
Total	45,028,429	33,898,148	58,402,751	137,329,328

Mr NIXON—I thank the House. Honourable members will recall that in my second reading speech introducing the Appropriation (Urban Public Transport) Bill 1976 I referred to program revisions I had approved to that stage. I have continued to work with the States to approve the revision of programs and the reallocation of available funds to projects with the highest priority. This approach of course greatly

assists the States in meeting their more urgent needs. For the information of honourable members Table 1 provides for further details of the approved program revisions. I seek leave to incorporate Table 2 in *Hansard*.

Mr DEPUTY SPEAKER (Mr Lucock)—Is leave granted. There being no objection, leave is granted.

The table read as follows—

Table 2

State	Projects	\$m	Previously approved projects discontinued	\$m
NSW	Acquisition of 18 double deck rail cars .	3.970	Amount from previous unallocated savings	3.970
		3.970		3.970
Vic.	Acquisition of 5 new trains	6.970	Caulfield/Mordialloc—signal works	0.580

State	Projects	Previously approved projects discontinued	
		\$m	\$m
	Macleod/Greensborough remainder of project		0.890
	Ringwood Corridor remainder of project		3.240
	Glen Waverley Model Line remainder of project		0.980
	Communications Upgrading		
	-telephone exchange		0.960
	Geelong Minor Works		
	-platform extension and public address installation		0.320
		6.970	6.970
Qld	Work on Southside platforms	0.253	Electrification Northgate-Shorncliffe (part)
		0.253	0.253
SA	Purchase of 76 volvo buses	5.044	Adelaide-Christie Downs Railway electrification
			4.839
			Other Minor capital works
		5.044	0.205
			5.044
WA	Radio telephones in buses	0.600	Central Bus Station
	Bus Automatic		-pedestrian access bridge
	Door Improvements	0.106	Michell Bus way
	Mitchell Busway additional works	0.138	Stage 1—Design
	Bus servicing facilities	0.154	Various Bus Station Improvements
	Innaloo car parking facilities	0.024	Car Parks at 5 Railway Stations
		1.022	0.019
Tas.	Bus improvements	0.030	1973-74 New Buses (part)
			0.015
			Springfield Bus Depot Design (part)
		0.030	0.015
			0.030

Mr NIXON—I thank the House. It is also significant that our provision for new projects this year is the first allocation for new works under the Urban Public Transport Agreement since the 1974 budget. Although \$5m is a relatively minor amount I believe that its allocation is a clear indication of the commitment this Government has to ensure urban public transport services are upgraded. However, the apportionment of the \$5m for new projects was not an easy task. Consequently, I sought from my State colleagues their views on possible allocations. In all cases there was an overwhelming priority given to the acquisition of rolling stock. I am in agreement with this ranking and I therefore decided to allocate all funds towards rolling stock commitments.

In determining each State's allocation I have taken into account the relative availability of funds from current appropriations and existing State commitments. In particular I took cognizance of the opportunity which New South

Wales has to reallocate its available funds. Allocations were: \$0.60m to New South Wales for double deck suburban rail cars; \$1m to Victoria for suburban trains; \$1m to Victoria for trams; \$0.06 to Queensland towards electric rail cars; \$0.94m to Queensland for buses; \$1m to South Australia for buses; \$0.30m to Western Australia for buses; \$0.1m to Tasmania for buses.

Table 2 provides details of the allocation to the States of the funds for approved projects other than the \$27.73m for cost increases for 1977-78. I seek leave to incorporate Table 3 in *Hansard*.

Mr DEPUTY SPEAKER—Is leave granted? There being no objection, leave is granted.

The table read as follows—

Table 3

Commonwealth Allocations to the States for Continuation of Approved Projects and New Projects in 1977-78 under the Urban Public Transport Agreement.

State	Continuation projects	New projects	Total
	\$m	\$m	\$m
NSW	11.28	0.6	11.88
Vic.	3.56	2.0	5.56
Qld	2.80	1.0	3.80
SA	0.45	1.0	1.45
WA	0.18	0.3	0.48
	neg (\$157 only)		
Tas.		0.1	0.10
	18.27	5.0	23.27

Mr NIXON—I thank the House. The remaining \$27.73m of this year's allocation of \$51m is to meet cost increases. As honourable members will appreciate these funds are not payable in relation to particular projects until cost increases are justified in accordance with clause 16 (3) of the Agreement. Consequently it is not possible at this stage to advise Parliament of the ultimate allocation of these funds. Whilst many projects are yet to be finished we are already seeing the benefits from those that have been completed. In a number of cities, for example, it is now not unusual to see people allow older rolling stock to pass so that they can catch the new bus, train or tram that is following. This is a clear indication of the value the community attaches to the improvements in comfort and ride provided by the rolling stock funded under the Urban Public Transport Agreement.

Substantial increases in ridership have occurred, for instance, since the Christie Downs Railway was opened. Patronage at the Christie Downs station is already exceeding 1975 predictions by almost 30 per cent. Particularly pleasing is the fact that over 50 per cent of users previously travelled to central Adelaide by car. The success of this project is a clear indication that well planned public transport improvements can increase patronage particularly by attracting previous car users. Similar results have also been achieved by the interchanges constructed in Brisbane and Perth. At Petrie and Enoggera railway stations, for example, since completion of the interchange facilities increased ticket sales of almost 70 per cent and over 50 per cent respectively have been experienced. At Innaloo about one third of all park-and-ride patrons previously did not use public transport. The success of this interchange is demonstrated by the recent agreement between the Western Australian Minister and myself that a second car park will be constructed.

Honourable members will appreciate that allocations under this program are not the only contribution made by the Commonwealth to transport services in urban areas. We make substantial investments in the provision of transport infrastructure in urban areas such as airport and port facilities, as well as the substantial funds which are provided towards the urban roads programs. Overall the Commonwealth Government's financial commitment to urban transport and the problems of the cities is clear and significant. I commend the Bill to the House.

Debate (on motion by Mr Morris) adjourned.

STATES GRANTS (ROADS) BILL 1977

Bill presented by Mr Nixon, and read a first time.

Second Reading

Mr NIXON (Gippsland—Minister for Transport) (2.21)—I move:

That the Bill be now read a second time.

The main purpose of this Bill is to provide financial assistance by way of section 96 non-repayable advances to the States for road construction and maintenance over the three financial years 1977-78 to 1979-80 inclusive. The Bill is a major item of legislation and involves a number of fairly complex issues. I have therefore arranged to have circulated to all members an explanatory memorandum outlining the main principles of the legislation.

As honourable members will know, the Commonwealth has made assistance available to the States for roads by way of non-repayable advances for a great many years. For the 3-year period ending 30 June this year, assistance was provided to the States for roads purposes under the National Roads Act and Roads Grants Act. Pending passage of the Bill now before the House, the States Grants (Roads Interim Assistance) Act 1977 was passed in the autumn session to cover advances to the States for the first three months of 1977-78 equal to one-quarter of the proposed 1977-78 allocation. The legislation now proposed will subsume the interim assistance arrangements.

The legislation now before the House provides for a basic grant in each of the three years of \$475m. The States have been advised of the Government's intention to maintain the basic grant to each State for 1978-79 and 1979-80 at an amount equivalent in real terms to 1977-78. Each State's share of the indexed total grant will, of course, remain constant. The Government is proposing to give effect to this intention by

adjusting the basic grant to allow for cost movements on an annual basis in line with movements in the national accounts' implicit price deflator for private investment in 'other building and construction'.

This adjustment may be varied on account of special factors which cannot presently be foreseen or which may not be adequately reflected in the proposed index. Details of this particular aspect are to be finalised in discussion with the States. These discussions will also be useful of course in helping to avoid any misunderstandings about the indexation arrangements. Generally I would not anticipate any drastic alterations to the adjustments derived by use of the price deflator proposed and the overall effect of the proposed arrangements will be a substantial basic guarantee to the States. Furthermore, I must also point out to the House that the proposed indexation arrangements will provide a guaranteed minimum. As the States already know through advice from the Prime Minister (Mr Malcolm Fraser), the Commonwealth's commitment is to provide funds at least equivalent in real terms to the 1977-78 allocations. The actual increase each year will need to be finalised in the light of the overall budgetary and economic situation.

Total funds to be appropriated for roads will be \$1,425m, an increase of almost \$200m above the grants provided in the triennium just ended. This is a very substantial effort on the part of the Government and it signifies our determination to stay with our proper responsibilities with regard to Australia's road network. It is a particularly significant effort on our part when considered in the light of overall budgetary problems. The Government recognises the importance of adequate transport networks for the economic well-being of Australia and I should comment in passing that in addition to our funding for roads purposes we also have substantial commitments in relation to other transport modes which we are discharging responsibly. Honourable members will probably be aware that at the February meeting of the Australian Transport Advisory Council I announced that the Government intended to make \$475m available for road grants in 1977-78. At that time I also announced a number of significant policy initiatives on the part of the Commonwealth Government with regard to the areas in which we propose to concentrate our financial assistance. In particular, I announced that the Commonwealth Government intended to ensure that its funds were made available for use by local authorities in such a

way and to such an extent that the Commonwealth Government could not in the future be held out as responsible for inadequate road finance at this level. It was also made clear in the allocations which I proposed to the Australian Transport Advisory Council that we were committed to continue funding for the national highways network and the main rural arterial network, which is of course a key part of the inter-regional and inter-urban transport system.

This re-direction of Commonwealth effort was in part based on recognition of the fact that support for urban arterial roads in the legislation just ended had, in our view, taken an excessive part of the total available Commonwealth funds. In fact, we informed the State Governments that we were not prepared to continue providing a major part of funds for the construction of urban freeways at the expense of other road works. We are not abandoning urban transport as is evidenced by our decision to provide a further \$51m to the States under the urban transport agreement in 1977-78. We recognise that in the cities a balanced approach to transport, including the use of public transport, is essential and we are pursuing vigorously with the State governments the problems which are faced in developing and improving these systems for the future. Honourable members should also be aware that since our return to office we have held detailed and extended discussions through the Australian Transport Advisory Council with the object of eliminating unnecessary complexity and intrusion on our part in the affairs of State governments in relation to transport matters. This is, of course, part of our wider approach in the development of a federalism policy designed to avoid the many areas of friction which characterised our predecessor's arrangements.

I should comment that the allocations for 1977-78 which are proposed in this Bill, also reflect to an extent, requests from State Ministers for changes to allocations which I proposed to them at the Australian Transport Advisory Council. The allocations which I am proposing in the schedules to the Bill to cover 1978-79 and 1979-80 will maintain the new thrust of Commonwealth funding to which I have already referred. However, the legislation will continue to contain provisions which will enable me to approve requests from the States for transfers between road categories, to meet for example, changes in State road works priorities. Furthermore I should make it quite clear to the House that the Bill does not allocate the additional indexation funds for 1978-79 and 1979-80 to

particular road categories. Obviously the Parliament will in due course be asked to appropriate these extra funds and their allocation to the various road categories within each State.

I would now like to draw the attention of honourable members to the main features of this Bill. Firstly, in the interest of simplified administration the legislation is being presented as one Bill instead of two separate Acts similar to those which were in force up to 30 June last. State Ministers have welcomed this feature. In addition there will in future be no difference in the financial administration for national roads as compared with other road categories since *pro rata* advances will be made to the States for all road categories on a monthly basis. The present separate financial arrangements in respect of national highways will be discontinued. The Bill also provides that the only Ministers with administrative responsibilities will be the Minister for Transport and the Treasurer.

Of particular interest is our decision that the new legislation will continue the change introduced recently whereby payroll tax may be included as an eligible item of expenditure both from the Commonwealth grants and as a component of matching State quotas. This is consistent with the approach adopted in relation to Commonwealth grants in some other programs. The road categories which are specified in the legislation are as follows: National highways construction; national highways maintenance; national commerce road construction; rural arterial road construction; rural local road construction and maintenance; urban arterial road construction; urban local road construction; and Minor Traffic Engineering and Road Safety Improvements Program.

Honourable members will be aware that these categories are similar to those of the previous legislation. There is, however, no longer a separate reference in the legislation to beef roads or developmental roads although beef roads will continue to be eligible for assistance. The category export and major commercial roads has been replaced by the category national commerce roads. The legislation will provide for State quotas of matching expenditure. The States are required to find from their own resources a minimum amount of roads expenditure in order to qualify for the Commonwealth funds. I wish to stress that this provides only a base below which State roads expenditure cannot fall. It does not in any way limit total State road expenditure. In fact honourable members should be aware that in recent years New South Wales has heavily exceeded its State quota. It is also important to

note that under this legislation the States remain free to allocate their own funds to roads in accordance with their own priorities. The legislation also provides for a minimum quota each year for all States combined of \$418.8m. It is intended to index the individual State quotas in line with any increases in the Commonwealth grant. The Commonwealth sees the road funds that it provides as supplementing rather than substituting for State finance. On this basis, we consider it reasonable that increases in the Commonwealth grant ought to be matched by increases in the matching State quotas.

The legislation continues to provide for the annual submission of programs to be carried out using Commonwealth funds for the approval of the Commonwealth Minister. In the case of local roads a program of allocations for road works can be submitted as an alternative to a program of projects. On the basis of discussions and agreement with State Ministers I have included in the Bill provision for the establishment of joint Federal-State planning committees as a possible alternative to the system of program approval. Initially this provision can be used to establish planning committees for national roads but is capable of being used for other road categories if desired and agreed. It will be a matter for agreement between individual State Ministers and the Commonwealth Minister as to whether planning committees are to be adopted at all. In each case the conditions under which the alternative approach is adopted will be a matter for agreement between Ministers.

This legislation, unlike the previous legislation brought in by our predecessors, will not require the submission of all programs for urban arterials no matter how they are funded. The final feature of this Bill which I should draw to the attention of the House is the inclusion of a standard information clause. This information clause is intended to enable the collection of information consistent with Commonwealth purposes under the legislation. It does not permit wholesale intrusion into State affairs. Against this background honourable members should note it is my intention to continue to work with State governments on a co-operative and federal basis.

The explanatory notes I have circulated describe the main feature of the Bill and I would not therefore propose to deal with individual sections in any detail. The important points for members to note are that Parts II and III of the Bill contain the clauses necessary for program approval and payment of grants for national roads and other roads respectively. Part I sets out the usual definitions. Part IV specifies the general

administrative machinery, appropriation clauses, provisions for reports, information and audit certification and so on. The schedules provide details of allocations to individual road categories within each State for each of the three years based on \$475m. Quota details are also included in the schedules. I commend the Bill to the House.

Debate (on motion by Mr Morris) adjourned.

CUSTOMS TARIFF (COAL EXPORT DUTY) AMENDMENT BILL 1977

Bill presented by Mr Howard, and read a first time.

Second Reading

Mr HOWARD (Bennelong—Minister for Special Trade Negotiations and Minister Assisting the Prime Minister) (2.36)—I move:

That the Bill be now read a second time.

The purpose of the Customs Tariff (Coal Export Duty) Amendment Bill 1977 now before the House is to reduce the export duty on high quality coking coal from \$4.50 to \$3 per tonne and on other coking coal from \$1.50 to \$1 per tonne. Honourable members will recall that these changes were foreshadowed by my colleague the Treasurer (Mr Lynch) in his Budget Speech on 16 August 1977 and that, following that speech, Customs Tariff (Coal Export Duty) Proposals were introduced to authorise collection of duty at the reduced rates with effect from 8 o'clock that evening. The reductions proposed by this Bill for enactment represent a further step by the Government towards achieving the intention stated in 1976 of phasing out the export duty on coal over three years. It is the Government's intention to remove the remaining duty next year in accordance with the undertaking to which I have referred. I commend the Bill.

Debate (on motion by Mr Morris) adjourned.

EXCISE TARIFF AMENDMENT BILL 1977

Bill presented by Mr Howard, and read a first time.

Second Reading

Mr HOWARD (Bennelong—Minister for Special Trade Negotiations and Minister Assisting the Prime Minister) (2.38)—I move:

That the Bill be now read a second time.

The purpose of the Excise Tariff Amendment Bill 1977 is to enact excise tariff alterations introduced into this House on 16 August 1977 by Excise Tariff Proposals Nos 1 and 2. Clause 4 of the Bill increases the rate of excise duty on coal

from 4.3c to 10c per tonne, with effect from 1 July 1977 in accordance with a notice pursuant to section 160B of the Excise Act 1901 published in the *Gazette* of 30 June 1977. The total excise duty collected on coal is applied to the Coal Mining Industry Long Service Leave Fund established under the States Grants (Coal Mining Industry Long Service Leave) Act 1949 administered by my colleague the Minister for Employment and Industrial Relations and the increase proposed is necessary to preserve the viability of the Fund. Clause 5 of the Bill, in conjunction with clause 3 and the Schedule, proposes enactment of the alterations in excise duty foreshadowed by my colleague the Treasurer (Mr Lynch) in his Budget Speech on 16 August 1977 and which were set out in Excise Tariff Proposal No. 2 introduced into the Parliament later that evening to authorise collection at the altered rates with effect from the time of the announcement. The alterations proposed, which are set out in detail in notes on clauses which have been circulated, provide for increases of a quarter of a cent per litre on refined petroleum products and 50 per cent on crude oil and condensate, with the exception of condensate marketed separately from crude oil. The Bill proposes, in relation to such condensate, the total removal of the present duty of 1.26c per litre. I commend the Bill.

Debate (on motion by Mr Morris) adjourned.

NON-GOVERNMENT SCHOOLS (LOANS GUARANTEE) BILL 1977

Bill received from the Senate, and read a first time.

Second Reading

Mr VAINER (Stirling—Minister for Aboriginal Affairs and Minister assisting the Treasurer) (2.40)—I move:

That the Bill be now read a second time.

The purpose of the Bill is to implement a scheme to enable the Commonwealth to act as a guarantor for loans raised by non-government schools in the States to finance wholly or partially the construction of approved priority school facilities. The Government accepted the recommendation of the Schools Commission that a system of loan guarantees be established and in November of last year, the Minister for Education (Senator Carrick) announced this decision and foreshadowed the introduction of the necessary enabling legislation. The scheme will have considerable benefit for non-government schools in that it will allow loans for building projects to a maximum of \$10m in any one year

to be backed by Commonwealth Government guarantees. The scheme will provide much-needed support for those schools wishing to raise loans especially those without institutional backing. In addition it will permit more favourable borrowing terms to be negotiated. Loan guarantees will also be available for projects which while approved in principle by the Commonwealth may not receive a grant. The Bill includes provision for the Commonwealth to recover any cost to it in the event of default. This scheme will foster increased building activity in non-government schools in the States. I commend the Bill to the House.

Debate (on motion by Mr Morris) adjourned.

NEW GENERATION LOCAL TELEPHONE SWITCHING EQUIPMENT

Ministerial Statement

Mr ERIC ROBINSON (McPherson—Minister for Post and Telecommunications)—by leave—Australian telephone subscribers are currently served by a network of over 4.5 million lines of automatic switching equipment; 1.3 million lines of this equipment are electro-mechanical and were installed in the period 1939-62. In order to obtain worthwhile economies in operation and, at the same time, provide customers with new facilities and to meet demands it is necessary for Telecom Australia to embark on a program of equipment modernisation.

The first part of this modernisation program will commence next year by upgrading the existing system with a limited form of computer control. The second part of the program is the adoption of a new electronic switching system for use from about 1980. To this end, world-wide tenders for suitable equipment closed in July 1975; seven tenders were received.

In mid 1976 Telecom announced that it had narrowed the equipment selection down to two tenders, one from L. M. Ericsson (Australia) Pty Ltd for an AXE system and the other from STC (Australia) Pty Ltd for its IOC equipment. Some 20,000 man-hours of technical evaluation of the two systems resulted in the Australian Telecommunications Commission recommending the AXE system offered by L. M. Ericsson (Australia) Pty Ltd as the most suitable system for introduction into the Australian network in the 1980s. This system capitalises on recent advances in computer and electronics technologies. It will be cheaper to buy, to install and to maintain than if Telecom continued with the present

system. It will be an important factor in containing cost increases and thus prices to the user in the years ahead.

Savings over the first ten year period are estimated to be in excess of \$100m at current prices. In addition, the new equipment will enable a range of additional facilities to be introduced progressively. The contract with L. M. Ericsson will require a high proportion of Australian manufacture, reaching at least 80 per cent as volume increases. The contract will also provide for manufacture under licence.

The introduction of the stored program control equipment and its adaptation to work with the Australian network will be a substantial engineering undertaking for both Telecom and the company. In adopting an SPC local exchange system Australia is in line with the general trend around the world. While the equipment will require less staff to install and maintain, the general growth in telecommunication services is strong and Telecom's technical labour force should continue to grow.

In choosing between the two main competitive systems the overall employment consequences in the telecommunications industry were of concern to the Government. Both STC and L. M. Ericsson have established facilities for switching equipment production in Australia. The Government however is convinced that while it may be necessary for some readjustment in staffing levels between STC and L. M. Ericsson there will be no overall adverse impact on employment within the industry as a result of the decision. In terms of total factory production employment, company staff are more dependent on overall Telecom orders than on the choice of a particular new switching system.

In the period 1977 to 1985 orders for telephone switching equipment which include the STC 10C trunk equipment and the first deliveries of SPC local equipment are expected to be worth about \$700m at current prices. STC manufactures crossbar equipment under licence and is the sole 10C trunk supplier. L. M. Ericsson on the other hand is the prime supplier for crossbar equipment.

On this basis therefore even with the SPC local equipment being awarded to L. M. Ericsson, total switching equipment orders are expected to continue at a comparable level until at least the mid 1980s. Beyond 1985 it can be expected that SPC local switching equipment will be made under licence by a second manufacturer. STC are

already manufacturing electronic trunk switching equipment and could quite possibly be a suitable licensee of the local SPC local system.

The Commission believes that the introduction of the SPC local equipment offers significant cost savings and its flexibility will give customers improved services. The Commission views the future with optimism. Demand seems assured. There is a sound network and a well qualified staff. Promising new technology holds an advantageous prospect of additional services together with the important cost features. The new equipment should enable the Commission to restrain increasing costs below those experienced by the community in general.

I present the following paper:

New Generation Local Telephone Switching Equipment—Ministerial Statement, 15 September 1977.

Mr Wentworth—Would the Minister move that the House take note of the paper?

Mr ERIC ROBINSON—I was simply going to make a statement, but if it is the desire of the House that I move that the House take note of the paper I do not mind doing so.

Mr Charles Jones—In that case, Mr Deputy Speaker, I seek leave to make a short statement in reply.

Mr King—I raise a point of order, Mr Deputy Speaker. The Minister has been requested to move a motion that the House take note of the paper. I take it that if the honourable member for Newcastle now seeks leave to make a statement his statement will end the debate.

Mr DEPUTY SPEAKER (Mr Lucock)—It is not necessarily so. The Government is in charge of the business of the House. The Minister can move that the House take note of the paper. It depends upon the honourable member for Newcastle, but it might suit him to make his statement and for the motion that the House take note of the paper to be moved after that statement. But a motion could be moved now that the House take note of the paper and the honourable member for Newcastle could then speak to that motion.

Mr Wentworth—I understand that the motion that the House take note of the paper has been moved already.

Mr DEPUTY SPEAKER—No. The Minister has not moved that the House take note of the paper.

Mr Charles Jones—The Government is in charge of the House. If the Minister wants to move that the House take note of the paper that would suit me. I could take it up from there.

Mr ERIC ROBINSON—If it is the wish of the House and if the honourable member for Newcastle (Mr Charles Jones) is agreeable, I move:

That the House take note of the paper.

Mr CHARLES JONES (Newcastle) (2.50)—I do not know what is to happen at this stage now that the Minister for Post and Telecommunications (Mr Eric Robinson) has moved that the House take note of the paper. The usual procedure once that motion has been moved is that the matter is placed on the Notice Paper. But as the honourable member for Mackellar (Mr Wentworth) and probably the honourable member for Adelaide (Mr Hurford) are to speak on this matter, I do not know whether we are going to have a full scale debate on it.

We on this side of the House received the appropriate two hours notice that the statement was going to be made. I do not think any honourable member would expect us at this stage to make a decision as to whether the Opposition will support the proposal, oppose it or remain neutral to it, bearing in mind that the Minister's advisers have spent some 20,000 man hours on the technical evaluation of the two systems. We on this side of the House have had a little over two hours in which to look at the paper. In fact, the reason why I was late coming into the House for the Minister's presentation of his statement was that our Committee was looking at the paper with two of the advisers which the Minister provided to confer with us. So we have just reached the stage of getting a preliminary rundown of what the statement is all about and it is a little difficult to indicate where we are going.

From reading the Minister's statement and from the hour I had with his two technical advisers this morning, the system that has been selected appears—I emphasise that word 'appears'—to be a more effective system than the alternative system which was put up by STC (Australia) Pty Ltd. Problems are associated with this proposal. Men's employment is involved. The appropriate telecommunications unions are concerned for, as the Minister has correctly said, this new equipment will be easier to install and easier to maintain also and in the long term it will affect a little thing called employment. So, as far as the men are concerned, their employment is at stake. All I have is an assurance from the departmental engineer that no one will be displaced.

I hope that the Minister will give the men in the Australian Telecommunications Commission an assurance that whichever of the two systems is

introduced—the Ericsson system or the STC system—none of the men who are presently employed in the technical side of Telecom will be displaced as a result of the introduction of that system. If the men are told that there is not going to be a mammoth lay-off, either now or in the future, that at least will have the effect of allaying some of their fears.

On reading the paper it is obvious that there will not be any monstrous overnight change. I think the paper talks in terms of spending \$1.3m on new equipment by 1980. That amount of \$1.3m is not going to have one heck of an effect on employment. We are talking in terms of long term changes between now and, say, 1990. The Minister nods his head. I do not want to dob him in.

Mr Eric Robinson—That is quite right; there will be no effect on employment at all.

Mr CHARLES JONES—The Minister has just interjected to indicate that it will have no effect on employment at all. I thank him for that interjection, which he is not permitted to make.

Mr Eric Robinson—I was trying to be helpful.

Mr CHARLES JONES—So the position is that those fellows in Telecom can at least to some degree have their fears allayed as there is not going to be a very substantial lay-off in that section of Telecom.

A Sydney-Melbourne confrontation is developing now as to whether the Ericsson system is going to be manufactured in Melbourne or whether the STC system is going to be manufactured in Sydney. I have been informed by the departmental technical people that the newspaper reports which state that \$500m worth of equipment is to be supplied are not true. The Minister has not indicated this in his statement, but I hope that he will indicate just how much really is involved. It has been suggested to me that we are talking about the manufacture of about \$200m worth of equipment—not \$500m worth, as has been mentioned in the Press. So, if the Minister can make a statement in that regard it will at least clear up the matter.

From what the Minister has said in his statement and from the advice that I have received, I believe that the work is to be shared. If STC had been awarded the original contract, Ericsson would have been given portion of the equipment to build. Now that Ericsson has been awarded the contract, portion of the equipment likewise is to be constructed in the Sydney factory of STC. Plessey Australia Pty Ltd or some of the other

manufacturers of this equipment in Australia also could be given some of the work.

I know that other members desire to speak on this statement. In view of the fact that my party is still conferring on this matter and that we have no possible hope of making a decision on it in a couple of hours, I feel that it might be appropriate at this stage if I were to seek leave to continue my remarks at some later time and if the debate were adjourned. That would allow the honourable member for Mackellar (Mr Wentworth) to take part in the debate at some later stage.

Mr Wentworth—No, I want to come into the debate now.

Mr DEPUTY SPEAKER (Mr Lucock)—Order! The question before the House in that event would be that the honourable member for Newcastle be given leave to continue his remarks later.

Mr Wentworth—I do not give leave. I desire to speak now.

Mr CHARLES JONES—The honourable member for Mackellar has a notice of motion on this matter on the Notice Paper. In that event, I would move: ‘That the debate be now adjourned’.

Mr DEPUTY SPEAKER—Unfortunately, the Standing Orders state that one dissenting voice prevents the honourable member from obtaining leave to continue his remarks at a later time. This is not a matter on which the House votes.

Mr Eric Robinson—Mr Deputy Speaker, it is desirable that the House be run in an orderly manner. The honourable member for Newcastle has been quite co-operative in relation to the conduct of the debate, as he has explained to the House. Officers of Telecom Australia were made available to him today. I want to hear any comments that the Opposition has to make about this contract. There is no need for a division of opinion on it. The matter has been thoroughly researched. I will not be a party to preventing the honourable member for Newcastle, if he wishes to make a statement concerning this matter later when he and his party have had more time to consider it, from doing so.

Mr DEPUTY SPEAKER—I shall ask the House again whether leave is granted for the honourable member for Newcastle to continue his remarks at a later stage.

Mr Wentworth—No. I want to make a few remarks at this present moment. As the Minister has said, he will help the honourable member for Newcastle to make further comments at a later

stage. I want to make a few remarks at this stage, as is my right.

Mr DEPUTY SPEAKER—Order! The honourable member for MacKellar has refused leave. The honourable member for Newcastle still has the opportunity to speak, if he so desires.

Mr Hurford—May I have your guidance, Mr Deputy Speaker? Would it be in order for me to move that so much of the Standing Orders be suspended as would prevent the honourable member for Newcastle from continuing his remarks at a later stage? If such a motion were agreed to, it would allow the honourable member for MacKellar to come into the debate at this stage.

Mr DEPUTY SPEAKER—I think the problem could be overcome in this way, without the Chair actually intervening: If there is an understanding, which is accepted by the Minister, that at a later stage the honourable member for Newcastle will be given leave either to make a statement or to speak—that result could be achieved by obtaining the leave of the House—the honourable member for Newcastle can conclude his remarks now; I will then call the honourable member for MacKellar; and a motion that the debate be adjourned can be moved by the next speaker or by anyone who desires to do so. At a later stage the honourable member for Newcastle, by the authority of the House, can be given leave to speak again in a debate in which he has already spoken. If the Opposition is happy with that arrangement—

Mr CHARLES JONES—We accept that.

Mr DEPUTY SPEAKER—I will assess the situation as being that the honourable member for Newcastle has concluded his remarks. I shall call the honourable member for MacKellar to speak now on the motion: ‘That the House take note of the paper’.

Mr WENTWORTH (Mackellar) (3.0)—Thank you, Mr Deputy Speaker. I will not delay the House for long in speaking on this matter. In fact, I expect to speak for only a few minutes. Obviously it is a most important matter. The Minister for Post and Telecommunications (Mr Eric Robinson) has said in his statement that \$700m worth of equipment at current prices is involved. I make no comment at all on the technical matters involved. I do not know whether the Ericsson (Australia) Pty Ltd system or the STC (Australia) Pty Ltd system is the better system, but what I believe the Government has considered and what I certainly would want to be considered is whether adequate attention has

been paid to the nature of Australian employment in this regard. One is interested not only in what will happen in 1985 or at some other future date—

Mr Stewart—Mr Deputy Speaker, I raise a point of order. I note that the honourable member for Mackellar has on the Notice Paper a notice of motion on the subject matter which he is debating. It is Notice of Motion No. 29 at page 2073 of the Notice Paper.

Mr DEPUTY SPEAKER (Mr Lucock)—I point out to the honourable member for Lang that at this point of time the honourable member for Mackellar is speaking to a motion which is before the House. To deny the honourable member for Mackellar the right to make comments, even though they do parallel a notice of motion that he has on the Notice Paper, would be to deny debate at this stage on this subject matter. Therefore the honourable member for Mackellar is free to continue his remarks.

Mr WENTWORTH—As I said, I do not wish to go into the technical matters at all. I am interested in the matter of Australian content. I am interested not only in what will happen in 1985 but also in the possible retention in Australia of the design skills in relation to this sort of equipment. When a team which has such design skills is built up, it is important that it be maintained. I am not trying to take sides with STC against Ericsson or with Ericsson against STC. All I am asking is that adequate consideration be given to this matter because the design teams are important.

However, there is another matter to be considered: Already there has been enough trouble in Australia from the fragmentation of the motor industry. Are we to have, as a consequence of this decision, a fragmentation of the electronics industry in Australia?

Mr Stewart—I raise a point of order, Mr Deputy Speaker. Again I draw your attention to Notice of Motion No. 29. I cannot see anything in the statement made by the Minister which allows the honourable member for Mackellar to canvass the subject matter of his Notice of Motion No. 29. All the remarks he has made so far have been directed towards Notice of Motion No. 29. I ask you to rule on that, Mr Deputy Speaker.

Mr DEPUTY SPEAKER—I was just looking at the statement of the Minister, which is fairly broad. I point out to the honourable member for Mackellar that he must direct his remarks to the statement made by the Minister, because it is

that statement to which the motion before the House refers.

Mr WENTWORTH—That is precisely what I am doing. In awarding this contract it is important that we look at the future of the industry as a whole. I am not supporting STC (Australia) Pty Ltd against L. M. Ericsson (Australia) Pty Ltd or Ericsson against STC. I believe that the Government has considered these matters. I ask the Government to put before the House the way in which it has considered them. It is important for the future that we should avoid the fragmentation of the electronics industry in Australia in the same way as the motor industry has been fragmented by the operation of too many competing factors. In his statement the Minister mentioned the possibility of the SPC local switching equipment being made under licence by a second manufacturer.

Mr Stewart—It took you a long time to wake up to the fragmentation of the motor industry.

Mr WENTWORTH—Will the honourable member for Lang be quiet for a moment? He is saying absolutely nothing and he knows it.

Mr Stewart—No, not when you are being so hypocritical. The fragmentation of the motor industry was all done while you were in government.

Mr WENTWORTH—I am not trying to attack or defend anybody in this regard. All I am asking is that the Government show that it has given due consideration to this matter. It would be very wrong if the future of the Australian electronics industry as a whole was jeopardised by undue fragmentation. Surely if honourable members opposite have any regard for Australia's secondary industry and if they are not just trying to make cheap political points at its expense they will be silent and give me some support. All I am trying to do is get the maximum employment for Australian workmen and designers and see that the future of the Australian electronics industry is properly safeguarded. I am not saying that the Government has not already done this. I am not criticising the Government's decision. All I am asking is that the Government put before the House the reasons for this decision. We should be able to see in its proper perspective how this decision fits in to the long term objectives of maintaining the efficiency of Australia's secondary industry and maintaining the maximum employment in Australia of local workmen and designers.

This is not an unreasonable thing to ask. I should have thought that in place of this kind of niggling objection the Opposition would have

been on side with us. Opposition members should not try to make cheap political points. I am trying to do what they should be doing and see that as many Australians as possible are employed here now and in the future and that the structure of Australia's secondary industry is as efficient as possible. Is this something on which Opposition members want to take points of order?

Mr Stewart—This is a death bed confession.

Mr DEPUTY SPEAKER (Mr Lucock)—Order! The honourable member for Lang will come to order.

Mr WENTWORTH—Mr Deputy Speaker, surely I should have the silence and co-operation of the House in this matter. I am not trying to criticise the Government. I am not saying that I know anything about the technology of this matter. I do not. But I know two things. First, in awarding this contract proper attention should be given to the Australian content now and in the near future. Secondly, we should be looking to the long term efficiency of Australian secondary industry. These are not the only things to be looked at but it is important that appropriate attention be paid to them. I believe that the Government has done this but I would like to hear a statement from the Government as to what it has done. Unfortunately, that is not included in the statement which the Minister has put before us today.

Mr KING (Wimmera) (3.10)—I would have been quite happy to have had this debate adjourned but with the honourable member for Mackellar (Mr Wentworth) firing a few questions at the Government I feel that we should discuss it a little further. I remind the honourable member of this simple and straightforward sentence in the statement by the Minister for Post and Telecommunications (Mr Eric Robinson):

The contract with L. M. Ericsson will require a high proportion of Australian manufacture reaching at least 80 per cent as volume increases.

Mr Wentworth—But when? This is not spelt out.

Mr KING—It would be impossible for any Minister to spell out what he was going to do this year or next year. The Government has accepted a very important and large tender. No doubt time will soon sort out the point about which the honourable member for Mackellar is so terribly worried. I am not worried. I take this opportunity of congratulating the Government and the Minister in particular for reaching a decision to implement a new scheme that will be of great

benefit to Australian subscribers over the next few years.

My interpretation of this decision is that not only will it improve the standard of the equipment that is so necessary in Australia but it will also help with the cost. Whilst we are talking about \$500m in one sense I think that the initial cost will be much lower. There is no fear that this will be a load on the taxpayers. Rather it will be an advantage to the taxpayers. I was a little concerned to hear the honourable member for Newcastle (Mr Charles Jones) say that there would be a confrontation between Sydney and Melbourne as to where all this equipment will be manufactured. Perhaps there is always an argument about whether a new factory should be put in Sydney, Melbourne, Adelaide or anywhere else. The all important fact is that a decision has been made by the Government. I feel that whether the equipment is manufactured in Sydney, Melbourne or Adelaide does not mean a thing. The important thing is that with the acceptance of this contract, sooner or later we will be employing approximately 800 people. That is the information supplied to me on this subject. We ought to commend the Government rather than criticise it.

I have no hesitation in saying that once the people realise what the Government is doing in this field it will help considerably. One could talk at some length about the problems within the Australian Telecommunications Commission. I do not think I ought to take up the time of the House to do that at this stage. Perhaps on some other occasion I shall explain the problems within Telecom. I certainly support the motion before the House.

Debate (on motion by Mr Hurford) adjourned.

APPROPRIATION BILL (No. 1) 1977-78

Second Reading

(Budget Debate)

Debate resumed from 13 September, on motion by Mr Lynch:

That the Bill be now read a second time.

Mr BRAITHWAITE (Dawson) (3.14)—When I was speaking last Tuesday I said that I would devote some of my speech to aspects of energy within this country. A saying I have remembered for many years is that it is against the natural law of God that we should waste that which he has given us. The energy situation today within Australia and throughout the world is evidence that we are wasting what has been naturally given to us by our creator. Australia has

for many years seen various emphases placed on the development of energy generally either through nationalisation, the private sector, local resources or overseas resources. The former Labor Government would have chosen nationalisation against all other methods. The discussion on the matter of public importance today indicated that that is precisely the nature of Opposition thinking on the energy situation, our resources and many other things in Australia. It is a theme to which I certainly cannot subscribe.

An energy resource policy has normally been concerned with the type of fuel that Australia has in abundance—coal, uranium and solar energy. Only now does the policy recognise, through the present Budget, the major crisis that confronts Australia in its desperately short reserves of oil. The emphasis that is placed on coal, uranium and solar resources as fuel fails to recognise that these suffer mainly from developing and marketing problems. Oil supply is necessary for the survival of our rural and transport industries and of the people in this Parliament today. We need look only at Canberra itself for ample evidence that the implications of the crisis have as yet not been appreciated by Australians. The consumption of oil for heating instead of the use of electricity; the use of diesel in our railways instead of steam or electrification; the use of private transport mainly carrying solo passengers in preference to community transport are all examples of the contempt with which all Australians, not only Canberrans, treat this critical subject. Out of every 100 cars used on Canberra's roads and streets each morning at, say, 8.30 a.m. only about five would multiple carry. This is possibly the same throughout all the major cities of Australia, yet our public transport conducts its business at substantial losses through lack of patronage.

There is little appreciation for the fact that in Australia the oil industry is in a crisis situation. Australians must now address themselves to this crisis. The Budget does this through one of the possible alternatives, that is, in its policy to allow Australian crude oil to rise to world parity prices. Stark reality is that the price of petrol will rise over a period by 11c per gallon. This is an inevitable consequence of the crisis we now face. The effects will be two-fold. Firstly, it will provide an encouragement to further exploration and development. I believe that, coupled with this, have been the incentives of the 1976-77 Budget through taxation measures and the attitude adopted by this Government only recently towards the North West Shelf development. Some people forget that this encouragement

through taxation has already been given within the framework of the previous Budget. The second effect is a drive towards conservation through the higher price to be paid for fuel by the consumer where alternatives in electricity are available more cheaply, and also through a more sensible and sensitive approach to the proper use of all our oil based products.

I was pleased to note as a further indication of this Government's recognition of the problem, the assistance by the Government to the research and development of the Pritchard steam power unit. Early assistance in the assembly and construction of the engine in the Commonwealth factory at Bendigo recently produced results in the delivery of the engine. In this regard I must pay tribute to the previous Labor Government which gave its permission and authority for the production of the three engines necessary. It was the present Government that carried the development forward and produced this particular engine. The Pritchard steam power unit is well recognised for its non-pollutant qualities. One wonders today whether, where we see tremendous expense put on to the motor car manufacturers and eventually passed on to the consumers for devices to prevent pollution, resulting in the lower consumption of fuel per car, we should automatically turn to these alternatives. Within the framework of the Budget some \$100,000 have been set aside for further development of the Pritchard steam power unit.

Only yesterday an ill-informed person wrote in the *Canberra Times* commenting upon that engine. I agree with him in one respect, namely, that it is absolutely necessary that we as a Government and as a people should research this type of alternative. I agree with him in that but he fails to appreciate the situation and the position taken by the Government to grant \$100,000 in conjunction with the Victorian Government to further this form of research because this is the way we should be looking. If this engine can use such alternatives as derivatives of sugar cane, the plant cassava or even natural gas—an item which we export in great quantities at the moment but which we do not make use of in this country where we have an oil shortage—I am amazed that we are not getting behind this project more thoroughly. The Granting of the \$100,000 is proof that the Government is interested in researching power units such as this that can use alternative power to that produced from oil. More assistance in research is needed if we are to cope with the eventual crunch when it

comes. Clearly the crunch will come within our life time.

The Prime Minister's comments in last week's *Canberra Times* that Australia is taking positive and planned steps to improve its energy technology must be welcomed by all Australians. Even if we are genuine in our efforts, certain freedoms that we have had in the past and the present high standards of living we enjoy will have to be sacrificed to some extent. The estimated rise in the price of petrol will be at a cost to every individual and corporation in Australia. The belt will have to be tightened, and this will be the first notch. It demands that unless we become greater producers of other natural assets we as a Government and as a people will have to transfer financial resources from some of our priority areas—these could well be in the welfare sectors—towards greater costs of the basic fuel research and development of and providing for alternatives. A discipline imposed in the United States of America in the height of its fuel crisis recently to reduce the speed of automobiles on the highways effected a 20 per cent saving in the amount of fuel used. As a by-benefit it also reduced the death toll by a similar 20 per cent. The reality of the crisis is there. Either we face up to the reality of the situation now or we leave a terrible legacy to our children and grandchildren.

The evidence of the disaster fronting us is all too real. The most developed nation in the world today, the United States of America, earlier this year as a result of a crisis in its energy production and supply could not prevent the deaths of many of its citizens in the coldest snap experienced in that nation in recent times. In this day and age when we can send a vehicle to the moon we have not the resources to guarantee warmth, mobility and life to our people on earth. However, I fail to appreciate why, whilst this problem was firmly recognised and the policy developed, the further and corresponding problem of unequal fuel costs throughout Australia was not grasped with the same determination. The extreme situation of discount fuel in capital cities, actually encouraging waste, has been allowed to continue. The greed of people and industry has never been so obvious as is evidenced by this affront to common sense.

The other extreme of where fuel is an essential requirement and for which there is no substitute or subsidies is in our rural industries. Since Labor's withdrawal of the petrol price equalisation scheme rationing has been compulsorily forced on people in outback Australia by price differences of some magnitude. At some places in

Queensland I believe the price is as high as \$2 a gallon at the moment compared with the normal price of about 80c a gallon on the eastern seaboard. If ever there was an opportunity to stop capital city extravagances and abuse and to assist rural outback Australia, it was at the same time as announcing a change to world parity prices. We could have examined the discounting situation and the equalisation of costs of fuel, or at least we could have decreased the difference in the country prices as was the case before equalisation was withdrawn by the Labor Government. What existed before should now be reimplemented. It could have been done at little cost to the capital city dwellers if the discount abuse had been corrected at the same time. If city people see any injustice in the fuel equalisation scheme they live in a fool's paradise.

Mr DEPUTY SPEAKER (Mr Jarman)— Order! The honourable member's time has expired.

Mr HURFORD (Adelaide) (3.24)—It is my job as the Opposition's shadow Treasurer to analyse the Budget as an economic document. The Fraser Government's policies are built on three false premises and each of the three partly explains this bad Budget which we are debating this afternoon. The first is the 'short, sharp shock' thesis. When this has not worked it has been converted into the 'extended shock' thesis or the 'let's have an extended recession with greater and greater unemployment' approach. The false Liberal and National Country Party belief is that this is the only way to reduce inflation, and that reducing inflation is the *sine qua non*—the without which nothing—of economic recovery. The second false premise which explains so many wrong decisions of the past 21 months is that it is necessary to reduce real wages of men and women of Australia, the real living standards of Australian people, in order to transfer more profits to the business, particularly the corporate sector—which to them, wrongly, is another *sine qua non* of economic recovery.

The third false premise of the conservatives which explains so much is what I describe as the 'bastardised-Friedmanite' theory. It follows the false thinking that there is some magic medicine in cutting the supply of money to a dangerously low level. Not even Friedman and his Chicagoite school of economists pursue this false philosophy with the ideological dedication of the Fraser Government.

Let me turn to the tragic results of following these three disastrous premises as illustrated in

this Budget and by the past economic performance of the Fraser Government. Remember that the first premise is the need to create that shock—which, when it did not work, has become the extended shock.

The main criticism levelled by me and my colleagues at last year's Budget was that it was too contractionary. The great fear was that the initial stages of recovery evident in early 1976 would be choked off by heavy handed government action. These fears appear to have been well grounded, as the decline in economic activity in 1977 illustrates. The high level of economic activity in 1976 occurred when the economy was predominantly under the influence of the last Labor Budget, known as the Hayden Budget. The Prime Minister (Mr Malcolm Fraser) himself has given credit for economic performance in early 1976 to that Budget. During an interview on the Australian Broadcasting Commission current affairs program *Four Corners* of 18 December 1976 he said:

Look, you've got to remember that in the first part of this year, you were still operating under the Hayden Budget, and under Labor policies, and quite obviously it would take some time for those policies to change.

It did take some time for those policies to change; and when they did as a result of the first Lynch Budget and of earlier economic actions the economy began a further decline.

There are a number of means of measuring the impact a budget will have on an economy. One of these is the calculation of the full employment budget position. Using the fact that in a recession government expenditure automatically rises through increased welfare payments, and receipts fall through lower tax receipts, calculations are made to obtain what the budgetary position of present expenditure and receipt patterns would be at the position of full employment. I and other members of the Opposition have repeatedly asked the Treasurer (Mr Lynch) to supply us with an estimate of last year's Budget's full employment position. The Treasurer has always refused arguing that such a calculation is of dubious worth. This is despite the fact that in the United States of America such an estimate is made automatically and is used extensively in discussions on budget policy. Now the Organisation for Economic Co-operation and Development through the report of a group of independent experts headed by Professor Paul McCracken has endorsed the use of the full employment budget concept. I know some Government supporters have noted that I have questions on notice of the Treasurer at the present time on this very subject.

The McCracken report entitled 'Towards Full Employment and Price Stability' is an in-depth study of economic policy in OECD countries in recent years. The summary of the report, in a discussion of the impact of budgetary policy and the need for planning, states that the members of the Committee 'endorse the ideas underlying the approaches made along these lines in several countries, for example, the concepts of the full employment surplus (United States), the "neutral budget" (Germany) and structural budget policy (Netherlands)'. The Treasurer in the past has been fond of expressing satisfaction with the way his Government was carrying out his interpretation of OECD policies. The endorsement of full employment budget calculations by the McCracken Committee is very difficult to misinterpret. The only reason the Government can have for not publishing such calculations is that it is afraid of admitting just how contractionary its Budget policy has been. I refer not only to last year's Budget but to this year's Budget as well. Here comes the crunch. The Institute of Applied Economic and Social Research at Melbourne University has made calculations for the full employment position of the 1976-77 Budget. That Institute assumed that a realistic level of unemployment at a high level of economic activity would be 2 per cent. Using this basic assumption it found that the 1976-77 Budget was in modest surplus at full employment. This means that it found that the \$2.8 billion deficit was entirely a function of the extension of recession. The public sector was not being used to pump up the level of economic activity. Initial calculations on the full employment position of this year's Budget reveal a substantially higher full employment surplus than last year. This means that budgetary policy is being actively used to withdraw resources from the private sector and hence slowdown economic activity.

Professor John Neville of the University of New South Wales gave a paper last year on another single figure measurement of the impact of budget policy. This measurement is termed the budget impulse. Using one particular form of the budget impulse calculation, Professor Neville found that last year's Budget represented a much greater contraction of the direction of fiscal policy than any budget in recent history. Preliminary estimates indicate that the 1977-78 Budget will have a further substantial contractionary impact. One measure is obvious from all these complex calculations: Budget policy has been highly restrictive and with hindsight the

renewed downturn of early 1977 was only to be expected.

Despite the fact that this Budget predicts little improvement in unemployment or inflation I consider that the forecasts in Statement No. 2 are overly optimistic. There is every reason to assume that the contractionary impact the Government's first Budget had on the economy will be repeated with this the second Budget. According to the Budget national income is expected to grow by about 4 per cent over the course of this financial year—that is from the June quarter of 1977 to the June quarter of 1978. Unfortunately it is very difficult to identify the source of this expected growth.

Private consumption expenditure which accounts for some 60 per cent of national income is expected to show moderate growth this year. A moderate increase in consumption was also expected last financial year. The actual increase was 1.7 per cent. If this year's so-called moderate growth in consumption is the same as last year's, it seems inconceivable that income growth will exceed the 1.3 per cent achieved over the course of 1976-77. Nothing put forward by the Government suggests that there will be any substantial increase in consumption. Indeed on the Government's own admission real average weekly earnings are likely to fall over 1977-78. This can only mean that people will have less to spend, thus reducing the total demand for goods and services. It is unlikely with inflation and unemployment still high that consumers will feel confident enough to reduce substantially the level of their savings. This supposition is supported by the results of a survey of consumer sentiment conducted by the Melbourne Institute of Applied Economic and Social Research. The Institute found that 'Measures to reduce real incomes are being reflected in consumer attitudes'. The constant harping from the Government on the need to reduce real wages can only reinforce the tendency of consumers to save rather than spend.

In the short term there is likely to be a fall in consumption. With the rebate system in operation tax refunds are much lower this year. Personal income will not receive the boost it usually does at this time of the year. Consequently the tax refund buying spree is not likely to be of any significance. With expenditure cuts having an immediate impact, the prospect of early contraction is far from remote. This will further dampen confidence and further reduce the already slim chances of significant stimulus from the February tax changes. A number of recent surveys have demonstrated that the great majority of taxpayers, in the face of rising uncertainty

about the future, are unlikely to increase consumer spending even with substantial income tax cuts. The announced changes, which heavily favour the better-off, are more likely to lead to higher savings or expenditure on imported luxuries and overseas travel with little resultant impact on domestic activity in this country.

The Government expects private investment to be a substantial source of growth in this financial year. Little explanation is given for this optimism. Indeed, with falling demand, high stocks and already substantial excess capacity in manufacturing industry, there appears little incentive for increased investment in expanding productive capacity. The ratio of private stocks to non-farm product is at its highest level since 1974, thus reflecting the failure of consumer demand to live up to business expectations. Hence stock building is unlikely to add to income growth. The added impost of a rise in company tax rates is unlikely to engender the confidence the private sector will need before it will expand. Investment in the mining industry will probably increase but as this form of investment accounts for less than 1 per cent of non-farm gross national product, its overall effect will be minimal.

The home building industry is expected by the Government to be another area of substantial growth. This forecast already has had doubt cast upon it by the Australian Housing Association and other parts of the industry itself. In a statement accompanying their 1976-77 annual report, the directors of Jennings Industries Ltd, Australia's largest home builder, criticised the Federal Government for 'failing to provide measures in the Budget to lift the current level of activity in the building industry'. The directors further pointed out that, without selective stimulus, unemployment would continue to increase and public confidence—an important element in the functioning of the private housing sector—would decline. Further evidence of a bleak future for the building industry comes from the latest ANZ Bank Survey of Construction Activity, published just 2 weeks before the Budget. A survey of 336 members of the Master Builders Federation of Australia and the Australian Federation of Construction Contractors reported tight profit margins, depressed levels of activity, a surplus of unemployed labour and tough competition for the inadequate supply of available contracts.

The Government assumes that an improvement in the balance of payments will contribute to growth. However, some slowing down in the rate of growth in major industrial

countries is evident this year, so demand for exports may not grow substantially. The Bureau of Agricultural Economics actually has forecast an 8 per cent fall in the value of rural exports. Last financial year rural exports accounted for some 44 per cent of total exports. An 8 per cent drop in almost half of our exports will leave a lot of making up to be done before exports can be expected to make a substantial positive contribution. The value of imports may, however, continue to rise. Imports have taken a long time to respond to devaluation, suggesting that perhaps the price elasticity of demand from imports is lower than expected. In other words, consumers still prefer imported goods, even at higher prices. All this suggests that a further deterioration in the current account deficit is quite possible, making a forecast of growth derived from the overseas sector very suspect indeed.

I turn now to another of the theories on which the Fraser Government's policy is based. I have said already that I do not believe that the Budget will live up to expectations in relation to growth. I have illustrated this from the point of view of consumer demand, investment decisions demand and the overseas sector. What I have called the Friedmanite theory also has to be related to this Budget. I am bound to say that if monetary policy, as outlined in the Budget, is followed it will, as happened last year, severely hamstring any possibility of recovery. The announced target of money supply growth of 8 per cent to 10 per cent is far below the prediction for nominal money income growth of around 15 per cent. There is every evidence to suggest that, as in the last 12 months, tight monetary policy will have a greater effect on retarding growth than on restraining price increases.

The Government has made much recently of the prospect of falling interest rates. The reduction in the deficit is supposed to make that inevitable. However, this proposition ignores reality. In spite of the cut in the deficit, the total public sector borrowing requirement has not been reduced. The drop in the total borrowing program for the Commonwealth Budget and non-Budget sectors from \$3,025m to \$2,960m has been more than offset by a rise of over \$300m in the borrowings of State, semi-government and local government authorities. The real situation is that the public sector will be out to borrow more than it did last year. This means that no sustainable drop in interest rates is possible within the confines of the Government's restrictive monetary targets. Any interest rate drop in the next Government loan must be regarded as a

sheer gimmick, unless the monetary growth targets are eased. The State governments, to their credit, are forcing a reduction in interest rates. But let us be clear: This means that the money supply growth targets announced in the Budget are meaningless. Hopefully, this is so.

From what I have just outlined, it is more than possible that consumers, investors and the overseas sector will add nothing to real income growth in 1977-78. In this situation the foolishness of further cuts in the real level of government outlays is even clearer—especially as the cuts predominantly fall in those capital works areas which have the greatest stimulatory effect on the economy. Far from getting the 4 per cent growth in non-farm product predicted over the course of this financial year, it appears that we will be fortunate if there is any growth. The Melbourne Institute's forecast of growth from June to June of about 1 per cent, or close to last year's level, looks even optimistic. Such a performance by the economy would see the prediction of the Government's adviser, Professor Warren Hogan, of unemployment of 8 per cent, or almost 500,000 people become a reality in early 1978.

The tragedy of all this is that the extended shock thesis which I mentioned in opening my Budget debate remarks is not working. This financial year, 1977-78, will be the third year in succession during which prices have risen by something of the order of 12 per cent. In other words, we still have inflation. In the same 3-year period unemployment will have risen by somewhere between 100,000 and 200,000 and, significantly, most of that rise has occurred or will occur during the period when the major thrust of policy has been towards lowering the inflation rate. Given these unhappy facts, there is every reason to question the assumption made by the Government that present policies will significantly lower the rate of price increases. As I said earlier, it has been the cornerstone of Government policy that inflation had to be beaten before sustainable recovery was possible. Any suggestion that recovery itself would be an effective means of combating inflation has been ridiculed by the Government. We of the Opposition ignore that theory altogether.

More and more evidence is gathering that the Government is not right, and never has been right, in using its 'suffer now so that we may prosper later' approach. It is very easy on present policies to see the economy being locked into annual inflation rates of 10 per cent to 12 per cent, even at very subdued levels of activity. Indeed, one of the Government's own council of

economic advisers, Professor Whitehead, forecast this last week. In many instances, the excess capacity and lack of demand in Australian industry is acting as a stimulus to price increases rather than as a deterrent. Firms in a monopoly or oligopoly situation will continue to keep profit levels up in the face of flagging demand. Obviously, if their costs are spread across lower than potential output, the price per unit of output will have to be higher to sustain profit levels. Alternatively, if demand and output were to rise then unit costs would fall and the necessity for price rises would decline.

The problem is a classic one of the Government applying market control forces where plainly the market is not functioning as expected. Restrictive policies have well and truly met the point of fast diminishing returns. The Government's refusal to use the public sector to create employment, or to aid in the restructuring of industry, or indeed to reduce inflation by reducing unit costs by encouraging output, is a tragedy. In fact, one of the major negative contributions this Government has made to economic debate in Australia has been its propaganda which aims at discrediting any suggestions of the value of public sector stimulus or the adoption of a more rational monetary policy. It is patently absurd to suggest that there is no scope for stimulatory fiscal policy at the moment. There is scope. The general consensus of the discussions on economic policy the week before last at the ANZAAS Conference was that a policy of modest stimulus was not only possible but also necessary or essential.

This is the basic difference between the short term approaches to the economy of the Government and the Opposition. There is not a difference of degree, as some have attempted to make out. There is a fundamental difference of approach. A Labor government would be committed to a program under which all policy instruments would be directed towards using recovery to assist in overcoming inflationary pressures. At present when the Government's arms of policy are all working in the one direction, which is not very often, they are designed to purge inflation from the system by deliberately restraining activity. For the Government, no recovery is to be facilitated before inflation reaches acceptable levels. As indicated earlier, there are good reasons to believe that this method will not work and, even if it did, the costs to the community are too high to pay. The only common ground between the Opposition and the Government on economic policy is a recognition that inflation has to be reduced.

Mr DEPUTY SPEAKER (Mr Jarman)— Order! The honourable member's time has expired.

Mr FALCONER (Casey) (3.44)—This is a Budget of economic realism, expenditure restraint, taxation reform and human concern. It is a Budget of economic realism because it offers prospects of a further reduction in the rate of inflation and some real economic growth for the second year in a row. It offers the prospect of an increase in employment of 2 per cent leading to some reduction in unemployment. It offers the prospect of an increase in business investment spending and a gradual reduction in interest rates. I was interested to read recently an economic forecast by W. D. Scott and Co. Pty Ltd, management consultants, a forecast published shortly after the Budget and delivered by J. B. Donovan, the company's chief economist, at W. D. Scott scott economic forecasting conferences held during August. The forecast states:

It is feasible to predict a great deal about the upper and lower limits to the rate of inflation through the rest of 1977 and 1978. This is because the future for several of the factors that influence inflation is already fairly well charted, viz.,

after the effects of the November 1976 devaluation (net) are fully absorbed in the annual rate figures, it can be expected that inflation of import and export prices will settle in the 6 per cent to 7 per cent p.a. range through 1978 (OECD and WDS estimates);

from the announcements in the 1977-78 budget, including the little heeded proviso that the 8 per cent to 10 per cent channel of money supply growth will be flexible if necessary, it appears that the behaviour of the monetary aggregates will be consistent with a falling rate of inflation.

as the Budget deficit is lower this financial year than last, the government's new borrowing program is less, the need for official maintenance of our high interest rates is vastly weakened and interest rates should be falling—somewhat.

It concludes:

In respect of their influence, export and import prices, the money supply and interest rates hold the prospect of reduction in the inflation rate.

This assessment agrees that expenditure restraint is important in defeating inflation. Whilst it is superficially attractive to believe that we can spend our way out of trouble, as honourable members opposite believe and as the honourable member for Adelaide (Mr Hurford) just seemed to suggest, the bill has to be paid by someone at some time. That bill is paid by the inexorable cycle of rising inflation, rising taxation and rising unemployment, as happened during the Whitlam years.

I mentioned earlier that this was a Budget of taxation reform. The new standard rate taxation system means that 90 per cent of taxpayers will

be on a standard rate of marginal tax of 32c for every extra dollar earned. Steeply increasing rates of marginal tax have been a disincentive not only to the high income earners but also to the average wage earner wanting to earn extra overtime as well as to the small businessman wanting to take additional risks for the prospect of additional reward.

The Government's tax reforms are laudable but there is one high priority area which must be given attention in the next stage of taxation reform. I refer to the relative disadvantage of the single income family where one parent works and the other looks after the home and the family. Where many families now have two bread winners the single income family feels under great pressure to bring a second income into the family to maintain a comparable standard of living. I am not objecting to both parents working nor am I wishing to justify the hoary old statement that a woman's place is in the home. What I am saying is that there ought to be a genuine choice about whether both parents work or only one works.

Whilst the two income family contributes to increased national productivity it also adds to the community costs in some important respects. The absence of both parents from the home leads to increased demands for child care facilities and welfare services which are provided as a matter of course in the traditional one income family. I am finding increased concern in my electorate that present taxation and family allowance provisions do not give significant acknowledgement of the social and economic role performed by the full-time home maker. The family allowance system introduced last year was a significant social reform but many of the social welfare activists in our community have not given sufficient credit to the Government for that reform.

It put additional funds into the hands of large low income families where the help was most needed, but in a period of inflation when prices and wages are still rising, when taxes are subject to indexation and social security pensions are indexed, the relative values of those family allowances declines. Quite apart from dealing with this problem of the declining value of family allowances, the Government—indeed, the whole Parliament—should consider ways of correcting the relative disadvantage of the single income family. It could be done by a variety of taxation mechanisms or by the provision of an allowance for a full-time home maker added to the present family allowance system. I would like to see greater debate on such alternative proposals.

There is one vital area which this Budget has given support to the family under stress. It reflects the human concern expressed in the Budget for high priority areas of need. I refer to the extension of the handicapped child's allowance. The Government is conscious of the additional costs that can be incurred in caring for a handicapped child at home. At present low income families may not be eligible for the handicapped child's allowance because their child does not satisfy the medical criteria for a severely handicapped child. This can lead to particular hardship. The Government in this Budget has now decided to extend eligibility for the handicapped child's allowance. The Director-General of Social Services, at his discretion, will be able to grant a handicapped child's allowance of up to \$15 a week to a person on low income who has the custody, care and control of a substantially handicapped child who at present does not fully meet the medical criteria.

I wish to turn now to a matter of vital importance to the export industries of Australia, particularly our primary industries. Australia has developed as a great trading nation and anything which damages the performance of our export industries damages the ability of our economy to recover fully. A number of union bans and boycotts are preventing the shipment of many Australian export cargoes and are resulting in the loss of vital export markets. In a period when many Australian industries have become uncompetitive in world markets because of our inflationary cost pressures of the Whitlam years, it is a tragedy that export industries which are well able to compete internationally are being hampered by capricious and often politically motivated industrial action. Some bans on exports and the servicing of overseas vessels are based on ideological objections to the political complexion of overseas governments or to actions that those governments have taken. Other bans are used to support restrictive work practices by Australian unions.

A prime example of the first type of ban—one based on ideological objections to another government—is the ban on cargo bound for Chile. Due to a ban by the Waterside Workers Federation imposed in 1974 on exports to Chile, cargo cannot be marked or manifested through for Chile. Consequently there have been no wheat shipments from Australia to Chile since August 1974. The Waterside Workers Federation of Australia and maritime unions have imposed these bans in protest against the political complexion of the Chilean Government and

its policies. There is not even the slightest pretence that these bans are related to any genuine industrial issue.

In 1974 the Australian Council of Trade Unions Executive endorsed the bans. However, following approaches by the Australian Wheat Board and Chilean interests, in February of this year the ACTU resolved to recommend that Australian maritime and waterfront unions lift the bans on the Chilean wheat trade. The unions concerned refused to accept that recommendation and have continued the bans. I hope that the Opposition will support my condemnation of this blatantly political use of industrial action. It is plain industrial blackmail. The correct position was stated succinctly by the former Minister for Agriculture in the Labor Government, Senator Wriedt, when he said in respect of these bans.

It is a matter for the government of the day to make a judgment as to whether Australia continues to trade with a country, and on what basis. I do not think it is the role of any group in the community to make decisions of the nature of this loading ban.

Another example of a politically motivated boycott is the ACTU ban on the handling of Indonesian flag vessels. These bans were imposed in protest against alleged Indonesian atrocities in East Timor. At the time the bans were imposed no Indonesian flag vessels existed. I am informed that since early this year some Indonesian flag vessels designed for the wheat trade have been launched. I am further informed that the specification of the ships is such as would meet the exacting requirements of Australian maritime unions. Now Australian unions are to black ban those vessels. In 1976 Indonesia took 6 per cent of Australia's exports of wheat and flour. The market is seen as one with even greater potential in the future. That market is now in jeopardy. I am not arguing the merits or demerits of the Government of the country concerned. I abhor the reported actions of the Indonesian Government in East Timor. But if we ban exports because we do not like a particular government's political colour or actions, then we will not be doing very much trade with many other countries at all.

I move onto the other type of ban I have mentioned, that is, action designed to support restrictive and protective practices by certain unions. For example, I mentioned the bans and demands placed on Utah Mining Australia Ltd by the Seamen's Union of Australia to force coal to be carried in Australian flag ships with Australian crews. That demand may seem reasonable in many respects but jobs for Australians cannot be guaranteed when Australians price themselves

out of world markets. International comparisons show that employing Australian seamen is vastly more expensive than employing seamen from other countries. In making comparisons I refer to the developed countries, not just the low wage countries.

At present the annual cost to an Australian shipowner of employing an Australian able seaman is about \$23,000 which is more than 200 per cent higher than the cost to a British shipowner. An Australian seaman enjoys 6 weeks more leave per annum than his British counterpart. Furthermore, Australian costs are from 25 per cent to 50 per cent higher than crew costs in the United States of America, West Germany or Sweden. If seamen's demands were acceded to by Utah the freight rate would rise from \$9 to \$18 per tonne and would quite clearly place the company in an untenable position. As the Minister for Transport (Mr Nixon) said recently, Utah is doing Australian farmers, miners, exporters and in fact the Australian people a great service in standing firm against the union's demands. The Seamen's Union has priced itself out of the market and however much we would like it, Australia cannot afford to employ Australian flag carriers in highly competitive industries such as the coal industry. We cannot penalise competitive export industries in order to protect groups which have developed artificially high cost structures.

An even more extraordinary example of union action is the ban promoted by the Australasian Meat Industry Employees Union on the export of live sheep to the Middle East. That union even wrote letters to the Prime Ministers of Saudi Arabia and Kuwait in April this year threatening to ban the export of live sheep unless those countries took more sheep carcasses. What an arrogant, pompous mob of industrial blackmailers! I repeat that when Senator Wriedt was a Minister in the Australian Labor Party Government he stated:

It is a matter for the Government of the day to make a judgment as to whether Australia continues to trade with a country, and on what basis.

I suggest that if a country is prepared to buy Australian goods or produce at a proper market price then Australia is hardly in a position to place costly conditions on the sale which are designed to force that country to pay for higher cost elements of our economy. Decisions about industry protection should be the subject of separate Government consideration, not an imposition by way of capricious action by a few union officials not answerable to the public. Action of this nature by a few Australian unions is damaging

Australia's reputation as a stable, reliable supplier of basic commodities. What is at stake, therefore, is not merely the sales of the particular commodities I have mentioned. What is at stake is the future of our more competitive export industries and our international standing as a major trading nation.

I believe that the Budget which has been brought down by the Treasurer (Mr Lynch) gives guidance to the country as to how we can continue to get ourselves out of the economic problems which were a result of socialist policies pursued by the previous Government. But apart from a Budget which was brought down by a Government, we must also have a community attitude which places an emphasis on personal incentive and on the sort of cost consciousness that we need to make ourselves competitive once again in world markets.

Mr JAMES (Hunter) (4.0)—The honourable member for Casey (Mr Falconer) in his usual dignified way launched a vicious verbal assault on Australian trade unions. I honestly believe that had it not been for the strength and unity of Australian trade unions the overall population of Australia today would not be enjoying its present standard of living. The honourable member indicated that he was strongly opposed to the maritime unions taking action against the handling of Indonesian ships. I think his speech would have been more balanced had he added to those remarks that the Australian trade union movement, and particularly the maritime unions, have been consistent all the way down the line with Indonesia. The Indonesian Government was reminded late last year by several members of the Australian Labor Party when they were in Indonesia and when the Australian trade union movement was being criticised by the heads of the Indonesian Government, that the Australian trade union movement employed similar embargoes and fought just as tenaciously for the Indonesians when they were fighting for independence against the more or less harsh Dutch colonialists.

The honourable member for Casey failed to mention on which side he came down when he spoke about the maritime unions of Australia refusing to load and man the *Jeparit* when it was taking munitions to that awful, dirty war in Vietnam not so many years ago and which today the whole world frowns on. Were the actions of the unions wrong then? I say no. Their actions are not wrong in connection with Chile, because Chile has a military government which overthrew a true democracy. It was a people's elected democracy. I mentioned in the Parliament only

the other night that things had not changed much since the eighteenth century when people in Britain put up arguments which were the same as honourable members of the Liberal Party are putting up today. The arguments related to economic advantages and about pricing ourselves out of overseas markets. That was the argument, and it is worth a brief mention again, which was raised in Britain at the time of the slave trade.

That outstanding moralist politician William Wilberforce was endeavouring to influence Britain. When William Wilberforce put a Bill before the House of Commons seven times seeking to abolish the slave trade, which is to the everlasting disgrace of our mother country, he was told that Britain's foreign exchange would suffer if Britain abolished the slave trade, that her seamen would be put out of work and that the ship building industry in Britain would become redundant. Britain then, as now, professed to be a Christian country, but it was involved up to the hilt and had a monopoly over the slave trade in the world, carting slaves from northern Africa—manacled together, on starvation diets, below the decks of ships—manacled together like sardines—in the main to the West Indies. That is the same argument which honourable members on the Government side advance today, not the moral argument but the quid argument because they belong to the quid party. I hope to develop that proposition more strongly if time permits in this debate.

Mr Falconer—Why do you not answer Senator Wriedt's argument?

Mr JAMES—I did not interrupt the honourable member for Casey. Apparently he is getting stirred up by the truth that I am speaking now. However, we are debating the 1977-78 Budget launched by the Treasurer (Mr Lynch). Everyone agrees that Australia has two overriding economic problems, namely, unemployment and inflation. Many of the Western countries are suffering from the same problems yet Mr Fraser and Mr Lynch have given us a Budget which, in the opinion of most economists, does nothing about either of these problems except make them worse.

I think it is appropriate for me to disclose to the Parliament in this debate the latest unemployment figures which have been released by the Australian Bureau of Statistics today. The Australian Bureau of Statistics unemployment survey for August shows a disastrous slide in the labour market and it is projected that unemployment will rise to at least 450,000 or 7.5 per cent of the work force in 1978. This is what the Labor

Party has been saying. The Bureau provides the Prime Minister's preferred index. He rubbishes the Commonwealth Employment Service's figures. He says that they are unreliable. The Minister for Employment and Industrial Relations, Mr Street, when releasing the August unemployment statistics last Friday, claimed that 'unemployment during the month declined in line with the normal seasonal pattern'. He claimed in July that 'there was no clearly evident pattern in the labour market' during that month. The latest Australian Bureau of Statistics seasonally adjusted series refutes the Minister's claim.

Unemployment, in seasonally adjusted terms, is now running at 355,000 or 5.7 per cent of the work force. It is 60,700 more than it was 12 months ago. In seasonally adjusted terms, unemployment has been increasing in each quarter of this year. The position is most serious for young people between the ages of 15 and 19 years; 16.7 per cent of them cannot find work; 37,000 young people are still looking for their first job. That is an increase of more than 700 over the figure for the last quarter, at a time when the normal seasonal pattern should show a decline. Instead of positive action, the Government feeds speculation about an early election. Ministers attempt to inflame the uranium debate. The Prime Minister tries to intimidate the Conciliation and Arbitration Commission and the Industries Assistance Commission. He blames the unions, although the Statistician yesterday released figures which show that the number of industrial disputes in June was fewer than it has been for 6 years.

Australia needs a job-led recovery. Without positive leadership the lives of generations of young people will be blighted, just as an earlier generation was blighted in the Great Depression, of which I was a victim. In my electorate of Hunter, in Cessnock, the unemployment rate among youth is approximately 14 per cent. These young people could develop a sense of being nobody. They lose their pride. They lose their personality. Is it any wonder that some of them drift towards crime and drugs? The Government came into power with the sole intention of curing the twin evils of inflation and unemployment. It has failed in its attempt to cure both these evils that rack Australia today. As the *Australian Financial Review*, our most respected economic journal, which, in my view, frequently writes as impartially as any other newspaper, declared in an editorial quite recently that inflation is virtually shoved on the doorstep of the Arbitration Commission. Unemployment is ignored. As a

result of this Budget, the number of unemployed will exceed 400,000 by Christmas of this year, and inflation, on the Government's admission, will be at least as high as it was previously.

The amazing thing is that people have been trumpeting this Budget as an election winner. Are not we entitled to ask: Who will benefit from it? The only people who will benefit from it will be those already well off and secure in their jobs—a handful of people on the highest incomes. Rich people—the Prime Minister, Mr Fraser, included—will gain more in take-home pay each week than the majority of taxpayers receive in their total weekly earnings. For the vast majority of people the so-called tax cuts are a cruel fraud. Most of them make a gain of less than \$3 a week, which is pitiful by comparison with the handouts to the wealthy. It will be immediately swallowed up by the higher price of petrol and by rising inflation.

This is a budget prepared by the wealthy for the wealthy. As Bob Hawke said, it is a penthouse budget, conceived in a penthouse and directed to benefit those who occupy the penthouses of this country. Real government spending has been cut by nearly 2 per cent. Combined with the cut of about 4 per cent last year, this will directly reduce employment opportunities, particularly in the depressed building and construction industries. Reducing the rate of inflation is supposed to be the Government's main aim. Yet the increase in petrol taxes, on top of unnecessary devaluations and the destructive changes to Medibank, will guarantee another year of rapid price increases. Inflation will be at a rate of at least 12 per cent this year. Real earnings will fall. The purchasing power of family allowances will be reduced. The net effect of reduced real wages and family allowances and the tax changes will be to cut the purchasing power of our incomes by several dollars a week.

Most dishonest of all is the Government's broken promises on tax indexation. Mr Lynch has continually promised full tax indexation. Yet in this Budget half tax indexation is announced for a so-called transitional period which lasts until 30 June 1979. Instead of stimulating the economy and expanding employment opportunities, the Government's excessive concessions to those already well off will increase the numbers who cannot get jobs. About \$800m of potential company tax receipts is being given up this year. The special youth employment training program will cost \$18m. While mining companies receive concessions, small business suffers. The rural community is ignored.

In the Parliament today the Government took another step towards reducing the export levy on coal. This will prove a bonanza to the major multi-national coal companies which are operating in this country. It will be to the tune of well over \$100m. Yet the honourable member for Casey a short time ago had the temerity to say that we were pricing our way out of world markets. If Utah Mining Australia Ltd and Clutha Development Pty Ltd are making millions of dollars and are not prepared to sponsor the carriage of Australian coal to overseas markets by Australian ships and Australian seamen, those companies should subsidise the wages of seamen. They are not. Big business of the multi-national type, such as Utah, Clutha and the other giants in the coal industry would never agree to that because it is more important to such companies that they pay the highest dividends to their shareholders who would not know where the companies are operating.

This Budget is dishonest, sectional, grossly unfair and basically useless in dealing with our economic problems. It has been truly exposed by members of the Opposition and certain sections of the Press. The Government has used others as a scapegoat for its economic inadequacies in curing the problems that greatly affect the Australian people today. An article in the Melbourne *Age* of 2 September points out the position. It is headed 'Bench is "useful" scapegoat'. I quote from the article:

The Arbitration Commission was a socially useful whipping-boy for governments, employers and unions, a Deputy President of the Commission said last night.

Dr J. E. Isaac said it was sometimes convenient to blame the Commission for unavoidable difficulties in wage and industrial relations.

Not only has the Government attacked the Arbitration Commission for the economic ills that the Government has imposed on the country, but it has also attacked the Industries Assistance Commission for not bringing down findings suitable to the Government. The Industries Assistance Commission, I believe, is an honourable instrument of government. It does not serve one party or the other in government, other than in an impartial way.

The Government has attacked its own employees by introducing the Industrial Relations Bureau legislation. The Government has tried to provoke its employees into taking industrial action. It rushed through in one day this important legislation which affects Commonwealth employees. The Government had the temerity to

give the Labor Party Opposition only five minutes notice of its intention to bring in this legislation. The Government looks for scapegoats which it can blame for the problems which it should shoulder. In industrial disputation, as I said a short time ago and as revealed by the Bureau of Statistics, the strike rate in the nation for June, July and August was the lowest for six years. So the Government is trying to blame everyone but itself for its economic ills. It also is coming under severe and, in my view, justifiable criticism for its attitude towards education. The *Sydney Morning Herald* a short time ago carried an article under the heading 'Commission and Government clash over school funds'. It was referring to the Schools Commission. The article read as follows:

The Schools Commission has refused to support the Federal Government's directive to transfer \$5 million from government to private schools.

The Government intends again to subsidise some of the most wealthy schools of this country to the detriment of the public school system and, in my view, is endeavouring to arouse another sectarian war in the country. The newspaper article continued:

In its report, the commission said it was determined to protect programs for disadvantaged schools and for special education including the teaching of migrants.

The commission also said that the Government, by rejecting its own target of 2 per cent real growth in spending on schools next year in favour of no growth was, in practice, resorting to annual budgeting and negating the benefit of a rolling triennium.

The Government has failed to overcome the problems that are harassing the country. The Government has failed to overcome the two major problems which it went into power to overcome, namely, unemployment and inflation. The Government has failed the people of Australia, who are in desperate straits. It has cut back on education, on welfare housing for Aborigines, on child minding centres and on a host of other things on which it cannot properly justify cutting back. It is virtually turning this Parliament into a Jewish synagogue, in the view of many of the people in my electorate and elsewhere. I believe it is high time that the Government, before it further degrades this country in the eyes of the people of the world, resigned and got out.

Mr SHORT (Ballaarat) (4.17)—For most of us, the Budget Debate is the one time of the year when members can speak in this chamber about virtually anything they like related to government and Parliament. Such is the pervasiveness of the Budget that it touches almost all aspects of

our daily lives. I find it a pity that more members do not use this opportunity to express to the nation their views on the totality of things pertaining to the nation. Rather, they concentrate on scoring points off each other, and on dealing with the smaller issues of detail contained in the Budget Papers.

Perhaps that is politics. Equally, however, perhaps that is why, regrettably, politics and politicians are not held in the regard that I believe they need to be held in if Australia is to continue to flourish as a Parliamentary democracy, if Australians are going to regain confidence in themselves, if we are going to restore the feeling of national pride that we used to have but which, to our great condemnation and to our ultimate disaster, we appear to have lost. I can only pray that we will turn the tide on these fundamental precepts before too long. We can do so, and we can do so very easily, all we need is the will—the recognition that either we stand together or we will fall together.

That is why I regret that the Opposition during this Budget debate—indeed, during the life of this Parliament—has been negative and obstructionist. It has looked back in surly anger rather than forward and constructively. The contributions to this debate by the Leader of the Opposition (Mr E. G. Whitlam) and his two economic tutors—the honourable members for Adelaide (Mr Hurford) and for Oxley (Mr Hayden) were the worst I have ever heard from any three top parliamentary leaders from any party in my whole experience. Not one of them showed any awareness of the real facts of our present economic situation and the background to it. Not one of them looked forward to the future. Not one of them offered any positive suggestion as to how we could move to a better Australia. Most sadly of all, not one of them showed any appreciation for the mood, and the aspirations, of the Australian people.

The best they could do collectively was to suggest more and more government spending—more and more of the same old medicine with which they bedevilled Australia between 1973 and 1975, medicine which led to a fourfold increase in inflation, to the loss of countless thousands of jobs in productive activity, to a 150 per cent increase in unemployment in 18 months alone, to a massive loss of consumer and investor confidence, to the near destruction of the manufacturing and rural sectors, to a legacy of other catastrophes which brought this nation and its people to their knees. Not once did these giants of the so called alternative government make a

constructive suggestion. Not once did they acknowledge what the Fraser Government has achieved in the short space of 21 months of government. Not once did they make any recognition of the underlying strength of this Budget as a major cornerstone in the continuing recovery of the Australian economy—a recovery which is underway and which promises to make 1978 a better year for all Australians.

What are the achievements of this Government? Let me list just a few of them, because today I want to look forward rather than backward. Some of the achievements are worth restating because unfortunately not enough people seem to be aware of them. The overriding achievement has been the reduction in inflation. The Fraser Government won office in 1975 for many reasons, but none more important than for its pledge to attach No. 1 priority to this issue. In the 21 months since this Government took office, the underlying rate of inflation in Australia has fallen by more than 40 per cent—from 16.7 per cent to approximately 10 per cent. Indicators published in the past few days indeed suggest that we are now back to single digit inflation.

Inflation is still too high. But I assert without any fear of contradiction that had the Fraser Government not won office in December 1975 the present rate of inflation under a Whitlam government would now have been in excess of 20 per cent. Just think what that would have done to the economic and social fibre of this country. Not only would inflation have skyrocketed, so also would have unemployment. Unemployment has increased since the present Government came into office. The increase has been about 1 per cent of the work force—or, to put it in another way, there has been approximately a 25 per cent increase in the number of persons unemployed. In the last 18 months of the Whitlam Government unemployment increased by 150 per cent.

Mr McLean—How much?

Mr SHORT—By 150 per cent. Had that Government stayed in office unemployment could by now have reached a level of some 8 per cent of the work force, compared with the present figure of some 5½ per cent. In the 21 months since the Fraser Government won office, there has been positive growth in the economy—growth which is of fundamental importance if the living standards of Australians are to be improved in line with the aspirations of Australians. By contrast, in the last 18 months of the Labor Government real output in Australia fell

by some 5 per cent. So by most tests the Government's comparative overall economic record has been good since it assumed office.

Let us now have a brief look at what the Fraser Government has done for people. For the low income earner with a large family, the Government's family allowance system has provided the greatest boost for very many years. For the pensioner, the Government's decision to tie pension increases automatically to increases in the cost of living has provided security to pensioners for the first time in our history.

For the unemployed, there has been a major increase in retraining and other schemes to better equip these persons for re-entry to the work force. Unemployment is a major problem. It is not a problem that will go away quickly or easily, even when the overall rate of economic recovery picks up. It must not be turned into a political football the way the Labor Party is attempting. It is much too serious for that. Human life and human dignity are at stake. The problem must be analysed logically yet compassionately, and logical yet compassionate solutions found. That requires co-operation and constructive effort on all sides—not the negative obstructionism and politicking in which the Opposition is engaging.

We must follow the lead of the present Government and take a fresh look at labour market policies, giving much more emphasis than in the past to breaking down the underlying structural barriers that are such an important reason for much of our present unemployment, particularly amongst the unskilled and the young. We must make sure that young students are being adequately equipped with such basic tools as the ability to read and write and spell adequately—tools which many school leavers today appear to lack. We must ensure that different forms of education pay full regard to future vocational prospects and that we as a community obtain the best value we can for the money—our money as taxpayers—spent on education.

What else has the Government done for people? For the aged, it has greatly increased the amount of accommodation being built. For handicapped children, it has made major improvements in the allowances paid to their parents or guardians. For the farmer, it has restored some of the necessary assistance that was taken away by the Whitlam Government—and taken away at a time when that Government was hellbent on destroying rural producers through its reckless approach to economic management and its complete disregard for the inflationary consequences of its actions. For the farmer also,

the introduction of income equalisation deposits and the new tax averaging arrangements will prove of major benefit, in both the short and the longer terms. On top of that there have been the Government's actions in restructuring the Australian Meat Board, in introducing major changes designed to improve the situation in the dairy industry, in increasing the floor price for wool, in the impending establishment of a rural bank, and many more.

For all income earning Australians, the introduction of tax indexation last year, and the taxation reforms announced in this Budget have already produced, so far as indexation is concerned, and will produce, so far as the new rate scales are concerned, major income tax relief. Every Australian personal income taxpayer received a cut in taxation on 1 July this year. Every Australian personal income taxpayer will receive another cut in taxation on 1 February next, a still further cut on 1 July 1978, and annual cuts, depending on the rate of inflation, every year thereafter. Despite some misunderstandings about the Government's initial presentation of these taxation reduction measures and despite what the Opposition may say, it is a fact that these measures represent major reductions in taxation. 'As a package, they represent the most far-reaching beneficial changes to our personal income tax system in our history—beneficial to each and every personal income taxpayer in Australia.'

Time does not permit me to catalogue further the impressive list of the Fraser Government's achievements. Many of them were introduced before the 1977 Budget. Some were introduced in the Budget. Others have been introduced since. A Budget, no matter how important it may be, is only one of a host of complex economic decisions that are taken in the course of a year. We must therefore be careful not to get the Budget out of perspective. That said, however, a Budget does tend to set the basic fiscal and monetary framework for the economy in the year ahead, at least in those areas of policy for which government has responsibility. The framework provided by the 1977 Budget is sound. It is responsible. It is forward looking and innovative.

The deficit for 1977-78 has been reduced to some \$500m below last year's outturn. That will be anti-inflationary. Equally important, though, it should provide the scope for a downward movement in interest rates as the year progresses, and therefore an easing of the crippling interest and repayment burden facing thousands of individuals and companies, particularly small businesses. This in turn should

have an expansionary effect on economic activity. But the Government will need to be extremely careful in its interest rate policy. Too large an interest rate reduction too quickly could have damaging effects on money markets. It also could have undesirable consequences for the exchange rate for the Australian dollar; and it could cause a resurgence of inflation. But, properly managed, I am firmly convinced that a sustainable reduction in interest rates during 1977-78 is not only possible but also highly desirable.

The forecasts for growth of gross domestic product, and for unemployment, contained in the Budget documents are not particularly cheerful—a 2 per cent year-on-year growth in real GDP, and little or no change in unemployment. Their implications for productivity are also worrying. One cannot lightly dismiss sophisticated econometric forecasts. On the other hand, these forecasts do not take into account non-quantifiable factors such as consumer or investor psychology. The significance of these is, of course, as much a matter of subjective judgment as anything else. My own subjective judgment is that the forecasts may well turn out to be pessimistic, at least so far as real GDP growth is concerned. Other commentators, including W. D. Scott and Co. Pty Ltd, Philip Shrapnel and Co. Pty Ltd and the Commercial Bank of Australia, for example, appear to share this view.

Above all else, the Government will need to be light on its feet in its economic management during 1977-78. This applies particularly to monetary policy. The growth in money supply may well need to exceed the 8 per cent to 10 per cent targeted for in the Budget Speech. The Treasurer (Mr Lynch) has indicated clearly that he is very well aware of this. But although it will need to be light on its feet, there are several objectives that the Government will move away from only at great risk to its basic strategy. The main one is, of course, maintenance of the exchange rate at about its existing level. Any significant devaluation of the dollar would be a major blow to confidence and a major blow to the fight against inflation.

In that context the recent remarks of the honourable member for Oxley, speculating about the future of the dollar, should be deplored by all thinking members on both sides of the House. Coming from the Opposition's main economic spokesman, I find them the height of irresponsibility. If we stay on the broad course now charted by the Government, we not only will see continuing improvement in the economy over 1977-78 but also will have continued to lay

the foundations for steady and sustainable economic growth into the 1980s.

It is to this latter issue that I want to turn in the time remaining to me. We in Australia, as in many other countries of the Western world, appear to be suffering some crisis of confidence—not only in our governments but also in ourselves as individuals. Why is there a crisis of confidence in government—not the Government, but the institution of government itself? The reasons obviously are many and varied. But the reason I place top of my list is that we as individuals over many years now have come to rely on government far too much, in a way which has made it quite impossible for any government to live up to community expectations. We have tended to say to ourselves that if we want something we will run along to government first, rather than consider what we might be able to do to help ourselves. There must be a limit to what we ask government to do for us. Government can do only so much. It has a basic responsibility to determine the parameters within which our economy and our community function. It has a basic responsibility to assist those in our community who are most in need. It also has a responsibility to give a lead to community thinking and community attitudes. It has a responsibility to reflect and to react to community attitudes, if in fact these can be determined. But at the end of the day it is our actions and our attitudes, as individuals, which will determine how Australia develops economically, socially and morally.

We need a fresh attitude on mind in this country. We need to regenerate our confidence. We need to be less self seeking and to think more of others. We need to get away from confrontation and back to co-operation. But we can do this only if all sections of our community are genuinely prepared to co-operate. Without real sincerity in this regard, attempts at co-operation will lead only to appeasement and, to a victory for industrial or economic muscle over the less organised and weaker sections of the community. I believe that as a community we need to be prepared to see government play a smaller role in the total scheme of things. We need to encourage political parties to that end. The Australian Labor Party, however, is fundamentally opposed to this concept. It is unashamedly—this is publicly admitted and accepted—a party of big government. It believes that government knows better than the people what is best for those people. It believes that it can spend people's money more effectively and more wisely than the people themselves. Let us never forget this basic

fact. There is a major difference between the political philosophies of the two major parties on this issue.

The Fraser Government has taken a major lead in restoring incentive to Australians. It has reformed the taxation system so as to leave more income in the hands of people and to allow them to choose how they spend this income. It has tailored health and social welfare policies so that they cater for the needy rather than for those who can more easily provide for themselves. There is more that it needs to do. It must cut down on the regulations and restrictions on legitimate business activity which have grown up over the years. It must recognise more the differences between big business and small business, and take account of these in its policies, particularly in relation to the availability of finance for small businesses.

It must encourage a wage fixing system which pays full regard to the need to reward productivity, effort and scarce skills—rather than a system in which wages are determined without regard for these factors, which is broadly the situation under wage indexation. It must encourage progressive reform of the trade union movement. Here I have in mind particularly the need for the development of industry unions rather than the fragmented union structure we now have. It must elevate decentralisation to the level of a major national objective. The Government has made a small, but highly significant, step in this direction in the Budget by allocating \$6m for general decentralisation purposes. This is the first time to my knowledge that any Federal government has taken such a step. I hope it is a signal that the Government recognises the fundamental importance of greater decentralisation in our vast continent. The Government has moved courageously and responsibly in many of these areas. It has been the most reformist government in a generation. Many of my remarks today have been philosophical. Some might say they have been naive. Others might say that they have been overly idealistic.

Mr Clyde Cameron—Hear, hear! They have been very naive.

Mr SHORT—I make no apology for this, either to the House, to listeners around the nation or to readers of *Hansard*.

Mr Young—Or the honourable member for Hindmarsh.

Mr SHORT—Or the honourable member for Hindmarsh. If we in this House lose sight of the need to see the wood, to set aside the trees from time to time and to look forward rather than

backwards, we do not deserve to be the elected representatives of the people. I trust that we in this Parliament on whatever side of the political spectrum we may be will never justify such a judgment.

Mr CLYDE CAMERON (Hindmarsh) (4.36)—I am sorry that I was preceded by such an uninteresting speaker because the listeners around Australia will by now have turned off their radio sets. They will be denied the opportunity of hearing the contribution I propose to make. That will be their loss. This Budget will do nothing to increase the level of employment in Australia. It will lower the level of employment. All experts—I emphasise the word ‘experts’—now agree that the number of unemployed by the end of this year will increase to at least 430,000. If this Government is still in office by the end of next year its Christmas present to the people of Australia will be an army of unemployed that will exceed 550,000. It will go on blaming wage levels for its own rising levels of unemployment and inflation. It will go on blaming the Conciliation and Arbitration Commission for the wage increases which have occurred, arguing that wage increases are the cause of inflation. Wage increases are not the cause of inflation. I pause for a moment to examine the charges, made by people who ought to know better, against the Conciliation and Arbitration Commission for being responsible for wage increases which occurred, particularly in 1973-74. The record proves that the Arbitration Commission was not responsible for them.

Mr King—It was the Labor Government.

Mr CLYDE CAMERON—The Labor Government had nothing to do with the wage increases which occurred in private industry in 1973-74. They came about as a consequence of agreements made between the unions and the private employers. Private employers were able to offer increased wages because they knew that they could simply pass the increases on to a goods hungry public who were willing to pay whatever price was asked for the goods they needed so badly at a time when they were getting for the first time in their lives the money they needed to buy them. The Prices Justification Tribunal should have more accurately monitored the effect of increased wages which were given under sweetheart agreements in order that the price increases could be passed on so that these excessive demands should not have had to be paid by the rest of the people.

I remember an occasion when the Amalgamated Metal Workers Union asked me to support an application before the PJT for an increase in the price of products of Comalco Ltd or Alcoa of Australia Ltd—I am not sure which. I told the official of the AMWU bluntly that I would not be a party to any policy that would allow selected groups to give specially increased wages to a tiny handful of workers and pass the increases on to the others. I am sorry to say that my own Government went before the Prices Justification Tribunal and actually supported an increase in the price of steel by Broken Hill Proprietary Co. Ltd at a time when I was being told as Minister for Labour that we ought to be taking a more active part before the Conciliation and Arbitration Commission against increases in prices. The fact is that the Conciliation and Arbitration Commission had nothing to do with the increases in wages which occurred in 1973-74. It was a bystander, a spectator standing on the sidelines, unable to do anything about them. No one bothered to go to the Conciliation and Arbitration Commission.

It is true that the Australian Public Service Board offered very substantial increases to the public servants which had a marked effect upon wage levels outside. It offered a 12 per cent increase to second and third division officers and a 16 per cent increase to the people whom I describe correctly as the fat cats of the Public Service. The next year the Board offered a further increase. These offers, made without the authority or approval of the Cabinet, were the principal reason that the wage escalation occurred. We can no longer give massive increases to the Public Service and expect people outside the Public Service not to want to try to match them. They have every right to match them. If taxpayers are put in a position where they have to give their public servants more money, better superannuation schemes and all kinds of recreational schemes they have every right to expect the same benefits themselves. If the public cannot afford to give themselves these sorts of benefits, the public servants who are supposed to serve the public have no right to ask for them.

We should not live in a situation in which we are governed by a group of modern mandarins who expect everything from the public purse for themselves and expect everybody outside to put up with wages which are infinitely lower than their own. It is a terrible crime in the name of justice that metal workers are getting less money now than a Class 4 clerk in the Commonwealth Public Service. It is a travesty of wage justice that

a toolmaker should be getting \$60 a week less than a Class 2/3 clerk in the Public Service. I know Class 4 clerks who are no more than 23 years of age and are earning about \$10,000 a year. That cannot go on. It has to end. If honourable members want to see the real cause of the wage spiral in that year they should look in the direction in which I am now pointing.

The claim that wage increases in the private sector have been responsible for inflation and unemployment does not stand up to critical analysis. If wage levels have anything to do with the levels of inflation and unemployment we should now have a lower level of inflation and a higher level of employment than we had two years ago. The level of real wages has fallen by more than 6 per cent since this Government came to office less than two years ago. If this argument is sound the reduction of about 6.2 per cent in real wages should have brought about a reduction in inflation and an increase in employment. It has done neither. If low wages would solve unemployment and inflation, how is it that levels of inflation and unemployment in low wage countries such as Mexico, India, Pakistan, Bangladesh, Brazil, Indonesia and the Philippines—one could go on and on selecting the low wage countries of the world—are higher than they are here?

The causes of inflation are not hard to find. There is not one single cause. In the financial pages of the daily Press record profits are announced every day of the week. I challenge anybody to produce for me a daily newspaper for any day of last year in which there was not an announcement of a record profit for some company or another, usually the Australian subsidiary of some multinational corporation whose board rooms in places like New York, Stockholm, London or Amsterdam govern the policies and prices of the company. Excessive profits, price transfers to parent transnationals, high interest charges and indirect taxation are the main causes of inflation. The increase in the price of petrol, which this Government has deliberately brought about with its eyes wide open, will increase the consumer price index by 1 per cent and that will immediately impose upon industry an increase in wages of \$2 a week for everybody on average weekly earnings.

Not only is inflation affected by these influences, employment is affected by them as well. Unemployment is also partly due to inefficient management. Honourable members talk about inefficient labour. I assert now that management in Australia is about the most inefficient of any part of the highly industrialised

world. Australia is notorious for its bad management. Management here has no idea of rationalisation of its industry. I point to one of the biggest and oldest companies in Australia, the Broken Hill Pty Co. Ltd, which is one of the worst managed companies in Australia. For years it was managed by alcoholics.

Mr McLean—Oh!

Mr CLYDE CAMERON—Do not laugh. BHP is badly managed and I do not care whether honourable members have shares in that company; they are being robbed. If their shares were being properly managed they would be receiving a much bigger dividend than they are receiving now and the price for BHP shares on the stock exchanges would be greater than the present price of \$5.60.

Mr Hayden—It is an inefficient leviathan.

Mr CLYDE CAMERON—It is an inefficient leviathan. That is the expression used by the honourable member for Oxley and I agree with that. It is an inbred management. Top management people are not brought in from outside BHP. They have to come up through the company as do public servants. The company does not get any new bright ideas. McLennan will be succeeded by somebody else who will be just about as outdated as the man he succeeded. What is true of BHP is true of many other companies in Australia as well. I believe that industry needs to be rationalised. It needs to be updated so that throughput can be increased, so that overhead can be reduced. What is also very important is a reduction in interest rates. It is interest charges as much as anything else that are killing industry in Australia today. We need a greater use of modern technology than we now have. Too many of our industries are trying to continue with outdated machinery, outdated technology. We should be spending more time seeing what kind of technology is available to industry in countries such as West Germany, the United States, even the Soviet Union, Italy and France. But we do nothing about that. The Government does nothing to encourage the inflow of modern technology.

It is no use having modern technology if we do not have technologists and technicians to operate it. It is no use having modern laser machinery in this country if we do not have people to operate it. We ought to spend more money on technical education, on teaching people to become technicians and technologists, and a lot less money on universities. I am sick and tired of seeing this country spending hundreds of millions of dollars on universities, teaching people to be good at

arithmetic, algebra or something else but knowing absolutely nothing at all about productivity or about how to make this country tick. Such people can tell us all about the moon, they can tell us about the stars, they can tell us how many cells there are in a sour sob bug, but they cannot tell us anything about industry or how to make this country more productive and more competitive. We need to expand the level of employment in tertiary fields.

In countries such as the Soviet Union and the United States they have now discovered that, with the rapid pace of life we are living towards the end of the century, they need a big influx of psychologists if people are to be able to handle the pace of life. But what are we doing? We have some psychologists, but not enough. We have some social workers, but not enough. We need more people to provide child care facilities for the mothers of this country. More money needs to be spent on recreation. It is not necessary for the whole of our work force to be out there shovelling dung. They do not all have to spend their lives that way. There are more ways of earning a living than that. We have to commence an expansion in the tertiary level because the secondary industries are dropping rapidly in their capacity to employ as technology comes into being.

What we need more than anything else and we need it urgently—I eventually persuaded the Government of which I was a member to agree to it but nothing more has been done about it—is to set up a bureau of labour economics for the purpose of making period projections of labour needs right up to the year 2000 at least. The Americans are doing it and the Russians are doing it but we have done nothing at all. If one went to the Department of Employment and Industrial Relations and asked how many computer experts would be needed in six years time they would probably want to know what a computer expert was. They would not be able to say what would be the needs in that time. We need to have facilities, and this can only be done by a properly organised bureau of labour economics, which would be able to tell young people what vocational options are available to them. IBM has a machine now which, if the various factors important for determining vocational opportunities are fed in, such as the background, the parents background, their educational capacity and so forth, can come up with as many as 400 different options. Probably 350 of those options would be vocations of which neither the parents nor the child had ever heard. This is what we need.

We need this bureau to measure the trend and the incidence of industrial accidents and occupational diseases. Honourable members opposite talk about strikes, but we are losing twice as many man days through accidents and diseases in industry which could be avoided. The only good thing I can ever say about BHP is that it has reduced the incidence of industrial accidents and disease from 95 points to 15 points. If an inefficient industry like BHP can reduce the level of the incidence of accidents to that level, others ought to be able to do it as well. Honourable members opposite talk about productivity, but nobody knows the productivity trends in Australia today. If we had a productivity index for increasing wages to compensate for increased productivity no one would know where to start. They would not know what the starting point of the productivity bonus scheme would be because nobody knows the productivity. We need to be able to measure year by year the productivity in Australia as a whole, the productivity industry by industry and branch by branch of industry. Unless we do that we have no chance whatever of competing.

Part of the cause of unemployment is buyer resistance. We reached market saturation for the upper and middle classes of people during the 1973-1974 years of economic buoyancy. The people who have needs to be satisfied now are not receiving the incomes necessary to meet their needs. The wrong people are benefiting from the Government's fiscal policy. Some 330,000 potential buyers of the goods that the factories in Australia want to sell have no income except social service handouts. A proper coal export levy on Utah and the other coal exporters would have yielded an extra \$200m in revenue each year. But that was not done. Instead of increasing the levy, as should have been done, this Government reduced the levy. Whom did it help? Nobody but the wealthy Utah Development Company and the foreign owned multinational corporations which now have control of our vast resources.

The Government could have done more to encourage a manpower training program. It did nothing at all about that. A consumer-led recovery is our only hope for getting increased employment. But that calls for a higher level of income for those who are most likely to spend it on consumer goods—the 64 per cent of the work force who are not getting the average weekly earnings. Of course we know that life was not meant to be easy. It is not meant to be easy even for the rich. They have to put up with an 8,000 acre property; they have to put up with three

sports cars; they have to put up with three separate homes. The poor things have to send their children to Melbourne Grammar School. If they have only one child they have to send him to Magdalen College at Oxford. They have to try to get by on \$2,000 a week. So it is after all, an egalitarian society. Even the rich are having it tough. Life is not meant to be easy.

Mr DEPUTY SPEAKER (Mr Jarman)— Order! The honourable member's time has expired.

Mr KING (Wimmera) (4.56)—It is always interesting to follow the honourable member for Hindmarsh (Mr Clyde Cameron) in a debate in this House. The honourable member seems to have an obsession with many things. One can always bet dollars to gooseberries that he will start talking about the great profits—the 'record profits' I think he called them today—of the multinationals. I think the honourable member challenged the House to name any multinational which had not made record profits. I only wish I had a bit more time to take him up on that point. When talking about multinationals the honourable member for Hindmarsh and many other members of the Opposition seem to forget that irrespective of the size of profits, the important point is the investment that is involved. In other words, the honourable member for Hindmarsh ought to look at the return that they receive for their capital investment. I am quite sure that if he only accepted that argument he would appreciate what this matter is all about.

After listening to the speeches made by members of the Opposition during this debate I believe that there is very little one needs to say in answer to their criticism. I do not think I have heard weaker comment from members of the Opposition during a Budget debate in the 18 years I have been a member of this place. I think the same observation applies to comment that has been made outside this place. I do not think that there is any need for me to concentrate a great deal of my time on answering anything that has been put up by the Opposition. Also, I do not think that there is any need for me to expand some of the virtues of the Budget because this has been done ably and well by many speakers from my side of politics.

I wish to raise a few issues that I believe the Government should consider in the near future because I believe that no matter how good a budget may be there is always room for improvement. The first matter I wish to mention concerns Telecom Australia. I think I can say that in my 18 years as a member of this place

there has been no problem more constant than the telephone problem and it is still growing. Years ago it was the poor service. Then came the cost of upgrading telephone lines in country areas. Today it is the charges involved. These are the basic complaints. The upgrading of telephone lines started many years ago on a point system. The then Liberal-Country Party Government introduced a 25 kilometre departmental line. We had a change of government and the Labor Government reduced this to eight kilometres. It established the Telecommunications and Postal Commissions and laid down the fundamental rules that would apply. The main features of the rules were that 50 per cent of capital was to come from revenue and that the user pays principle should be adopted with little thought given to those residing in remote areas.

Labor saddled the Commissions to a degree that they had no alternative but to increase the rates dramatically. We all recall this very vividly. This increase was coupled with the removal of the differing rental rates in accordance with the numbers of subscribers that could be contacted for a local call fee. This then became a very heavy burden on many country business houses as well as private citizens and primary producers. In this day and age when the telephone is used so extensively in metropolitan areas, country cities and towns, any increased rates in installation charges, rental, local or trunk charges are a very heavy burden on such users. My Party and I, unlike some of my colleagues on the other side of the chamber, have been very concerned about these rates for a very long time. We have endeavoured to have improvements made. We did make some progress up until the change of government in 1972. This change in government brought bad times as far as subscribers were concerned, the worst being the charter laid down for the Commissioners. I could give many examples of genuine hardship but time will not allow me to do so. I will therefore confine my remarks to one area only.

Strange as it may seem, the matter I wish to raise concerns an area that is common to both the honourable member for Wannon (Mr Malcolm Fraser) and myself. I refer to the area known as the Balmoral district which is situated approximately half way between Hamilton in the Prime Minister's electorate and Horsham in the Wimmera electorate. The distance between the two major centres is some 80 miles. But in the centre the residents are unable to ring either city for a local call fee. This may seem strange to many people in this chamber. One exchange can contact only some 400 subscribers for a local fee.

I wonder how many people subscribers in metropolitan areas can contact for the local call fee?

The people in this area have no access to a doctor, hospital or major business house by way of a local call. On inquiry I am told that because of the zoning system there is little chance of improvement. They will continue to pay trunk rates for such calls. I wonder how many metropolitan subscribers would accept this situation? Officers of the Department or the Telecommunications Commission are no doubt sympathetic and have done all that is possible to assist but the condition laid down in the charter of the Commission ties their hands. So I appeal to the House as well as to the Minister for Post and Telecommunications (Mr Eric Robinson) to give consideration to easing the burden in such cases.

The Commission is introducing a new radio telephone in the area of Longreach in the electorate of Kennedy. I am sure that the honourable member for Kennedy (Mr Katter) knows about that because no doubt he has had a bit to do with it. I am well aware of the problems facing the Commission regarding charges of various kinds. In accordance with the charter the Commission has to find about 50 per cent of capital and it also has to implement the unfair user pays principle. If we adopt this principle in every other department, well and good, but we do not do so. That is the all important point.

Postal and telephone facilities are to my mind a service to the community. Government members must always remember that. What would be the position if we adopted a user pays principle in respect of many other fields in which the Commonwealth has a responsibility such as railways, education, water supply, social welfare and health? If we subsidise these fields and if we subsidise pensioners, why do we not subsidise people who live in isolated areas? I am told that if a full charge, including all capital costs such as the cost associated with the construction of dams and water reticulation, was made in some States for water consumed, water would be too dear to drink. We should think of the subsidies that are paid for shipbuilding which amounts to thousands of dollars for each man employed. This argument was put to the House not so many months ago. Therefore I say it is about time something was done to ease the problems of Telecom in areas outside our capital cities.

Senator Lewis recently presented in the Senate a petition calling for the introduction of equal telephone charges throughout Australia based on a time call. This petition was taken up by country people and it really burnt. I know that

such a scheme has many problems such as loading existing services and the fact that a 10c charge will not bring in the necessary revenue required. Another problem is the fact that many city users would not accept such a scheme. But many thousands of subscribers want to see a change. Senator Lewis and I agree that something must be done when subscribers are forced to pay trunk charges to call their doctor, hospital or business centre. As I mentioned earlier in my speech, we subsidise other fields. We subsidise certain pensioners who in many cases are not in such need of a telephone as are people living in remote areas where installation and trunk charges are extremely high and in some cases could be classified almost as discriminative. Unfortunately Senator Lewis' scheme as put forward could not be fully implemented. Nevertheless, the idea is a very worthy one and I commend him for his suggestion.

Perhaps we have now reached a stage when the Government should instruct the Commission or some other authority to carry out some sort of investigation into all areas of charges with a view to easing the burden created by trunk rates, particularly as they affect the minority in remote areas.

I want to make a brief reference to immigration and how it affects the employment situation. As I see it, there are two important issues: Firstly, how our population is running by world standards and, secondly, what effect immigration has on our work force or, better still, our unemployment situation. Under previous Liberal-Country Party governments the broad policy was to increase our population by immigration by an average of 1 per cent of the population each year. This worked very satisfactorily. It brought to Australia a wealth of knowledge and helped to build up our numbers, and generally speaking there was an improvement all round. Today, because of economic pressures, our immigration program has dropped off dramatically. This has been the case now for a number of years and I believe that we should be studying the matter very closely.

According to the managing director of IBIS, Mr Phil Ruthven, in 1788 the estimated total population of Australia—basically Aboriginal, naturally—was about 300,000, or 0.04 per cent of the world population. By 1870, roughly 100 years later, our population had increased to about 0.54 per cent of the world population. After roughly another 100 years, in 1977, it has fallen to 0.33 per cent of the world population. If this trend is allowed to continue we could fall back to the 1788 level. I am not that pessimistic;

but we could not afford for it to recede to that percentage, because many problems would result.

The general opinion of the effect of migration on our work force is that it creates unemployment. In my opinion, that is a fallacy and a myth. Last year the intake for Australia was 18,000 skilled workers. Coupled with that 18,000 people were some 22,000 people—wives, children, et cetera. The suggestion that migrants are required to do the dirty work is also a myth, in my opinion. It has been proved that migration has increased the specialist field in many areas. Cultural enrichment of our present society is terribly important. No longer is Australia made up of a few farmers and a few others in the work force. We are living in an age of expanding technology.

It is obvious that each time another migrant family is brought here work is created. Examples are the building of new homes and extra school rooms, the provision of more hospital beds, and so on. I could go on giving examples. It could well be said: 'Yes, but at what cost?' The cost could be no greater than the cost of allowing the nation to deteriorate because of its lack of population, and that is a vital point. Migration creates work, and the sooner we move along these lines the sooner people will regain confidence, and so build more homes and establish more industry. Australia is heading rapidly towards zero population growth. If this trend continues, our influence on world markets will disappear, particularly in South East Asia. Without the ability to make a worthwhile contribution to general welfare, which is so important in the world today, we soon could find ourselves becoming a second rate nation.

In recent times I have noted that many comments have been made about the beef industry. I read an article in today's *Melbourne Sun* headed 'Cattlemen just had to kick'. The article reported some remarks made by the President of the Cattlemen's Union of Australia, Mr Graham McCamley, about why his organisation had to kick. This gentleman complained about a statement that was made in this House the other night by the honourable member for Leichhardt (Mr Thomson). He criticised the honourable member for Leichhardt and suggested that he should resign his seat if he could not carry out the duties expected of him. If anybody should resign I would say it is people such as Mr McCamley who are creating great difficulties in regard to the problems of the industry.

In recent times we have heard a lot about the problems of the beef industry. I was quite

amused to read a statement made recently by the Leader of the Labor Party in the Senate, Senator Wriedt—a former Minister for Agriculture. I think he made the statement yesterday. The honourable senator claimed that in 1973, the first year of the Labor Government, the demand for beef on the overseas market was extremely good. He went on to indicate how much beef Australia exported in that year and implied that the Government at the time could claim some of the credit for it. I was surprised when I read that article, as I could not believe that the honourable senator could be so naive as to suggest that it was the government of which he was a member that was responsible for those sales. Surely he must appreciate that when international meat sales take place it is not like walking into a shop and buying a bag of lollies. Most deliveries are made as a result of decisions taken months earlier—in many cases up to 12 months earlier. Countries such as Japan and the United States of America work on a quota basis and deliveries could well be spread over six to 12 months, depending on the number of other issues that are raised at the same time.

If the honourable senator really wants to be honest, I believe that he should be saying that the Labor Government, which came into office in 1972, fulfilled agreements entered into by the preceding Government as a result of the activities of the Minister for Trade and Industry and the Minister for Primary Industry in the Liberal-Country Party Government. He also should say that the real collapse of the industry came under that Labor Government, not under the Liberal-Country Party Government. Not only did the demand for and the price of meat collapse during that regime; the Labor Party was instrumental in ruining the Australian economy. It created an all time record inflation rate, thereby indirectly crippling the beef industry because of the costs it faced.

A lot of Press publicity has been given in recent times to the Cattlemen's Union. I might add that it has been backed by some supporters of the Australian Labor Party. To my mind, some of the leaders of the Cattlemen's Union have virtually sold the industry down the drain by trying to play politics with it. Now we find that they are claiming to be virtually the spokesmen for the industry.

Mr Carige—How ridiculous!

Mr KING—Of course it is ridiculous. The older and more recognised and reputable organisations, such as the Australian Farmers Federation, the Australian National Cattlemen's

Council and the Australian Woolgrowers and Graziers Council, are the organisations that should be getting the credit for any actions that the Government is about to announce. They are the organisations which have carried the burden over a long period of time. I am quite confident that it was those organisations which influenced the Government's thinking on this all important issue.

I do not wish to brand all members of the Cattlemen's Union as being irresponsible, because I know that some of them are not. However, I am very critical of those who are using that organisation for political purposes. I believe that a large number of members of that organisation are genuinely looking for some assistance and they thought that the only way in which they could put forward a case to the government of the day was to form a new organisation. Anyone who understands the industry realises that a new program for handling meat cannot be introduced overnight. We have heard a lot about meat classification, covering weight and grade and all sorts of things. It is terribly important, but it will take many months to introduce it and to have it available in all the large areas in which it is so necessary. I am told that there could be a delay of anything up to six months or 12 months in getting the equipment alone. Yet we hear people suggesting that meat classification should be introduced tomorrow.

To my mind, the Cattlemen's Union is acting like a fly-by-night organisation, and its spokesmen are acting like fly-by-night operators. No doubt it will collapse as quickly as it was formed. I appeal to the rank and file members of that organisation to resign from it and to join, or rejoin, one of the reputable organisations which really carry some weight with the Government. The other organisations that I mentioned previously have carried the day for a long period of years. This is where we can get some good solid, sound thinking on the industry's problems. If they would only do that and try to unite the industry instead of creating fragmentation within it I am certain that the industry would go from success to success. However, it certainly will not when there are people who are jumping on a bandwagon, a fly-by-night organisation, endeavouring to rectify the industry's problems by making a few wild and woolly statements and then when some action is taken trying to take all the credit. The credit goes firstly to the more established organisations, then to a sympathetic government which is doing all in its power to make sure that the problems are rectified.

Mr YOUNG (Port Adelaide) (5.16)—Like Nelson's Column this Budget has crashed to the ground. There is total confusion throughout this country about the impact of this Budget and the Government has been doing its best to restrict debate on the Budget to non-broadcast days in order to redeem itself from what it may have done in the Budget. I want to reflect on two matters which the Government saw as being of prime importance in this second Fraser Government Budget. Firstly I refer to taxation, and secondly to what the Government has done or rather has not done to put young people back to work. In presenting his Budget the Treasurer (Mr Lynch) said that this new taxation adjustment was a revolutionary new scheme for personal income tax. However, when the scheme came under scrutiny in the days that followed the delivery of the Budget, not only was it exposed by the Opposition in this Parliament but also by every other group interested in personal income tax. What it turns out to be is a system which assists those on the greatest income and tends along with other decisions of the Government to act against those people who happen to be on average weekly earnings and who are now paying the Medibank levy. What the Government has failed to do in its new scheme is consider the other imposts it has placed upon the Australian community in the form of the Medibank levy and the move towards world parity prices for crude oil.

The average weekly earner will find that he is worse off under this new revolutionary scheme while the higher income earner will be far better off. I refer for support to none other than the Taxation Committee in New South Wales which, when delivering its analysis of the taxation system, showed that everybody earning between \$6,000 and \$9,000 will pay increased taxation next year. It may be said that a lot of people earn a great deal more than that, and so they do, but the vast majority of wage earners in this country earn between \$6,000 and \$9,000 which is around average weekly earnings while 64 per cent of the people receive less than average weekly earnings. This revolutionary scheme will marginally increase the rate of tax on those people. So much for the revolutionary scheme. The \$8,000 to \$9,000 a year income earners, whether they are with or without dependents, will be substantially worse off in their weekly pay packet than they were before this revolutionary scheme was introduced.

The Government went to so much trouble through the voice of the Treasurer to tell us how much benefit it was going to rain on the wage

and salary earner as a result of this new taxation system. But the system has been exposed for what it is and I do not wish to add my voice in objection to it by going through the details and figures which have been published. Suffice for me to say that it is a fraud on the average worker to have him believe that something great will happen to his wage packet next February when this revolutionary new taxation system comes into operation because it will not. He will take home less after 1 February next year than he takes home now.

Let me take it one step further and consider the concept of taxation relief. If the figures that have been given by so many instrumentalities are correct the people who will gain most out of this taxation adjustment are those earning \$15,000 a year and more. There are very few people in our community, a handful representing five per cent or 10 per cent perhaps, earning more than \$15,000 a year. According to the Treasurer's figures a person on \$10,000 will save \$195 a year while a person on \$15,000 will save \$543 a year and, going further up the salary scale, a person on \$25,000 will save \$1,000 a year. Who in his right mind, considering all the problems that Australia is facing today, could justify a person on \$25,000 a year saving through this new revolutionary taxation system \$20 a week while 5.4 per cent of our work force or almost 400,000 people are out of work? Time and again Government spokesmen have stood in this Parliament and said that one man's pay increase is another man's job. That is not the Opposition's philosophy but it is the type of cliche that is used regularly by Government spokesmen. If it is true to say that a wage increase for one person in a job may cost another person the opportunity of finding a job, why does not the same theory apply to taxation relief?

If a government is prepared to spend \$1,000m on taxation relief which will go mainly to those on high incomes, why does it not save those financial resources and give them to the people who really need them? Why do we not index the unemployment benefit and make it equal to half average weekly earnings? Why do we not spend more on manpower training, relocation and retraining? Why do we not spend more on young people? I will have a lot more to say about the opportunities provided by this Government for young people. How can the Government justify the expenditure of this money on the highest income earners while we are facing such enormous economic problems? How can the Prime Minister (Mr Malcolm Fraser) justify a member of Parliament saving \$20 a week in taxation, or

the Treasurer saving \$30 a week, or the Prime Minister himself saving \$50 a week while we have these problems? It is not as though people on that range of income need this sort of assistance.

The Treasurer said that this new scheme will give people more incentive to work and will give them more incentive to work overtime. People on those salaries do not get paid overtime, it is an annual salary. Is the Treasurer going to have greater incentive to work because he saves \$30 a week? Is the life of a member of Parliament or of a person on a similar salary going to change dramatically as a result of this new scheme? Is their lifestyle or their attitude to employment going to change because they will save that amount of money as a result of this revolutionary tax adjustment which at the same time will place a penalty on a person receiving average weekly earnings? This is a government which believes in the great class distinction, which believes that it should spend its resources on the top echelon, on its supporters. It wants to forget about the person on average weekly earnings and about those who are unemployed. I would like to hear any member of this national Parliament tell us how a person on average weekly earnings with a wife and two or three dependants is living, how he is enjoying the luxuries which this country has to offer. He is the forgotten person.

This Government is paying less and less attention to the massive problems we face in putting young people to work, in training them for the work that is available and in giving them the vocational guidance that is necessary. Countries in Western Europe are leaving us far behind in this regard. So much for the revolutionary new taxation system. So much for the taxation system which will do all things for all men in this country. The new revolutionary tax system as it is called is an absolute fraud because the vast majority of people will pay more and those who enjoy the privileges of a high income will receive more and more of the benefits which flow from the decisions of this Government. The Government ought to look closely at what it has done. Before 1 February next year it ought to divert those financial resources now being allocated in tax adjustment to areas where they are really needed. How dare the Federal Parliament of this country spend so much money by pouring it into the people already in jobs and on high incomes while we are facing a total of 500,000 unemployed, 6 per cent or 7 per cent of the work force. This includes young people who have left school and who have been searching for their first job for a year or more. They have had a year on

unemployment benefit, walking around the countryside looking for jobs.

So I say that this is a government of privilege, and that is the way in which this decision has been made. That is the only way in which the decision can be interpreted. I say something now about the unemployed youth in this country and what is happening throughout the rest of the world. The Budget Speech, like so many other important areas, pays scant attention to the massive problem of unemployment. The statements attached to the Budget Speech tell us that at best—I use the words in the Budget Speech—we can expect the same level of unemployment at the end of this financial year as we have at the moment—5.4 per cent of the work force. That is the sort of problem we are facing. While other countries with similar problems are moving and adapting to the situation with all sorts of structural adjustment programs, this country is being left further and further behind. This Government believes that one day some great miracle will occur and everybody will be put back to work. The Government forgets that we are facing new economic problems in the search for the recipe to overcome the unemployment problem.

The Government is trying to condition us. It is saying that full employment is a myth. It existed for 20 or 30 years but no one in Australia should really expect us to get back to full employment because, as I say, this is a government of privilege which believes that the privileged can live a little better if there is a pool of unemployment and that perhaps it can use this pressure group of unemployed to keep those in work regimented. That is not the accepted philosophy of those on this side of the House. When the Government goes to the polls, whether it be at the end of this year, or in May or November of next year, we know now from the Budget that there will be massive unemployment and every honourable member on the Government side—

Mr Sullivan—When do you think?

Mr YOUNG—I shall deal with the National Country Party in a minute. The honourable member has been so quiet since his friend from Hume has been away and one would have expected better manners from him. Let us compare what honourable members are saying about cattle with what they are saying about people. In that way we can expose the fallacies of the policies of the Country Party. Throughout the advanced Western world 40 per cent of the unemployed are under 25 years of age; that is, seven million young people in the most developed

regions of the Western world are looking for jobs. Australia is no exception. In many ways we are leading. Let us look at the most recent figures that have been published in various surveys or at figures given by the Australian Bureau of Statistics or the Commonwealth Employment Service. In the *Melbourne Age* quite recently we find that in the 15 to 19 years bracket there are 42,000 males looking for jobs and 45,000 females; in the 20 to 24 years bracket 33,000 males and 24,000 young women are looking for jobs. This is a major problem in this country which has been ignored by the Budget.

Mr Sullivan—Tell the truth.

Mr YOUNG—My friend the honourable member from the Country Party has come in here to provoke me into telling him what is going on in the country. The Country Party delights the Parliament by talking about trees and animals. It is only since the Australian Labor Party has taken up the cudgels on behalf of country people and since the Australian Cattlemen's Union has been formed that this Government has taken any notice of the militancy which is growing in country areas about something being done because of what is happening. Let us look at what happens in the country and at the number of young people who are out of work in country districts. Why does not the Country Party raise these matters? In Albury 45 per cent of those unemployed are under 25 years of age; in Armidale it is 46 per cent; in Bathurst it is 39 per cent; in Bega 38 per cent; in Casino 32 per cent; in Cessnock 45 per cent; in Charlestown 52 per cent; in Coffs Harbour 33 per cent; in Cowra 42 per cent; in Dubbo 41 per cent; and so the percentage go on right through the country districts of New South Wales. We find that over 40 per cent and, in some cases, over 50 per cent of people who are unemployed are under 25 years of age.

This Government has done absolutely nothing about the matter. It has said: 'We will spend \$102m on the various programs which we have going. We hope that the additional money we are putting in from the Budget will put 15,000 people between the ages of 15 and 24 back to work'. But 145,000 people between the ages of 15 and 24 are looking for a job. This Government says: 'We have put in enough money for 15,000 people'. So the other 130,000 can continue to walk around the countryside and have their number added to by the massive number of school leavers who will hit the labour market later this year. The Country Party does not give a damn about the young people out of jobs in country areas. Because of this and other issues which are emerging in the countryside, there will

be wholesale revolt at the next election, not only in the suburbs of the cities but also in country areas because those areas are being badly represented. Their voice is not being heard. Beef producers are concerned not only about their industry but also about their children and their opportunities. They are not sacrificing everything to send their children to school knowing that when they complete their studies they will be in the dole queues. It is not just the sons and daughters of Labor Party supporters who cannot find jobs. This situation cuts across all classes, all regions. It is about time the Government was cognisant of the long term, massive problem which is confronting this country. The Government ought to be condemned for the way in which it has ignored the problem in its Budget.

Let us look at the metropolitan area. One can understand a conservative government ignoring the massive working class districts of the cities because it does not care about them and it does not represent them. As such the government does not relate to those areas; it does not care about them. Right throughout the cities one finds that if it is a Labor district the Government does not care about it. Let us look at the massive unemployment among young people in the metropolitan areas. In Leichhardt 575 young men and 546 young women are unemployed. Other figures are: Marrickville, 489 and 466; Liverpool, 1,299 and 1,281; Campsie, 660 and 572; Bondi, 455 and 532; Hurstville, 710 and 635; and Fairfield, 731 and 833. We can go through every major suburb in Sydney, Melbourne, Brisbane, Adelaide and Perth and we will find that the greatest political and social problem we have is almost totally ignored by this conservative government while so many governments overseas—the British, French, Italian, Scandinavian and American—are experimenting with a multiplicity of ideas such as early retirement, a shorter working week, and subsidised work for young people. All sorts of innovative schemes are being introduced throughout the Western world in an effort to overcome this problem.

This Fraser Administration between 11 November 1975 and 13 December 1975 said: 'If you get rid of the Labor Government you will get rid of all the problems'. That was the Government's policy. That is why the Government was elected. Now there are 100,000 more unemployed than there were when Mr Fraser was elected on 13 December 1975. Over 50 per cent of the young people who leave school in the country districts in 1977 will not be able to find employment. So if the honourable member for Riverina (Mr Sullivan) wants to make himself

popular with his constituents I suggest that he go back to Griffith, to Leeton, to Balranald and to all those towns and tell the people in them that 50 per cent of their kids will not be able to find jobs. That is the result of the Fraser Government.

The whole Budget has been a hoax. There has been massive confusion about whom it affects. All of a sudden we can see through it. We know exactly whom it affects. It means that average weekly earners will pay more tax. It means that employment opportunities for people leaving colleges and schools throughout Australia have been reduced to virtually nil. A lot of people who have been trained to do certain academic work will be doing labouring work because the promises made by this Government and the ambitions which they set themselves during the educational process cannot be met. It does not have any idea. It should be condemned for the way in which it has presented this Budget to the Australian people. The Budget will be the springboard for throwing this Government out of office.

Mr DONALD CAMERON (Griffith) (5.35)—The honourable member for Port Adelaide (Mr Young) made absolutely no mention of the legacy that the previous Government left Australia. He did not mention inflation. If ever there were an acknowledgement by an opposition that a government has come to grips with and is defeating the cause of so many of the problems of this nation, it was his silence. The fact that the inflation rate was about 16.7 per cent when the previous Government stepped out and is now about 10 per cent escaped him completely. That is an indication that the present Government is getting the ship back on course. We inherited a ship that had been gutted by fire. It is not easy to rebuild a ship that has been almost destroyed. I am not one of those on this side of the House who say: 'Look at what we inherited. We have an excuse forever'. The Opposition fails to acknowledge that this Government is making progress. The honourable member referred to the level of unemployment and to our limited ability to reduce taxation. These factors are a direct result of the rate of inflation, the uncertainty and the lack of confidence which we were left. It is little wonder that he walks out of the chamber. It is little wonder that he does not want to hear the truth.

The shallow honourable member made a speech to impress his electorate. He spoke as if the Labor Party was the only party in Australia which regarded itself as being concerned for the less fortunate in our society. It does not have a monopoly on that concern. If members of the Opposition feel that honourable members on this

side of the House have no compassion for the unemployed, they are wrong. We care. The situation that we inherited, which required having to attend carefully to the economy, has prolonged the task of reducing the level of unemployment. I believe that the return of stability, the return of confidence and the defeat of inflation will return Australia to the conditions which existed when the Labor Government took office. The Australia which it took over after Mr McMahon's Government was defeated, despite some of the minor ills which it was suffering, was in comparison a very healthy Australia. The level of unemployment was 130,000 or 140,000. We had not had projected a figure of 300,000 unemployed before those three destructive years.

The honourable member for Port Adelaide spent a lot of time talking about taxation and how the benefits would accrue to only a few. The first point I make is that 225,000 Australians who are presently paying income tax will, because of the recent Budget, in future be exempt from paying income tax. The minimum taxable income has been lifted. That has benefited almost 230,000 Australians. Yet listening to the honourable member one would think that the Government had doubled the income tax rate. Furthermore, he referred to the new system which will be introduced. I must draw to his attention the fact that the Henderson report on poverty—a document often quoted by the Leader of the Opposition (Mr E. G. Whitlam) when he was Prime Minister—stated that Australia should have an income tax scheme of a simplified kind, involving a standard rate of tax plus surcharges on people who have high incomes. The honourable member said that we give to people on higher incomes a greater tax relief than we do to people on lower incomes. I am pleased to say that not all members of the Opposition indulge in this practice. Everybody knows that under the present scheme, the one which the Labor Party retained and the one which fed Labor fires—it wanted inflation in this country—the more people's wages rose the more taxation rose and the more Labor could irresponsibly finance its programs and policies without giving a thought to where the money was coming from.

Mr Hodgman—Spend it like water.

Mr DONALD CAMERON—As the honourable member for Denison said, spend it like water. The taxation contribution of Mr and Mrs Working Australia was increased by 89 per cent in those three years.

Mr Young—What did you say when I went out?

Mr DONALD CAMERON—The honourable member for Port Adelaide is back and is interjecting. Mr Deputy Speaker, would you quell him? He is on fire again. There was this vast tax rip-off. Yet the honourable member said today that we are assisting the rich and not the poor. The facts are, as we all know, that the people in our society who are well off pay infinitely more tax—thousands of dollars in many cases. The honourable member for Port Adelaide (Mr Young) has frequently complained in this Parliament that when his income was \$21,000 a year the tax man was ripping off \$9,500. That was almost 50 per cent of what he was earning before his recent increase. That is an example of how those on higher incomes pay such a high proportion of their income in taxation. If there is to be relief, of course those who pay the greatest amount of taxation will get the greater relief in terms of dollars and cents. We cannot escape the fact that every working Australian will get relief as a result of this most progressive taxation program which comes into being as from 1 February of next year. Every Australian will benefit. The reason why the Labor Party condemns the system so often is that it is endeavouring to create an atmosphere of disbelief and concern so that if there is an early election the people will not readily recognise that this Government has given back a lot.

Indexation must be taken into account also. A lot of people do not realise that the Government has given back millions of dollars that the Whitlam Government would have collected if it had stayed in power. When the new scheme is taken in conjunction with indexation, it can be seen that the Fraser Government is giving back to the Australian people on an annual basis about \$2,000m a year more than it would have if it had not kept its promise of setting about to reform and reduce the income tax scales. That deserves praise. I commend the Treasurer (Mr Lynch), the Cabinet and this Government for being a government which cares for the people and which is determined to carry out its promises. So much for the honourable member for Port Adelaide.

I take the opportunity in this debate to make some reference to the reply of the Minister for Immigration and Ethnic Affairs (Mr MacKellar) to a question about the entry into Australia of Domenico Barbaro. Earlier this year I expressed the view that Mr Grassby was a most unsuitable person to hold down the position of Commissioner for Community Relations. Events in recent weeks have confirmed that I am not alone in holding that view. The spectacle of hundreds

of residents of the western New South Wales town of Griffith booing and hooting Mr Grassby during an interview on the *David Frost Show* was an unparalleled indication of public contempt towards the Commissioner by people who knew the man whom so many people talk about so unfavourably. After all, he was their member in the State Parliament and later in the Federal Parliament for many years. Who would know him better than they.

Newspaper headlines this week and an answer given by the Minister for Immigration this morning provide even more grounds for concern about Mr Grassby's suitability to hold down even a clerk's job in the Public Service, let alone the position of a \$44,000 a year commissioner who is supposed to mediate in cases in which it is alleged that racial overtones might exist. It would seem unfair to seize upon the conflict in the transcripts of the various radio interviews and the newspaper reports of what Mr Grassby has or has not said in relation to the Barbaro case. If he has not kept photocopies of the documentation in relation to this case—I believe he has—he has a magnificent memory, considering that as a Minister he handled half a million cases.

He has stated: 'Mr Barbaro was allowed to come to Australia to visit his dying mother'. That was more than three years ago. I am sure that every honourable member would share my happiness at the fact that the elderly Mrs Barbaro, living in Adelaide, is still alive and reasonably well. But Mr Grassby did say that the decision to allow entry was made following a departmental recommendation. This morning the Minister for Immigration and Ethnic Affairs in effect informed the House that his Department has strenuously advised Mr Grassby that deported Domenico Barbaro, who is currently serving 14 to 18 years in prison in Italy, should not be allowed to re-enter Australia because of his criminal background. Mr Grassby stated yesterday also that Mr Barbaro was shadowed by police during his brief visit to Australia. My inquiries have established that Mr Barbaro was not shadowed by Commonwealth Police as claimed.

It would seem that Mr Grassby, in an effort to appease the whims and desires of either a person whom he sees as holding an important position in the world or an international organisation, has agreed under the guise of compassion deliberately to override the strong advice given to him as the Minister not to allow the entry to Australia of a person who can only be described as highly undesirable. The clouds over the head of Mr Grassby continue to gather and to darken. It is time action was taken to investigate fully the

man so that the doubts which exist in my mind and in the minds of millions of Australians are either confirmed or dispelled. If Mr Grassby's activities are beyond reproach his family and he deserve to have the heavy veil of current public suspicion lifted. I sincerely hope that the Minister in charge of the Commissioner's responsibilities will set about urgently to settle once and for all the suspicions surrounding the background and the activities of the man who holds down the very important position of Commissioner for Community Relations.

In the remaining minutes of my contribution to this debate I wish to refer to the Auditor-General's annual report, which was tabled yesterday, in which it was alleged that approximately \$60m had been paid out accidentally by the Department of Social Security. I wish to refer also to the allegations of a Public Service union that this problem was caused mainly because of staff shortages.

Mr Brown—Why should that be said? It is a lot of nonsense.

Mr DONALD CAMERON—The honourable member for Diamond Valley—they call him 'Sparkles' these days—said that it is a lot of nonsense. I agree with him because, as was pointed out today by the Prime Minister (Mr Malcolm Fraser), the staff in the Department has been increased by some 900 persons in recent months. Its need for staff to carry a greater work load was met to a very large degree.

The matter I wish to report to the House is my concern in recent months at having received a number of phone calls from constituents who have said: 'Mr Cameron, I have been back at work for a month. I have advised the Department that I am back at work but my cheques continue to come'. In some cases constituents told me that they had been told by some careless public official—this was very careless indeed—that they should just bank the cheque and forget about it. Heaven forbid! It was their money that was being given away as well as the money of the honourable member for Hunter (Mr James), who is attempting to interject, myself and everybody else. The most distressing part was that these people who said: 'I have told them twice and nothing has happened', were honest people who realised that they did not deserve the cheques but still they came.

Mr James—You reduced the staff; that is what caused it.

Mr DONALD CAMERON—I reject that very simplistic explanation from the honourable member for Hunter. Such was my concern that I

tried to contact the head of the Department of Social Security in Queensland. He was not available at the time but I gave his secretary an example of the problem and said: 'I am not so much interested in this particular case, but I plead with you and request that you look at the system which allows this to continue because that is what needs attention'. It was a screaming, squeaking wheel and it needed oil. If the Department was so busy—I do not accept that it was—that it was not looking for the reasons for the errors which caused so many people to report that they were continuing to receive not just one cheque but two for which they were not eligible, to a degree it was irresponsible.

The Government has altered the system in this Budget to make unemployment benefits payable in arrears rather than in advance. Unfortunately, a lot of fears have been created in the community that this will mean that those people who are currently receiving a benefit will have a fortnight's payment wiped off and will have to wait a whole month for their next cheque. That is not true. Those people who when the Budget was presented were receiving a benefit under the old system will continue to receive that benefit under the old system. Like the honourable member for Diamond Valley and others, I hope that those people who are currently unemployed will not be unemployed for much longer.

The new system relates to the future. It simply means that if a person is unemployed he will qualify for the unemployment benefit and in about a fortnight his first cheque will be received; then it will be another fortnight before the next cheque comes. Under the old system a person would wait about 2½ weeks to 3 weeks for his first cheque and then four or five days later another cheque would arrive. So he was really receiving a double payment. That is how unemployed people were being paid in advance. The new system will not cause that much hardship. When we see an amount of \$60m overpaid I am sure that every thinking taxpayer and every thinking unemployed person who is hoping to be back into the work force as quickly as possible to become a taxpayer again would agree that the old system was very much in need of correction and alteration.

I do want to commend the Government on its recent Budget. Regrettably, politics being politics, when the public listens to our debates in Parliament they hear one speaker who does not have a good word to say about the Budget and then they hear a speaker from the other side of the House saying what a marvellous Budget it is and that everything about it is good. I concede, as a

Government member, that many of the things that the Government wished to do could not be done this year or at this time; but I swear that what has been done is to the benefit of all Australians in the immediate term and in the future.

I referred to the inheritance we received when we took back government as being a ship gutted by fire. Our economic structure is being re-established. I am quite confident that, with the responsible attitude and good management which have been brought to government, we will see in the not too distant future the ship to which we all belong sailing firmly ahead and still in the hands of a responsible and capable government.

Mr YOUNG (Port Adelaide)—Mr Deputy Speaker, I wish to make a personal explanation.

Mr DEPUTY SPEAKER (Mr Mar'sn)—Does the honourable member claim to have been misrepresented?

Mr YOUNG—I do. Exactly 20 minutes ago a quite serious charge was made against me by the honourable member for Griffith (Mr Donald Cameron). He said that when he started his address to the House, which followed immediately upon my address in the Budget debate, I left the chamber because I did not want to listen to the reply which he could make to what I had said. I always listen to the remarks of the honourable member who follows me in a debate, irrespective of the mentality of the person, which in this case was not very high.

Mr DEPUTY SPEAKER—Order!

Mr YOUNG—I would have waited to listen to the honourable member's address, but I was called out of the chamber by a number of members of the Press Gallery and radio and media representatives who wanted to speak to me about the speech I had made. As soon as I had completed my discussions with the Press, I re-entered the chamber, unfortunately, to listen to the honourable member for Griffith.

Mr Donald Cameron—I raise a point of order, Mr Deputy Speaker. If that is the best the honourable member for Port Adelaide can do to explain his temporary absence, the people can judge for themselves.

Sitting suspended from 5.56 to 8 p.m.

Mr STEWART (Lang) (8.0)—The honourable member for Griffith (Mr Donald Cameron) finished speaking before the suspension of the sitting for dinner. He said that when the Labor Party took over government at the end of 1972 it was left with minor ills by the previous Liberal-Country Party Government. I suggest that he look at history. One of the main reasons we were

left with major ills was the fact that from 1969 to 1974 the Liberal Party had four leaders. In 1969 Senator John Gorton resigned from the Senate to contest the leadership of the Liberal Party and the Prime Ministership—a clear indication that in this House at that time there was not one member of the Liberal Party who had the ability to become Prime Minister of Australia. Sir John Gorton was Prime Minister from 1969 to some time in 1971 when on an even vote in the Liberal Party rooms he was deposed. He stood down from his office. His place was taken by the right honourable member for Lowe (Sir William McMahon). He lasted until after the 1972 election. Then you, Sir, took over leadership of the then Opposition.

You lasted until after the 1974 election. You are down in history as saying: 'I have no troubles with my leadership. All my colleagues would walk over hot coals for me.' The present Prime Minister (Mr Malcolm Fraser), who stabbed you in the back, had stated publicly his utmost loyalty to you—

Mr SPEAKER—Order! The honourable gentleman will not reflect upon another member of the House.

Mr STEWART—I thought I was most careful with my language.

Mr SPEAKER—You were not. You were reflecting on another member of the House. I ask you to withdraw.

Mr STEWART—I withdraw whatever reflection I made. In 1975, after a very strange set of circumstances leading up to that election, the present Prime Minister assumed office. One of the honourable members he appointed to his Ministry was the honourable member for Curtin (Mr Garland). Shortly after his appointment to the Ministry he resigned because he was under a cloud. I understand from good authority that he had a definite promise of reinstatement to the Ministry. But when the next vacancy in the Ministry occurred, the present Minister for Productivity, the honourable member for BalACLava (Mr McPhee) was appointed. The honourable member for Farrer (Mr Fife), now the Minister for Business and Consumer Affairs, was appointed to the next vacancy. It was not until the third vacancy in the Ministry occurred that the honourable member for Curtin was reappointed. He had been discharged by a court but the Prime Minister still made him serve his 18-month sentence.

Because of the warfare going on in the Liberal Party between 1969 and late 1972 the economy

was allowed to run down. Members of the Liberal Party were more interested in the leadership battle and betraying each other. Between 1965 and 1972 the economy got right out of control. The multinationals were running our country. There were no guidelines on overseas investments. There was no control of the ownership of our resources. People are now recognising that in 1965 we were over-producing. Too much foreign capital was coming into the country. Unemployment and inflation had already commenced. When the honourable member for Griffith states that in 1972 when Labor took office we had only a few minor ills I suggest again that he look at the economic record between 1965 and 1972.

Many honourable members on both sides of the House have spoken during the Budget debate of the need for co-operation between government, employers and employees. The Government side of the House places the blame for everything on the unions and the workers. Bob Hawke's most conciliatory statements are answered by the Prime Minister and other Ministers with insults. The Deputy Leader of the National Country Party (Mr Sinclair) is now infamous for his remarks about the British disease. So that I do not misquote him I shall read from his speech to the South Australian Branch of the National Country Party on 5 August 1977. He said:

While on the subject of industrial disputes I must also decry the fact that so many British migrants seem bent on importing the 'British disease' into the Australian trade union movement.

Those people have obviously sapped much of the strength of British industry, leaving the British economy one of the weakest in Europe.

They are seemingly adopting the same attitudes and views towards the Australian trade union movement. Their interests are not Australia, their origins are not Australian, and one wonders whether action should not be taken against them.

I note that he has toned down his remarks in the last few days. I suggest that unionists are not to blame for all the diseases of Australia today. The open confrontation by this Government and the Queensland Government will be responsible for the blood on our streets if this ever happens. I shall place on record some statistics on the number of trade unionists in our work force. The reference is a document issued by the Australian Bureau of Statistics in June 1977 headed 'Trade Union Statistics: Australia December 1976'. In that document the definition of trade unions states:

For the purpose of the statistics a trade union is defined as an organisation, consisting predominantly of employees, the principal activities of which include the negotiation of rates of pay and conditions of employment for its members.

The total number of employees in the Australian work force at May 1977—I obtained these figures from the Parliamentary Library this evening—was 6,199,500. This is made up of 3,994,900 males and 2,204,600 females. According to the document from which I read the membership of unions in December 1976 was 1,950,600 males and 841,300 females, and total of 2,791,900. From December 1975 to December 1976 there was a decline in male union membership of 0.8 per cent, and the same percentage decline applied in female union membership, making a decline in union membership of 0.8 per cent in the 12 months of 1976. The percentages are well worth citing. In 1976 63 per cent of males and 47 per cent of females in the work force were in trade unions, the total number of persons in the work force in trade unions being 57 per cent. That means that 43 per cent of the 6,199,500 persons in the Australian work force are not in a trade union covering their calling.

Forty-three per cent of them do not contribute to a fighting fund; they do not attend a stop work meeting or a union meeting; they do not vote in a union election; a number of those 43 per cent claim that industrial action is useless; they talk of their union being communist controlled, undemocratic or inefficiently managed, yet they complain about their rates of pay and conditions of employment. But those same 43 per cent who are not in a trade union will accept any increase in pay, any reduction in working hours, improved sick leave, longer annual holidays, better long service leave, improved retirement benefits, safer working conditions, improved amenities at their work place, and more pleasant and comfortable working conditions. Some of my previous remarks apply also to people who are in a union but who take no part at all in the management or control of their union. If there is anything wrong with our trade unions it is caused by the apathy of many unionists who are not active unionists, but more particularly it is caused by non-unionists in our work force, not by the importation of any ethnic disease.

This is the second Budget introduced by the Treasurer (Mr Lynch). In the Budget the Government is claiming a great deal of credit for the success of the first Budget. But the real position is very much to the contrary. There are more complaints from all sections of the community than there were during the whole of the Labor Government's reign. Honourable members on the Government benches laugh. They laugh because they do not mix with the people in their electorates. They are not even game enough to mix with the primary industry leaders or the

manufacturing industry leaders. There is more violent complaint in the community today from workers and unionists, employers organisations, manufacturers, farmers, small business men, educationists, environmentalists, State governments, local governments, migrants and recipients of social security benefits than there ever was during the three years of Labor Government. It is because this Government that came in on a host of promises has not kept pace with the expectations of the Australian people.

Much of the worthy and long outstanding social legislation introduced by the Labor Government has been curtailed or allowed to stagnate. Fraser's federalism has not been accepted by the State governments. The Australian Assistance Plan and grants for leisure facilities have been cancelled and the co-operation of local government has been lost. Labor's welfare programs were meant to be on a continuing basis. They certainly would have been amended and improved with experience of their operation, but they were not designed to be turned on and off like a tap. On 25 February 1976 in my speech in the Address-in-Reply debate, at page 300 of *Hansard*, I said:

I suggest to all honourable members opposite that they should recognise that this country is already heading towards an unemployment figure of between 500,000 and 750,000 people.

I see no reason at all to change my prediction because this Government still has the same disastrous policies it commenced in January 1976. The determination of the Government to attain what the Treasurer calls its first goal—to maintain the underlying trend to lower inflation—can be tested by the sudden decision to alter the income tax averaging provisions for rural producers. Let me quote from page 33 of Statement No. 2 attached to the Budget Papers where under the heading 'Assumptions' it says:

Apart from the Budget proposals themselves, there will be no new fiscal measures during 1977-78.

Not even the Treasurer in his most verbose style can suggest that this is not a fiscal change. This change is made before the ink on the Budget Papers is even dry. We are heading into the halcyon days of 1965 to 1972, with laissez-faire capitalism again taking over, with the pressure groups in the community—the Pitt and Collins Street farmers—forcing the Government within a matter of days to introduce a new fiscal measure, when there is a clear statement in the Budget Papers that there would be no new fiscal measures during 1977-78. The Government has

not turned on the lights. It has created black misery for many workers. It has switched off the confidence of manufacturers and it has blacked out the hopes and aspirations of young Australia.

Suspension of Standing Orders

Motion (by Mr Nixon)—by leave—agreed to:

That so much of the Standing Orders be suspended as would prevent the Prime Minister speaking for a period not exceeding 45 minutes.

Mr MALCOLM FRASER (Wannon—Prime Minister) (8.19)—The honourable member for Lang (Mr Stewart) has just concluded what one must certainly judge, by the standards of the Opposition, to be a good fighting speech for the Opposition. I think that the House can judge the quality of the Opposition's contribution to the debate on the Budget by that speech. The kindest words one could use of it would be that it was humdrum, slightly dull and not particularly accurate.

The Budget brought down by the Treasurer (Mr Lynch) consolidates and advances the achievements which the Government has already made in fighting inflation and restoring a healthy economy to Australia. For the second time, we have a Budget which reduces the deficit by over half a billion dollars, firmly controls the rate of increase in Government spending, and creates the conditions for a further reduction in inflation and further economic growth. At the same time it increases assistance to those most in need.

Because the Government held its spending within zero real growth as was predicted at the beginning of this calendar year, Australia could afford a major tax reform, under which every wage and salary earner's take-home pay will rise from 1 February. As a result of this tax reform, taxpayers will save \$406m this year. Together with tax indexation, their tax savings this year will total \$1,371m. In 1978-79, taxpayers will save \$1,390m from the tax reform. Together with \$467m from half tax indexation, they will be saving \$1,857m. Had there been no new tax reform, the benefits to taxpayers would have been \$973m less in 1978-79.

This reform was achieved while at the same time maintaining our commitment to protect pensions against inflation. In their desperation, Labor tried to conceal the benefits of this Budget from the Australian people. It pretended there were no tax cuts at all. I have a simple offer to make to those members of the Opposition who claim to disbelieve the reality of the tax cuts. Let them volunteer to refund their supposedly non-existent tax cuts to consolidated revenue. By doing

so, they will make the first contribution that any of them ever has made to lowering the size of the deficit.

Had this Budget's tax reforms not been so fundamental, one might have sympathised a little with the Opposition's unwillingness to admit that major tax reforms could be made. Under the Hayden reforms a taxpayer without dependants, whose concessional allowances had been equal to 10 per cent of his net income, paid \$60, or 17.6 per cent more tax in 1975-76 if his income was \$4,000, socking the person with \$4,000 income an extra 17.6 per cent. But if his income was \$5,000 he paid \$120, or 21.8 per cent more tax. If his income was \$6,000 he paid \$212, or 26.2 per cent more in tax.

Mr Baume—That is not the rich.

Mr MALCOLM FRASER—No, he socked people at the lowest end of the income scales and quite deliberately increased their tax. Some reform—some Treasurer. The Hayden scheme hit the farmer particularly hard. In fact, many farmers with fluctuating incomes paid more tax under the Hayden system with its misnamed general concessional rebate than wage earners with the same average income. Let me give one example. Under the pre-Budget scale, the indexed Hayden scale, a wage earner on an income of \$10,000 would pay \$2,147 a year tax. A farmer who had been on that income for some years and who then had income of nothing, \$20,000 and \$10,000, maintaining an average income of \$10,000 as was the wage earner, would pay a total of \$1,467 more tax than the wage earner in a three year period.

Mr Baume—Disgraceful.

Mr MALCOLM FRASER—The honourable gentleman has used the word 'disgraceful'. It should be conceded that under the so-called Hayden tax reforms, all taxpayers did have something to look forward to—taxes which continually increased, because the Whitlam Government would not even commit itself to indexing its new tax rates.

Over the past few months, the perpetrators of that tax hoax have enlightened us with further examples of their fine grasp of basic economic principles. At the Perth Australian Labor Party Conference, the Leader of the Opposition (Mr E. G. Whitlam), in a blinding flash of insight, uncovered a novel intellectual concept—'economic responsibility'. This had unfortunately evaded him for the three years in which he was in government. The strain of grasping this new idea was so great that once he had given his speech and the Labor Party began its economic

debate, the Leader of the Opposition proceeded to read the newspapers and ignore what had happened. Having thus rested, he returned to the fray a few weeks later, on 20 July, at the National Press Club. He put forward the Labor Party's new economic plan—more government spending and a larger deficit. What a revolutionary break with Labor tradition that was. Unfortunately, he spoiled it all by concluding that 'Labor offers Australia a long haul back to prosperity'. The Australian people know perfectly well how long that haul would be.

Then on 11 August, just three weeks later, Labor unveiled with great fanfare its so-called 'Proposal to get Australia working again'. Its authors were the Leader of the Opposition and the honourable member for Oxley (Mr Hayden)—somehow the shadow Treasurer was lost in the shuffle. This document declared that 'it should not be represented as an alternative Budget, but rather as a set of measures to be included in the Budget'. This modesty was becoming—but then no party has more to be modest about. It certainly was not an alternative Budget. What it sought was an increased expenditure of \$800m. Taken together with Labor's opposition to our policies to restrain government expenditure, it is clear that they were contemplating a deficit of \$3.5 billion or more—at the least a 50 per cent increase over the \$2.2 billion we have budgeted for this year, a deficit which would bring higher interest rates and higher inflation.

The Opposition now says such huge expenditure on Government programs is the only way it knows of reducing unemployment. But in 1975 the honourable member for Oxley had to terminate a scheme strikingly similar to this so-called new proposal—the notorious Regional Employment and Development scheme. Labor terminated the RED scheme because it was inefficient and ineffective—a scheme which cost \$180m but employed an average of only 13,000 people. The Labor Party's proposal is in the finest tradition of Labor economics—it holds out the prospect of gravely damaging Australia.

The next step in the Opposition's carefully thought out economic offensive took place a week later, after the Budget. On 18 August, the Leader of the Opposition, and Labor's joint-divided shadow Treasurers, the honourable member for Adelaide (Mr Hurford) and the honourable member for Oxley, held a very instructive Press conference. It showed the Labor Party's superb approach to economic policy making, the machine-like precision with which the Labor Party's economic manager and

shadow Treasurer work together. The honourable member for Oxley said that the Labor Party had no commitment to personal tax indexation, but the honourable member for Adelaide admitted that personal tax indexation was Labor Party policy. The honourable member for Oxley said that the Labor Party did not commit itself to our tax reforms, but the honourable member for Adelaide seemed to rule out the scheme entirely. The honourable member for Oxley said that he could make some definite calculations, a remarkable admission. The honourable member for Adelaide, even more remarkably, said he could not. One commentator who was present was unkind enough to say that 'Messrs Whitlam, Hayden and Hurford resembled not so much the three wise monkeys as Donald Duck's nephews, Huey, Dewey, and Louey'. Well, after all, the Labor Party has been living in fantasyland for so long that a touch of unreality was only to be expected.

But the high spot of the Labor Party's contribution to economic theory and practice had not yet been reached. The climax—the great moment—was the Leader of the Opposition's reply to the Budget—a reply which contained nothing constructive, nothing of substance, which had forgotten the economic plan of some days before. It was a reply that some people described as full of tired and empty rhetoric. The Leader of the Opposition's speech was full of yesterday's delusions—yesterday's words uttered by yesterday's man. But to dismiss the speech as completely devoid of meaning is to ignore the Leader of the Opposition's most revealing remark, that Labor's alternative to the Budget was 'implicit' in all that he had been saying; implicit in all his criticisms of our restraint in spending Australian's tax dollars.

It is clear that the Leader of the Opposition wants a return to the days when government spending was utterly unrestrained. He wants a return to the unrealistic and destructive policies that Labor pursued for three years. In its economic plan it was spending an extra \$800m. If in all the programs he criticised in his speech in this Budget debate he was going to spend more dollars again, how many hundreds of millions of dollars more than that \$800m would he have poured out on to the market over the period? The Labor Government's policies increased government expenditure by 115 per cent. Those policies resulted in unemployment being trebled in one year and the rate of inflation being trebled in three years.

At the National Press Club the Leader of the Opposition said that the Labor Government had

made mistakes. That was modest. He said that the Australian Labor Party henceforth would walk the path of economic responsibility. What responsibility? He and the party he leads are economic incompetents. That is why the Australian people voted them into opposition. That is why the Australian people will keep them in opposition.

Mr Les McMahon—Name the date of the election.

Mr MALCOLM FRASER—We will see how bold the Opposition is when the day comes. In this Budget we again have re-examined Government programs to ensure that funds raised from taxpayers are being used with the greatest efficiency and to the greatest effect. All Australians have a big stake in making government more efficient and less costly, for efficient government means stronger and more highly motivated government and lower taxation for all Australians. The Budget represents a major step in making government more efficient and achieving the lowest taxation possible, consistent with sound and strong government.

Through our efforts in reappraising government programs, we have held the real rate of growth in government spending to zero. That is what the Treasurer predicted and promised many months ago. Yet at the same time we have provided large increases in payments to the States and local government. In those States which have already brought down their Budgets we can see the benefit of our generosity, because they all have made very substantial concessions and basically have not increased taxes. They could not have done it had it not been for the increased financial reimbursement grants from the Commonwealth.

At the same time we have given high priority to programs for relieving unemployment, especially for the young. The financial limit is off those programs. If there is a training opportunity, it will be provided. There is increased social security and welfare spending. It is up by 13 per cent. The Budget gives high priority to providing effective assistance to those most in need. The automatic adjustment of social security pensions and benefits will result in increases in November, and again in May 1978, and repatriation disability pensions and Service pensions will rise in the same way. We have achieved all this, and reformed the tax scales, without increasing postal charges or the duties on beer, spirits and cigarettes.

Mr Les McMahon—You are a fraud.

Mr MALCOLM FRASER—Does the honourable member for Sydney want the tax on beer increased? Let him say that in his electorate. This is the second consecutive Budget in which these charges have not been increased. That should be contrasted with Labor's record. It increased indirect taxes in two out of its three Budgets. As a result, in 1975-76 collections of indirect taxes were \$2.2 billion—about 90 per cent greater than they had been in 1972-73.

It was our firmness in restraining government expenditure which enabled the Government to introduce substantial cuts in personal income tax. Australians want to have greater freedom to make their own decisions about spending and saving, and this Government is committed to providing the conditions under which the best efforts of all will be encouraged—not stifled by excessive taxes. That is why we promised to reform the tax system. Last year we brought in personal tax indexation and major reforms for corporate taxpayers. This year we have made the most revolutionary change yet made to Australia's system of personal income tax. The new personal taxation measures restore the incentive to work harder and more productively and to earn more. They give people the power to decide how to spend a greater proportion of their income.

The new tax system accords with the views of most taxation policy experts. The Labor Government received many reports from committees, commissions and task forces bearing on taxation policy. Overwhelmingly, they support the main features of the personal tax system introduced in this Budget.

The new tax system's first feature is that there are tax cuts for people at all income levels—there are none of the detriment cases of the kind I mentioned in relation to the Hayden tax scales—and for the vast majority of full time workers there is also a reduction in the excessively high marginal tax rates; that is, a reduction in the extra tax payable on each extra dollar of income earned. These changes accord with the main finding of the Asprey Committee—the most comprehensive review of Australia's taxation system for 40 years—that the Australian tax system relies too heavily on personal income tax. The changes accord with the Mathews Committee's conclusion that rising marginal tax rates encourage tax avoidance and evasion and may lead to substantial economic waste because tax avoidance becomes a basis of investment and employment decisions. The House will, I hope, recall that the ACTU's industrial advocate was a member of the Mathews Committee. The new tax system, by

fostering skill and encouraging the acceptance of responsibility, heeds the warning of the Jackson Committee that a society 'neglects at its peril rewards for skill and responsibility'. The Jackson Committee concluded:

We have a general impression that reward differentials after tax are decreasing, and may no longer be sufficient to encourage individual effort and enterprise in industry.

The House will recall that the President of the ACTU and of the ALP was one of the authors of that report.

The new system's second feature is that it introduces a tax-free area at the base of every taxpayer's income of \$3,750, or about \$72 a week. This replacement of the so-called general concessional rebate introduced in the Hayden Budget of 1975 accords with the Asprey Committee's recommendations. Just a few months before the previous Government introduced the notoriously misleading general concessional rebate, the Asprey Committee had described such rebates as confusing. It reported:

The amount of tax to be levied on low incomes should not be obscured by artificialities.

Artificialities were what the Opposition's last Budget was all about—artificialities that tried to hide the massive tax increases which the Hayden Budget inflicted on many taxpayers on low incomes. There are no such artificialities in this Budget.

The new tax system's third feature is that it establishes one tax rate—32 per cent—as the basic rate of taxation paid by the vast majority of taxpayers. The Leader of the Opposition's claim that this abandons progressive taxation is completely untrue. Under the new tax system the higher a person's income, the higher the proportion he will pay in tax. Because the first \$3,750 of everyone's income is tax free, a taxpayer on any given level of income will pay a higher proportion of his total income in tax than a taxpayer who has a lower income but whose circumstances are similar in other respects. A taxpayer, with no dependants and no other deductions or rebates, at an income of \$5,000 will pay 8 per cent of his income in tax; at \$10,000, 20 per cent; at \$15,000, 24 per cent; at \$20,000, 29 per cent; and at \$50,000, 44 per cent. At the same time, under this system 90 per cent of taxpayers pay the same amount of extra tax on each extra dollar of income. This principle was supported by Professor Henderson's Commission of Inquiry into Poverty and by the Priorities Review Staff report on social welfare policy. Moreover, the Asprey Committee took the following view:

Over the middle band of income and wealth, the band in which the great majority of them spend their lives, most Australians will accept as fair and convenient an approximately proportional taxation system.

Fourthly, the new system imposes tax surcharges on taxpayers with the highest incomes but reduces the rate on the highest incomes from the present 65 per cent to 60 per cent. This also accords with the recommendations of the Commission of Inquiry into Poverty, and 60 per cent was in fact the maximum marginal rate that Professor Henderson suggested. The Asprey Committee went even further, and suggested that an appropriate long term target would be reducing the highest marginal tax scales to 50 per cent.

The new tax arrangements are in line with professional opinion on the best tax system for Australia. Those who clamoured for reductions in marginal tax rates before the Budget, but who now complain because taxpayers on high incomes get the largest reductions, are refusing to face an inescapable fact—the fact that reductions in rates of taxation for those with low taxable income, automatically reduce the taxes paid by those with higher incomes. Those who believe that tax reductions on high incomes should have been less, should tell us at what income levels they believe marginal rates should have been higher. It may be helpful if I mention that the cost to revenue of a reduction of one percentage point is over \$300m in respect of the standard rate of tax of 32 per cent, less than \$30m in respect of the 46 per cent rate, and about \$11m in respect of the 60 per cent marginal tax rate. Had the Government rejected the recommendations of expert inquiries and left the maximum marginal tax rate at 65 per cent, at best the amount saved would only have enabled us to reduce further the standard 32 per cent rate of taxation by one-fifth of a percentage point, from 32 per cent to 31.8 per cent.

The Opposition's wilful misrepresentation of the tax reforms, its attempts to set Australians against Australians by talking about a 'class Budget', will not alter the fact that all people will benefit and, proportionately, people on the lowest incomes will benefit most of all. Taxpayers with a dependent spouse earning \$7,000 a year will save 33 per cent in tax. Those earning \$8,000 a year will save 25 per cent. On \$18,000 a year, they will save 20 per cent in tax. Taxpayers whose incomes fluctuate will be more fairly treated, and primary producers will have the added benefit of the new tax averaging arrangements announced recently by the Treasurer. Primary producers with fluctuating incomes, who

were disadvantaged under the Hayden tax system, will no longer pay more tax than other taxpayers with the same average income.

As the Asprey Committee pointed out, the averaging system has operated harshly on farmers with falling incomes. The Government's new tax averaging system will especially assist these farmers. For example, a farmer with taxable income of \$4,000 but with an average income of \$10,000 would have paid \$453 tax under the pre-Budget scale. Under the simplified scale and the new averaging system, his annual tax will be \$80—the same as a wage earner with an income of \$4,000. A farmer with a taxable income of \$8,000 but with an average income of \$10,000 would have paid \$1,583 in tax. Under the new arrangements, his annual tax liability will be \$1,360, the same as a wage earner with an income of \$8,000. This is a reduction of \$223 in tax.

These savings are significant. They will remove the harshness identified by the Asprey Committee which farmers with falling incomes have experienced. At the same time, these measures will have negligible cost in 1977-78, and will therefore not affect the Budget's economic strategy. The new tax system is simpler and fairer than any system of personal tax Australia has had before. The Opposition's campaign to confuse taxpayers will fail. Taxpayers will of course learn about the new tax system in the most direct way.

On 1 July 1976 and 1 July 1977, all wage and salary earners became aware about tax indexation when there were reductions in the tax deducted from their pay. On 1 February 1978, there will be another reduction in tax reductions from pay packets. On 1 July 1978 there will be yet another reduction in the tax deducted from pay packets, and every wage and salary earner will benefit. Let me emphasise again the simple truth of the historic tax reforms this Budget has introduced. No individual taxpayer will lose. Every individual taxpayer will gain. All taxpayers are protected against inflation.

The Budget brought down by the Treasurer is a Budget in which efficiency and sensitivity in government administration are at a premium. With one decisive stroke, the Budget reforms and simplifies the personal tax system in such a way as to benefit everyone, to reward initiative and enterprise for everyone, to encourage harder work and higher productivity by everyone. It further reinforces the constant pressure against inflation which the Government has exerted ever since coming to office. It provides a stimulus to

the economy through a large increase in the disposable incomes of all taxpayers, particularly after 1 February when pay-as-you-earn deductions will be reduced. It protects the disadvantaged by increasing pensions and benefits to keep pace with inflation. The lower deficit sets the scene for lower inflation and lower interest rates.

This Budget represents a further stage in the economic policies we have employed throughout 1976 and 1977. These policies will continue to establish the sound foundation for sustainable economic growth and prosperity.

Debate (on motion by Mr Willis) adjourned.

STATES GRANTS (CAPITAL ASSISTANCE) BILL 1977

Second Reading

Debate resumed from 25 August, on motion by Mr Viner:

That the Bill be now read a second time.

Mr HURFORD (Adelaide) (8.47)—On behalf of the Opposition I move:

That all words after 'That' be omitted with a view to substituting the following words:

'whilst not opposing the second reading of the Bill, the House is of the opinion that:

- (a) it reduces in real terms the funds available to the States,
- (b) it increases the States' borrowing costs,
- (c) it forces the States to reduce the services they provide and/or to impose additional taxes and charges, and
- (d) it leads to increased unemployment'.

All those charges apply to the Budget which we have just heard the Prime Minister (Mr Malcolm Fraser) huffing and puffing about and seeking to defend. The States Grants (Capital Assistance) Bill 1977 authorises the payment of the grants component of the State government Loan Council programs for the current financial year 1977-78. Almost \$500m is involved and this represents approximately one-third of the total program agreed upon at the 1 July Premiers Conference. As well as this amount authority is given for the payment of grants for capital purposes in this financial year until the passage of the authorising legislation for the year. A limit is placed on the amount of payment which can be made in 1978-79 without further legislation passing through this Parliament. This limit is set at half the amount of the 1977-78 grants.

This legislation is an intrinsic part of the Government's main policy thrusts since assuming office. I see two thrusts. They are tied up with the Government's so-called new federalism policy and with its supposed main anti-inflationary

weapon, namely, cutting government expenditure. It appears that the progress of new federalism has been brought to an abrupt halt. The States find themselves unable to agree with most of the Commonwealth's demands. The policy that was supposed to bring a new era of co-operation in Federal-State relations has brought nothing but acrimony and confusion. We will have a further example of this at the forthcoming Premiers Conference and Loan Council meeting which take place shortly.

The much vaunted policy of giving States the dubious freedom to raise their own income tax has been rejected by New South Wales, to mention the people of just one State, who have been given that opportunity so far. The people of South Australia will be given an opportunity on Saturday and will similarly reject this Government's new federalism policy. They will vote in the Dunstan Government by an overwhelming majority. Double taxation was a major issue in the New South Wales election and when voters grasped the full import of what the conservatives who are running the Commonwealth at the present time were trying to do, they rejected the Commonwealth's counterpart in the State. This will be the experience in South Australia and in more and more States as people realise how new federalism will affect them.

Mr Groom—Is this the best you can do?

Mr HURFORD—The Government's attitude to the States can be summarised quite readily. I heard an interjection from the honourable member for Braddon which is an electorate in Tasmania. Since he came into the Parliament, temporarily as a once, there has been a State election in Tasmania and the people of Tasmania have overwhelmingly rejected double taxation as they will overwhelmingly reject him at the next opportunity. The Government's attitude to the States can be summarised quite readily. Under its policies the States are to get more and more responsibilities and fewer and fewer resources.

The second reading speech of the Minister for Aboriginal Affairs and Minister assisting the Treasurer (Mr Viner) gives the impression that the States will receive a good deal under this Government. He admits that the grants which are the subject of this Bill have been increased by less than 6 per cent. However, he does not spell out that this means a drop in real terms in excess of 6 per cent because in the Government's Budget Papers it admits to an inflation rate of 12 per cent. So if one is getting an increase in money terms of only 6 per cent at a time when there is an

inflation rate of 12 per cent—admitted by the Government—then there is a drop of 6 per cent in real terms. This means resources of that lesser amount will be applied to the States for the services of the people in those States through the State governments. The Minister seeks to alleviate the concern of those interested in the resources available to the States by adding at the end of his speech that the total of general purpose and loan funds is up 14 per cent on last financial year's level. This is another example of what I mentioned in the debate on the Local Government (Personal Income Tax Sharing) Amendment Bill. The Government is using selectively chosen figures to avoid taking responsibility for what it has actually done. On some occasions it finds merit in its policy of cutting Government spending but when it has to face up to the results of cutting that Government spending, as it has to do in a Bill such as this, it goes to water and we hear inane interjections from back bench once members of the Parliament.

It is undeniable that the present Government has cut overall the real level of funds going to the States; that is, the total of loans, general purpose and specific purpose funds have risen by only 9 per cent this financial year compared with the previous financial year. This amounts to a drop in real terms of 2 per cent to 3 per cent. We still hear honourable members on the Government side protesting. I repeat: At some stages the Government finds merit in cutting Government spending but when it has to face the real facts of how this means reduced services for the people through the public sector, then the Government protests and pretends that that has not happened. Honourable members on the Government side misrepresent what the Government is doing for the people of this country.

What the Government is doing here amounts to a drop in real terms of 2 per cent to 3 per cent, but nowhere is any mention made of this. It is not mentioned in the Budget, it is not mentioned in the second reading speech of the Minister and it has not been mentioned on any other occasion that I can remember. Once again, it is curious that a government so convinced of the necessity for cutting Government spending is not prepared to spell out how it is doing that. The estimate of the drop in real terms of 2 per cent to 3 per cent in funds available to the States probably illustrates the real seriousness of the situation. For example, last year actual expenditure on specific purpose grants was some \$125m less than estimated in the Budget. There is no reason to suggest that such an occurrence may not be repeated this year. Specific purpose grants for

1977-78, the current financial year, have already been cut by some 8 per cent in real terms compared with the previous financial year. It is worth examining some of the areas in which these cuts are being made. Funds for pensioner dwellings are down some 18 per cent in real terms. Aboriginal advancement programs are due to lose in real terms in excess of 16 per cent of funds. The urban public transport allocation has been reduced by 25 per cent. Other urban programs such as those for sewerage, land development and growth centres have virtually disappeared. In these areas the States are not to get funds, which they once received, totalling in excess of \$200m.

Total funds going to the States in the current financial year are estimated to be about 18 per cent to 20 per cent in money terms above the level of 1975-76. But when account is taken of a rise in the price level of 18 per cent to 25 per cent, the treatment which the States have received from this Administration is put into stark perspective. It is no wonder, with the new federalism policy meaning a reduction of some 5 per cent to 7 per cent in the real level of resources available to the States, that the collapse of policy is imminent. Only today the Prime Minister has fuelled speculation of an election this year. There is only one interpretation of that eventuality, and that is that the Government is frightened of an election next year which is the proper time that such an election is due. The reason I am prompted to make that remark is that the rumours around the corridors—they may even be a fact by now and announced publicly—are that two Ministers, perhaps the Minister for Transport (Mr Nixon) at the table is one of the unfortunates, have been prevented from going on their overseas trips. The Minister shakes his head. He is fortunate. He is still going on his jaunt some time soon.

Mr Nixon—I do not happen to be proposing to leave this country at all.

Mr HURFORD—I shall allow the interjection by the Minister for Transport and say that, temporarily, he is staying in the country. The next Premiers Conference in October has a fundamental dispute to settle before the Commonwealth can proceed with its plans in this area. Last year the States were expected to get an extra \$90m under the tax sharing arrangements to balance their cuts in specific purpose grants. As events turned out, tax receipts were such that the extra \$90m payment did not eventuate. All the States bar Queensland have been forced into the position where the tax sharing formula was to give them less revenue than the guaranteed minimum determined by reference to the old

grants formula. Needless to say, five of the States have done away with this guarantee. As a result the tax sharing formula has been abandoned and there is now a new dispute between the Commonwealth and the States over the form the formula should take.

We on this side of the House have pointed out to the Government many times that its policies towards the States involve more confrontation than co-operation. The latest dispute over the reimbursement formula is but one in a long line of disputes. However, this could be the one which brings the demise of the farce, which is what I call the so-called new federalism policy. Unless agreement is reached over a new formula the Government's version of federalism is finished. Considering the problems it has caused, this would probably be the best result all round, namely, the end of this farce known as new federalism.

At the outset of my speech I said that this Bill was an intrinsic part of the Government's two main policy initiatives. I have already discussed the one relating to Federal-State relations—the new federalism. I turn now to the other, the cutting of government expenditure. Last year, during debate on this Bill's predecessor, I pointed out that the Government's policy of cutting public expenditure, in particular capital works expenditure, threatened to push the economy deeper into recession. The Government has certainly not learned the lesson of the last 12 months, for we have been pushed further and further into that recession. For the next financial year funds going to the States for capital works programs are down some 12 per cent in real terms compared with those presently available. This followed substantial cuts in 1976-77. Total capital outlays in the recent Budget have fallen by almost 18 per cent in real terms.

It is worth examining what has happened to the economy since the Government's policy of cutting drastically public expenditure has begun to have a substantial impact. It is generally accepted by independent observers—not by people on this side necessarily—that the levels of public expenditure struck in the last Labor Budget represented a sustainable balance between the need for restraint, on the one hand, and the need to help the private sector back to recovery, on the other hand.

Mr Sainsbury—Tell us the names of those independent observers.

Mr HURFORD—That Budget was working in early 1976.

Mr Sainsbury—You cannot tell us the names of those independent observers.

Mr HURFORD—Independent experts such as the Institute of Applied Economics, even people such as professors at our various universities and most eminent economists in this country have agreed that the Hayden Budget represented a budget of proper balance between the need to stimulate, on the one hand, and the need to restrain, on the other hand.

Mr Sainsbury—Oh!

Mr DEPUTY SPEAKER (Mr Lucock)—I suggest that the honourable member for Eden-Monaro keep his remarks to himself until he is called to make his speech.

Mr HURFORD—With the proper balance in that Budget, the result was that until April 1976, before the policies of the Fraser Government were beginning to apply, all the indicators showed improvement. The level of unemployment reduced during those three months. Retail sales increased. Production figures increased. I am grateful for the honourable member's interjection inasmuch as it gives me another opportunity to remind not only the ignorant back bench members of the Fraser Government but also the people of this country that as soon as the policies of cutting public spending and of restricting the money supply growth to ridiculously low levels began to apply, so unemployment levels turned for the worse. Today the unemployment level is unprecedentedly high. The economy is in grave stagnation and is in far worse shape than it was 21 months ago when this Government took over.

It is becoming increasingly clear to the people of this country that the poor state of the economy, which was accepted to be the case in December 1975, at the time of the election, was due not to policies of the Labor Government but to the world economic crisis which had overtaken all the developed and under-developed nations.

Mr Sainsbury—Oh!

Mr HURFORD—That will be said again and again and is another reason why people such as the honourable member for Eden-Monaro will be oncers in Parliament. That realisation is becoming clearer to the people of this nation. The Budget, I repeat, was working early in 1976. However, the first Lynch Budget, with, amongst other things, its cuts in government capital outlays, destroyed the groundwork for recovery built by the 1975-76 Budget.

A comparison of a wide range of indicators reveals that the economy in the last six months of 1976-77, when the Fraser Government's policies began to apply, was performing much worse than it had during the corresponding period of the previous financial year when the Labor Party was in power. Let me go through these indicators for the record. Non-farm product grew by 3.5 per cent in the first six months of 1976. It fell by 0.6 per cent in the corresponding period of 1977. Personal consumption rose by one per cent in the March and June quarters of 1976. It fell by 1.8 per cent in the same period of 1977. Private capital investment increased by 12.6 per cent in the first half of 1976, compared with a decline of 9.3 per cent in the six months to June 1977. I do not like repeating figure after figure, but it is necessary for these figures to go into the record where they will be used to good effect. They will show the people of this country that my point is true. My point is that as soon as the Fraser Government's economic policies began to work the indicators turned for the worse.

Investment in dwellings rose by 14.3 per cent in the second half of 1975-76 and fell, after the Fraser Government took over, by 10.8 per cent in the half year to June 1977. Retail sales are stagnant in real terms. In the 12 months to July 1977 they rose by 11 per cent, compared with a rise in the goods component of the consumer price index of the same order. There was no growth in production during the last year. The Australian Bureau of Statistics indices of production for July this year reveal that 17 items had fallen in production during the last year, while only 14 items had risen. The Australia and New Zealand Banking Group Ltd index of factory production in June was at the same level as it was 12 months earlier. Unemployment as measured by the Australian Bureau of Statistics labour force survey had risen by 25 per cent in the six months to last May. The number of registered unemployed with the Commonwealth Employment Service was some 68,000 higher in August of this year than it was in July 1976. Overtime levels at the end of June were no higher than those of 12 months earlier. This slump in activity in early 1977 was emphasised by the recent down-turn readjustment of the forecasts by the Organisation for Economic Co-operation and Development of Australia's growth rate for 1977, from 3.2 per cent to 2 per cent. What a miserable, sorry record that is of the Fraser Government's policies.

It is quite obvious from these statistics that the Government's economic policies, of which this Bill is an integral part, have had a detrimental

effect on the economy. There is no reason to assume that the further cuts in capital outlays signalled by this Bill cannot bring about a further decline in activity. In fact, that is precisely what will happen. One of the rationale given by the Government for its policy of cutting back on public spending is that it is simply following a policy endorsed by the OECD. This is not true. It has never been true. It is true that many OECD countries have cut back the rate of growth of real government outlays, but they have not, as this Government has, cut the real level of public expenditure.

It is worth comparing the attitude of the present Australian Government to public capital expenditure with that of the major OECD countries. This Government has been reducing government capital spending, of which State capital spending is a significant part, since its first Budget. By comparison, the OECD outlook for July shows that in real terms the growth in government capital spending in the second half of 1977 will be 6 per cent in the United States, 13 per cent in West Germany and 18 per cent in Japan. It is generally recognised that government capital spending is an efficient and effective counter-cyclical tool. It can be increased when unemployment is high and reduced when the economy begins to pick up.

It is obvious that Australia's performance in trying to solve the unemployment problem during the last two years does not compare favourably with that of some overseas countries. Unemployment in Australia in August was a seasonally adjusted 5.7 per cent of the work force, according to the Australian Bureau of Statistics labour force survey released as late as today. This is an increase of 30 per cent on the level of 18 months ago. Contrast this with a fall during the last 12 months of 3 per cent, one per cent and one per cent in the total number of unemployed in the United States, Japan and West Germany respectively. It is no coincidence that these three countries are following a policy of increasing the real level of government capital expenditure.

Mr Hodgman—This has nothing to do with the Bill.

Mr HURFORD—Government capital expenditure is what this Bill is all about. It is obvious that unless the present Government changes its attitude to public sector capital spending, especially that involving State programs, the 100,000 young people who will join the work force at the end of this year will find very few jobs to meet them. If the performance of the Government over the next six months is anything

like that of the past six months those estimates of unemployment of 430,000 will be conservative indeed.

A little earlier today I quoted from an opinion of Professor Warren Hogan, who is one of the Government's advisers, that the level of unemployment would not be 430,000 as I have just mentioned but 500,000, or 8 per cent of the work force. As I mentioned earlier also, a cut in public spending in general and a cut in the real level of funds to the States in particular has been the cornerstone of the Government's anti-inflationary policy. When the cost of this strategy in terms of higher unemployment is measured many people would argue that the strategy would have to be very successful indeed to have any justification at all. The great tragedy is that the strategy has been singularly unsuccessful. Consumer prices rose by more in 1976-77 than they did a year earlier, and the Budget Papers tell us that there will be no improvement this financial year. Indeed, recent developments have shown inflation to have been accelerating in the first half of 1977. For example, the implicit deflator for non-farm product at annual rates rose from 8.9 per cent in the second half of 1976 to 13.1 per cent in the first half of 1977.

This Government's policies towards the States show at times scant regard for the States' ability to raise their own charges and hence exacerbate inflationary pressures. If this happens, any gains the central Government may hope to make by cutting public spending, and hence aggregate demand, will be immediately offset by price rises due to increased State charges. In many instances the States have been forced either to cut services or to increase charges. We mentioned this in the amendment which I have had the honour to move tonight and which will be seconded shortly by the Deputy Leader of the Opposition, the honourable member for Reid (Mr Uren). In some cases where services—for example, transport—cannot reasonably be cut, price rises are mandatory.

The recent Victorian Budget contains examples of the results of this Federal Government's austerity. Last March the Victorian Government approved budgets for hospitals within the State. In its Budget of 7 September the Victorian Government was forced to cut these already approved plans by 5 per cent. The Premier, Mr Hamer, placed responsibility for this action squarely at the feet of the Federal Government, his own political colleagues. The *Melbourne Age* has reported him as saying that the Federal Government had unilaterally cut its share of the costs of community health centres

and the school dental program and that the State had without warning been forced to carry a greater share of the burden than it had previously. It is worth noting in passing that such unilateral action is hardly the hallmark of a government that is interested in real co-operation between all tiers of government. Of course, that is only the window dressing—the words. When it comes to actions that is not an example of real co-operation between the central Government and the States.

It now appears that all Victorian hospitals will be forced to impose staff ceilings and to place a ban on new beds and services. It is to be hoped that the inefficiencies that staff ceilings have caused in the Commonwealth Public Service will not emerge in Victorian hospitals. The consequences there could be far more serious. I repeat that over the last two days we have seen the results of staff ceilings outlined in the Auditor-General's report, which indicates that ridiculous staff ceilings have led to terrible inefficiencies in Australian Government programs and in the administration of the Australian Government. This could be repeated, and probably will be repeated, by this Government forcing the States to penny-pinching here and there. In some cases that will be applied to hospitals with dire results. As well as announcing a curtailment of services, Victoria's recent Budget foreshadowed stiff increases in rail, tram and bus fares. These will inevitably cause a rise in general price levels.

Mr Hodgman—That is not true.

Mr DEPUTY SPEAKER (Mr Lucock)—Order! The honourable member for Denison will cease interjecting, as will the honourable member for St George, if I have blamed the wrong man.

Mr HURFORD—It is probable that other State budgets will follow the same pattern as Victoria's with cuts in services and rises in charges. It would be unrealistic to assume that with their funds cut in real terms two years running the other States will not be forced into higher indirect tax charges.

It is appropriate at this time, with Federal Ministers flying numerous kites about interest rate trends, to draw attention to the large increases in the borrowing programs of State authorities. The non-Loan Council following programs of the States are to rise by about 10 per cent in real terms for larger authorities and by over 20 per cent in real terms for smaller authorities. This compares with a 6 per cent real drop in borrowing under the Loan Council umbrella. State Loan Council programs are effectively

underwritten by the Commonwealth, being part of its Budget. State, semi-government and local government authorities, of course, have to pay higher interest rates on their funds. This means that the larger the proportion of total State borrowing down through the authorities the greater is the cost to the State as a whole. By forcing the States to do more of their borrowing outside the Loan Council program, this Bill increases the States' borrowing costs. The Federal deficit looks better, but the States have to pay the price.

Unfortunately, my time is almost at an end. I should like to summarise my points. This cut in public spending will cause enormous problems for the States. There is no area in which we need public spending more than in capital works. This Bill shows what a tragedy it is that these cuts have taken place.

Mr DEPUTY SPEAKER (Mr Lucock)—Order! The honourable member's time has expired. Is the amendment seconded?

Mr UREN (Reid) (9.16)—I second the amendment. I support the amendment because this States Grants (Capital Assistance) Bill reduces in real terms the funds available to the States.

Mr Hodgman—Wrong.

Mr UREN—It increases the States' borrowing costs.

Mr Hodgman—Wrong.

Mr UREN—It forces the States to reduce the services which they provide and/or to impose additional taxes and charges, which will lead to increased unemployment.

Mr Hodgman—Wrong.

Mr UREN—The Minister for Aboriginal Affairs and Minister Assisting the Treasurer (Mr Viner) tried to give the impression, when introducing this Bill, that it was a routine machinery measure. I believe this approach is wrong. This is an extremely important Bill because it gives the States their main allocation for capital works programs each year.

Mr Hodgman—This is all wrong.

Mr DEPUTY SPEAKER (Mr Lucock)—Order! The honourable member for Denison has kept up a constant barrage of interjections. I warn the honourable member that I shall name him if he interjects again.

Mr UREN—The level of capital works programs is one of the most important factors in determining the level of employment in the community. If spending on capital works falls, so too does the level of employment.

By looking closely at this Bill we can get some measure of the impact on employment capital spending will have in the labour market over the next year. By looking closely at the aggregate figures contained in this Bill we can see the impact of the Fraser Government's new federalism on Commonwealth assistance to the States. If these funds and the funds raised for Loan Council programs are included, the Minister claims an overall increase of 14 per cent. The question arises as to why only untied funds should be considered in this calculation. Why not consider all funds, both tied and untied, which the Commonwealth Budget makes available to the States and local authorities? If we were to do this we would find that the rate of increase is only 11½ per cent. With an inflation rate of some 11 to 12 per cent this means no real increase in funds this year.

The Minister has been highly selective in his use of figures. If we look at specific purpose payment figures we find an increase of less than 9 per cent, or a drop in real terms of 2 to 3 per cent. I have prepared a table which sets out how badly payments to the States have been eroded over the past two years. I seek leave to have the table incorporated in *Hansard*.

Mr DEPUTY SPEAKER (Mr Lucock)—Is leave granted? There being no objection, leave is granted.

The table read as follows—

Table 1

PAYMENTS TO OR FOR THE STATES AND LOCAL GOVERNMENT AUTHORITIES 1975-76 TO 1977-78

	1975-76	1976-77	1977-78
'Untied' funds			
General revenue (\$m)	3,111.6	3,722.6	4,341.3
Loan council (net) (\$m)	1,139.0	1,196.7	1,263.1
Total (\$m)	4,250.6	4,919.3	5,604.4
Charge %	(23.2)	(15.7)	(13.9)
'Tied' funds			
Specific purpose recurrent (\$m)	2,316.1	2,409.4	2,880.8
Specific purpose capital (net) (\$m)	1,790.1	1,596.8	1,481.4
Total (\$m)	4,106.2	4,006.2	4,362.2
Charge %	(40.7)	(-2.4)	(8.9)
Total States (\$m)	8,356.8	8,925.5	9,966.6
Payments direct to Local Government (\$m)	110.0	15.2	14.4
Total State and Local Government (\$m)	8,466.7	8,940.7	9,981.0
Charge %	(31.8)	(5.6)	(11.6)
'Adjusted' charge (a) (%)	29.2	9.5	9.2

(a) See 1977-78 Budget Paper No. 7, pages 4, 5 for adjustments.

Mr UREN—I thank the House. Fraser's new federalism has imposed new responsibility on the States because Commonwealth support for the national sewerage program has been abolished completely, as the honourable member for Mitchell (Mr Cadman) should be well aware. The area improvement program, which assisted his area in particular, has been completely eroded and the growth centre program expenditure has been drastically reduced.

The result has been a marked increase in the States' responsibility, with no increase in capital funds being provided to meet that increased responsibility. The States and local authorities will receive only 37.4 per cent of the total Budget outlay for 1977-78. In the last Labor Budget, that of 1975-76, the States received 38.7 per cent of the total Budget outlay. That means that their share has fallen by about 1.25 percentage points over a period of two years. That is a significant decrease and one which puts the new federalism into its proper perspective. The States and local authorities are receiving substantially less under the present Government than they did under the Labor Government. On the other hand, the Commonwealth's share has increased. That has been the end result of Fraser's new federalism. The Prime Minister (Mr Malcolm Fraser) has achieved the reverse of his avowed policy. He has cut the total level of public sector spending, while at the same time he has redistributed funds from State and local government back to the Commonwealth.

If we look at the broader implications of the Loan Council programs we see a similar result. The Government, time after time, has taken short term economic policy decisions without looking at the long term consequences. The Loan Council allocation to the State governments is yet another example of lack of foresight in drawing up economic policy. More than half of public spending on non-residential building and construction is funded through the Commonwealth Budget. Total capital outlays were cut by 7 per cent in this year's Budget, despite an increase of 5.7 per cent in Loan Council allocations to the States. Even when the allocations made under the gentlemen's agreement are taken into account, capital funds under Commonwealth control increased by only 5 per cent. That represents a decline in real terms of between 6 per cent and 7 per cent, because we must take into consideration that the inflation rate this year is 11 per cent to 12 per cent.

This cutback in funds for building and construction comes at a time when the industry is in very grave circumstances indeed. Over the past 18 months the labour force of the building and construction industry has dropped by 4 per cent. In the same period the total labour force has increased by some 2 per cent. There are signs of a modest recovery in the private sector, but that will be absorbed by the drop in spending controlled by the Commonwealth. This will push the industry into deeper recession. More people in the industry will lose their jobs, and unemployment will increase. Such a decline in the capacity of the industry must limit the chances for medium term recovery. Unless it is countered there will be serious bottlenecks and cost pressures which will impair prospects for sustained recovery and control of inflation.

It is in that context that the level of funding for the State Loan Council programs should be assessed. It emerges from an analysis of the figures that the funds for capital works available to the States from the Commonwealth have fallen in real terms by 4.8 per cent when compared with those made available under last year's Budget; and they have fallen in real terms by 13 per cent when compared with those made available under the last Labor Budget, that of 1975-76. To illustrate this clearly, I have set out a table which shows how funds for capital works have dwindled since the last Labor Budget. I seek leave to have that table incorporated in *Hansard*.

Mr DEPUTY SPEAKER (Mr Lucock)—Is leave granted? There being no objection, leave is granted.

The table read as follows—

Table 2

DIRECT AND INDIRECT PAYMENTS OF A CAPITAL NATURE TO OR FOR STATE AND LOCAL GOVERNMENT AUTHORITIES—1975-76 TO 1977-78

	1975-76	1976-77	1977-78
Loan Council (a) (\$m)	1,291.0	1,356.0	1,433.8
Change (%)	(18.7)	(5.0)	(5.7)
Specific Purpose (a) (\$m)	1,836.3	1,659.0	1,551.1
Change (%)	(5.2)	(-9.7)	(-6.5)
Gentlemen's Agreement (\$m)	1,054.3	1,278.7	1,592.2
Change (%)	(21.7)	(21.3)	(24.5)
Total Capital (\$m)	4,181.6	4,293.7	4,576.2
Change (%)	(13.0)	(2.7)	(6.6)
1966-67 Prices (b)			
Total \$m	1,910.3	1,752.5	1,667.7
Change (%)	(-1.9)	(-8.3)	(-4.8)

(a) Gross Payments.

(b) Based on the implicit deflator for gross fixed public capital expenditure.

Source 1977-78 Budget Paper No. 7.

Mr UREN—I thank the House. Furthermore, the cost of raising these funds has increased. This is due to the Government's cosmetic attempt to reduce the deficit. Last year we saw the shifting forward of hospital payments and the movement of Telecom Australia capital funds outside the Budget allocations as a cosmetic approach in order to reduce the Budget deficit. In this Budget repayments of loans by the Australian Wool Corporation have been deferred. As well, as that, the growth in Loan Council payments has been curtailed. The reduction in growth in those outlays in this Budget has been partly offset by increased growth in allocations under the gentlemen's agreement. State and local government authorities now get 35 per cent of their Commonwealth controlled capital funds under the gentlemen's agreement. The figure was about 30 per cent in 1976-77 and 25 per cent in the last Labor Budget, that of 1975-76. Again to make this clear to honourable members I have set out a table which shows this dramatic switch in the source of funds of State and local government bodies. I seek leave to have the table incorporated in *Hansard*.

Mr DEPUTY SPEAKER (Mr Lucock)—Is leave granted? There being no objection, leave is granted.

The table read as follows—

Table 3
SOURCES OF COMMONWEALTH CAPITAL FUNDS FOR ALL STATES—1975-76 AND 1977-78
(Percentage shares (a))

State	Loan council	Specific purpose	Local and semi-government	Total (b)
1975-76				
NSW	29.9	43.2	26.8	100.0
Vic.	29.6	41.4	29.0	100.0
Qld	25.2	44.9	29.9	100.0
SA	39.3	47.6	13.1	100.0
WA	32.0	48.8	19.2	100.0
Tas.	43.1	41.7	15.2	100.0
All states	30.9	43.9	25.2	100.0
1977-78				
NSW	30.3	33.2	36.5	100.0
Vic.	29.7	30.9	39.4	100.0
Qld	25.8	35.0	39.2	100.0
SA	41.1	38.8	20.0	100.0
WA	31.7	38.7	29.6	100.0
Tas.	45.3	32.3	22.4	100.0
All states	31.3	33.9	34.8	100.0

(a) Source: 1977 Budget Paper No. 1 Payments to or for the States and Local Government Authorities, 1977-78.

(b) Total may not sum to 100 due to rounding.

Mr UREN—I thank the House. The interest rate on borrowings under the gentlemen's agreement is approximately 11 per cent. By comparison, capital funds provided through the Budget have a large grant component. That means that the effective interest rate on capital funds is no more than 7 per cent, and that is about the average situation. In plain terms, the Government is coercing the States out of a lower interest rate sphere into a higher interest rate sphere. Because of that shift in the source of funds, the States face a substantial increase in interest payments this year and in the years ahead. Those payments will be about \$20m more in 1977-78 than they would have been if the money had been allocated as it was in the last Labor Budget. This is another effect on the States of Fraser's new federalism. It has forced the States to move into a higher interest bracket in that they have to meet their program commitments other than by Budget allocations. This, of course, is another gimmick, if I may use that term, under Fraser's new federalism. It means that the States have to meet substantially increased interest payments. That money has to be raised by means of increased taxes and charges for services. I might say that that is a further burden on the ordinary people. In turn it can have the effect only of increasing inflation and of imposing further burdens on people who depend on the services provided by State and local governments.

The sewerage program which the Government scrapped is a prime example of that. Let us have a look at that situation. When we inherited the sewerage program in 1972 we found that 50 per cent of the people in Perth lived in unsewered homes; and one in every seven people in both Sydney and Melbourne lived in unsewered homes. In an effort to overcome the backlog in providing sewerage to these homes, we entered into an agreement under which we tried to carry out that program. It was a program which would cost an enormous amount of money. In the three years that we were in government we made available something like \$200m to try to catch up on the sewerage backlog. In the last year of the Labor Government alone we made available \$113m. What were the terms on which we made that money available? Of that money, 30 per cent was made available as an interest free non-repayable grant and the other 70 per cent was made available at the long term bond rate and repayable over a period of about 40 years.

What is the situation now? The situation is that the State governments and the semi-government authorities will have to go on to the loan market and will have to pay increased interest rates.

Semi-government authorities have to pay an interest rate 0.5 per cent to 0.75 per cent higher than the long term Commonwealth bond rate. The best repayment terms they can get are 15 to 20 years and in some cases shorter term. What does that mean? It means that the taxpayers have to pay higher water rates. The increased costs pass not only to the individual but also to business. Business, in turn, passes them on in increased prices again creating further inflation. This Government by its new gimmickery of forcing semi-government authorities and State governments outside the Budget parameters is forcing up interest rates at a time when it says that it wants to reduce interest rates.

Let us examine the debt burden of the sewerage authorities. In 1972 an enormous debt burden was being carried by the semi-government authorities. In Sydney the Metropolitan Water, Sewerage and Drainage Board was paying 52c for every dollar it collected. Mr Deputy Speaker, I think it would be fair, when the Minister for Special Trade Negotiations (Mr Howard) talks at the table for about 15 minutes of my speech, if something were said from the Chair.

Mr Howard—What is the matter, Tom? Can you not hang on to your audience?

Mr UREN—The Minister lives in a very exclusive suburb. He lives in an affluent area. He is a wealthy young man. He thinks only of wealth. He does not think of anybody. He does not think about the under-privileged people in the western, southern or south-western suburbs of Sydney. He really represents the privileged class. It is that class which Fraserism breeds. He is a young man who thinks he is going places. This is part of Fraser's new federalism. As I was saying, the debt burden on the metropolitan sewerage authorities in Sydney in 1972 was 52c for every dollar they collected. In Newcastle it was 53c in every dollar. In Perth it was about 53c in every dollar. In Melbourne it was 58c in every dollar. Yet in Melbourne the whole catchment area is in such a situation that it has been polluting Port Phillip Bay for many years. This is the great sadness about the sewerage backlog. If this sewerage backlog is to be cleared now it will be done at a much higher cost to the people. It will be inflationary and a burden on the great majority of the Australian people.

It is extremely ironic that the Government has made a commitment to cutting the deficit to control inflation. It has done this in a cosmetic way by changing the capital funding arrangements and increasing interest payments. These

increased payments have to be passed on and the inflation rate therefore increases.

Mr DEPUTY SPEAKER (Mr Lucock)— Order! If the Minister for Special Trade Negotiations wants to carry on a conversation with the honourable member for Bradfield (Mr Connolly) he should at least shift to the front bench. The voices carry across to the microphone and it is not fair to the main spokesman for the Opposition.

Mr Howard—I apologise to the Chair and to the honourable member for Reid.

Mr UREN—If we look more closely at the relative share of capital funds in each State we find other disturbing trends. Since the Labor Budget of 1975-76, specific purpose capital payments have fallen by 33.5 per cent in real terms. Loan Council payments have fallen by 11.5 per cent. Funds under the gentlemen's agreement have increased by 20.5 per cent. Some States are more dependent upon a particular source of capital funds than are others. As a consequence, the relative share of total capital funds going to the States has changed. For example, the less wealthy States of South Australia and Tasmania depend more on Loan Council funds than on gentlemen's agreement funds. I have set out a table which shows how the smaller States have been disadvantaged. I seek leave to have it incorporated in *Hansard*.

Mr DEPUTY SPEAKER—Is leave granted? There being no objection, leave is granted.

The table read as follows—

Table 4

STATE SHARES OF DIRECT AND INDIRECT
COMMONWEALTH CAPITAL PAYMENTS TO THE
STATES

1975-76 and 1977-78 (a)

State	1975-76	1977-78
New South Wales	32.88	33.49
Victoria	26.32	26.47
Queensland	16.36	16.10
South Australia	10.31	9.92
Western Australia	8.99	9.15
Tasmania	5.06	4.87
Australia	100.0	100.0

Source: 1977-78 Budget Paper No. 7. Payments to or for the States and Local Government Authorities 1977-78.

(a) Capital Payments include: Specific Purpose Capital Payments (Gross); Loan Council (General Purpose Capital) Payments (Gross); Borrowing Limits for Smaller and Larger Local and semi Government Authorities.

Mr UREN—The shift in distribution has eroded the States' share of total capital funds. The Government promised that the new

federalism—I stress again that it is the Fraser Government's new federalism—would not protect the smaller States. But it has worked to their detriment. Those which will really benefit are the more wealthy States. The whole process of changing relativities between the States has been done in a very random and ad hoc way. It has taken no account of the revenue raising capacities of the States to fund their capital works. It has taken no account of the urgent needs for particular works programs within individual States. Needs related programs such as the sewerage area improvement program and growth centres have either been abolished or cut back severely. No offsetting adjustments have been made to general purpose and capital funds. It is on this basis that I believe the amendment is a constructive one. It should have the support of the Australian people—the electorate at large.

Mr DEPUTY SPEAKER (Mr Lucock)— Order! The honourable member's time has expired.

Mr SAINSBURY (Eden-Monaro) (9.37)—I think it was extremely bad form for the Deputy Leader of the Opposition (Mr Uren) not to reserve his right to speak as the seconder of the amendment as most people in this House with reasonable principles would do. It would probably have been of great benefit to the people of Australia who are listening if he had just seconded the amendment and incorporated his written speech in *Hansard*. Nevertheless, I must retaliate on one or two things of a general nature that have been mentioned by the two previous speakers. Even though they refused to speak on this Bill which, as somebody said, is a machinery Bill they have been engaging in the normal Labor Party diatribe of half-truths. The honourable member for Adelaide (Mr Hurford) actually said that the economy is in worse shape than when the Labor Party went out of office. If he cares to look at some of the figures—not half-truths—such as gross domestic product, inflation rates, company profits and real disposable incomes in this country since Labor went out of office he will see that even though the struggle is very difficult it is being won. It is being made increasingly difficult by the bitter people on the other side of the House.

One or two of the things which the Deputy Leader of the Opposition said tonight sounded rather sick to me. I fear that some of the bitterness which seems to pervade the Opposition benches is getting them away from the true problems of Australia. The honourable member talked about unemployment as though the Opposition ever cared about unemployment. It is all

very well for him to come into this House at this stage and talk about great unemployment in this country. We know we have great unemployment in this country. We know it is a tremendous problem which all Australians must face. But what positive means has the Opposition put up in the last 18 months to overcome this problem. I could certainly mention a few negative means. It derided the Government when it asked the Conciliation and Arbitration Commission to keep down wage increases. Opposition members who do not relate to the working man in this country anymore should talk to some of the working people. The honourable member for Burke (Mr Keith Johnson) is laughing. He takes pride in the fact that he used to be a truck driver. There are plenty of truck drivers in my electorate and plenty of truck drivers all over Australia. They are working men. They are people who worry about how much their wives and children are going to have. The man who is laughing does not really care about them.

The last two honourable members who spoke in this debate apparently think that all this tremendous increase in public expenditure about which they speak so regularly in this place, is going to fall out of the sky. Who will pay for the extra public expenditure? Will it be the Government that will pay? No, it will not be the Government; it will be the taxpayer. The taxpayer will have to pay and he will have much less money to spend if he has to pay higher taxes. The Lord knows that there are enough people on the other side who have said recently that we must raise taxes so that we can cover some of this increased public expenditure. The honourable member for Adelaide, who I believe is some sort of economic spokesman for the other side, often says that we must raise taxes. The sorts of things that we on this side of the House are doing are designed to bring taxes down. The evidence of that is right in the Budget this year and on 1 February next year the people of Australia will recognise this when they receive their pay packets.

Let me return to this machinery Bill which is a repeat, in its basic terms, of Bills that have gone through since 1970 when a Government of the same colour as the present Government decided that it would assist the States to some extent by putting through what normally would have been loan funds without interest payments from the States. That was a reasonably generous sort of offer and in terms of the amount of money being offered in this Bill—\$477m—it will save the States, even at present interest rates of 10 per cent or more, around \$50m per annum. That has been going on since 1970 and it is the sort of

thing that one would expect from a Government or our colour. Half truths have been coming out of the mouths of the two previous speakers who have been talking about no increase in funding to the States this year. They seem to be following the myth that the New South Wales Premier has been putting around in the newspapers recently. Fancy saying that there has been no increase in real funds to the States this year! All anybody has to do is to look at the figures. It is quite easy.

We are talking about a total this year of some \$5,775m in total funds to the States, and that includes loan funds which admittedly have been slightly trimmed. It also includes general revenue funds, and that is a substantial increase. It is an increase of 13.8 per cent on last year. That increase is greater than the rate of inflation. It means that the State governments have more to spend in real terms on some of their own programs than they had last year. Some people will probably speak after me about the Government's federalism policy and ask whether some of the things that we do for the States are worthwhile, because all we seem to get from some of the Premiers is criticism in face of the fact that they are receiving more funds from the Federal Government. I repeat that they are not our funds; they are taxpayers funds. We have to raise them from somebody out of his pay packet.

It is most disturbing to read that some of the funds find their way from the Federal Government to the States, for projects where there is 100 per cent funding such as under the National Roads Act, and in Queensland the Premier puts up signs along the road saying 'Another Queensland Government project'. I do not know why he has to do that. I do not know why he has to waste money on any signs. The New South Wales Government receives money from us for rural local roads but it wants to reduce its matching funds so that the overall rural local roads funding this year may not increase by as much as we would hope. We had the same battle last year and it looks as though it is on again this year. I just wonder what the New South Wales Government thinks about federal funding. I wonder what the New South Wales Government thinks about funding in general especially in country areas when examples such as that which I have just mentioned keep coming up. I have been getting slightly off the track. Talking about roads and federal funding to the States, the New South Wales Government took a long time to put in its rural local roads allocation priorities this year. Why did it take that Government 6 weeks longer on the allocations than it took for urban local roads, the beloved urban local roads on which

the New South Wales Labor Government places such high priority? The rural local roads obviously do not matter very much.

In education we find that these large block funds that we are talking about tonight have been increased in general, but who gets knocked on the head over education funding when we reduce a certain amount of money for government schools this year? We do. We have reduced, by the guidelines to the Schools Commission, some \$14m out of a total of \$571m to government schools this year in order to assist non-government schools, which after all save the State government a great deal by their very existence.

Mr Abel—And the taxpayer.

Mr SAINSBURY—And the taxpayer, as the honourable member for Evans says. They save the taxpayer a certain amount of money but because we have decided that non-government schools will receive a small amount less we come in for all the cross-fire. People forget that in this Bill we are debating tonight and in our general policy the States are receiving from us an increasing amount of money in real terms. One wonders whether it is worth the effort. One wonders whether we should not give the States a greatly increased amount and say: 'We will get out of education. We will get out of roads.' I just wish that the State governments in their criticism would be a little more fair. I turn now to pre-schools, another area that has been mentioned a lot lately. We have not increased our funding for pre-schools this year but we received criticism and it is alleged that in New South Wales we have reduced funds for pre-schools.

Mr Les McMahon—You have.

Mr SAINSBURY—That is certainly a lie. It is an absolute lie. We have not reduced any funds for pre-schools. Why do the State governments not get stuck into the education system and look after the pre-school children, as they were bound to do for many years previously? Why are we criticised? We are increasing our overall funds to the States by a large amount in relative terms and we are still coming in for criticism.

I conclude now because a number of other people want to speak, and that has been made difficult enough by the previous speaker, the honourable member for Reid. I would just like to reiterate to the people of Australia that this Bill confirms the fact even more that the present Government is one of decentralism. We want the people to keep as much money as possible. We want the States to have as much money as possible. That is why we brought in the tax changes in

the Budget. But the money that we have to raise—we do not want to have to raise more money than we need, and that is our policy—should be spent as close to the people as possible. That is why we are helping the States as much as possible in the face of unjustifiable criticism that we seem to be receiving from those States.

Mr WENTWORTH (Mackellar) (9.48)—Very rightly we give to the States freedom to decide how they spend the money they receive from the Commonwealth Government. But that does not mean that we should have no concern where national interests are involved. From the past one can look at some of the ways in which these national interests have been treated. I think particularly of one matter that concerns the New South Wales Government, that is, its decision to abandon the central motorway systems of Sydney and to sell the land which has been purchased with the help of past Commonwealth funds. The Australian Labor Party plan is to dice the motorways and bring permanent strangulation to Sydney's city traffic. The New South Wales Government is going to stop the western motorway from the centre of Sydney to Concord; stop the southern motorway from the centre of Sydney to Alexandria; stop the north-west motorway at some dead end in Glebe and, as for the Warringah expressway, abandon it at Willoughby. This will mean, for example, permanent strangulation for the new port at Botany and for the airport traffic. The sale of the land is an act of vandalism, and the decision to re-zone is simply one of the decisions that is meant to hit motorists throughout Sydney. The Labor Party has the old-fashioned idea that nobody owns a motorcar unless he is a silver tail. Most people who own motorcars are not silver tails at all. Most people are now fortunate enough to own a motorcar.

I say these things because they relate particularly to the local government elections which are to be held in Sydney on Saturday. Some Labor candidates are standing for office at those elections. Those Labor candidates are bound by party decisions even though they may maintain the contrary. They may sincerely think that they can talk in favour of the traffic plans for Sydney. However, they are bound by the Labor decision to destroy permanently the Sydney city traffic and bring permanent strangulation to the city of Sydney. Every Labor Party candidate at the local government elections on Saturday is bound to support this plan. He may say otherwise in his election speech or he may think otherwise but he will very soon find he is not allowed to think otherwise. Whether he means what he says or

not, every one of them will be a fifth column candidate for his own area.

I am thinking particularly of the elections for the city of Sydney. It would be tragic if that council were to fall under the control of Labor aldermen who are endeavouring to strangle city traffic. I speak also of the elections for the Manly-Warringah area which is my own area. I know that there will be Labor candidates in the election for this area which is to be held on Saturday. I ask that every one of those Labor candidates should be placed last—

Mr Keith Johnson—I rise to order. I thought that we were debating the States Grants (Capital Assistance) Bill and not some municipal campaign committee meeting. I ask you, Mr Deputy Speaker, to bring the honourable member to order and ask him to speak to the Bill before the House.

Mr DEPUTY SPEAKER (Mr Lucock)—I accept the fact that the Bill we are discussing is concerned with assistance so far as roads and other matters are concerned. But I would suggest to the honourable member for Mackellar that he should not devote the whole of his speech to an election which is not the concern of this House nor of the Bill before the House.

Mr WENTWORTH—No, sir. But it is of concern to this House in that this House has an interest in seeing that Sydney city traffic is not permanently strangled. That is a matter of national concern. It is the proper concern of this House.

Mr DEPUTY SPEAKER—Order! I would remind the honourable member that the subject matter of local government elections is not the concern of this House so far as this legislation is concerned. I again suggest that the honourable member should not continue to place his emphasis upon local government elections or upon the value or otherwise of candidates standing for those elections or their policies.

Mr WENTWORTH—Mr Deputy Speaker, I am referring to the decision of the State Labor Government to use moneys which have been provided under this legislation to purchase land. The State Government has now decided to sell that land. I regard this as an abuse of the moneys that have been provided by this Parliament. I regard this as completely germane to the legislation that is before us at the moment.

I do not want to put too much emphasis on the local government elections. But I do say that Labor candidates are concerned with the continuance and the further perpetration of this

crime against Sydney. In my area in particular every Labor candidate is dedicated to the strangulation of traffic between Manly-Warringah and the city. Every car owner when he casts his vote on Saturday might well remember that and vote solidly against the Labor candidates.

Mr KEITH JOHNSON (Burke) (9.55)—I support the amendment moved by the honourable member for Adelaide (Mr Hurford). I will try to be relevant to the Bill before the House. Indeed, no local government elections will be held in Victoria next Saturday. The honourable member for Mackellar (Mr Wentworth) talked about the strangulation of Sydney by cars or something. He seemed to think that here was some virtue in everyone owning his own motor car. I sincerely hope that motorcar owners do not choose precisely the same time to take their cars onto the roads.

The honourable member for Eden-Monaro (Mr Sainsbury) who spoke to this Bill seemed to think that it is some sort of a crime, that somehow or other it is immoral or amoral or whatever for governments to raise taxation. The honourable gentleman who has been in this place for a short time—and after reading what was said by Malcolm Mackerras he will be here for less time in the future than he has been in the past—has not yet learned what the art of government is all about. I think the honourable member used the words: 'We want people to keep as much money as possible'. I think he meant to say 'as much of their money as possible'. If we follow that argument through I guess we are right back to the time when we did not have government and were in an anarchical situation in which only those who had strength had power. Even with the intervention of government in this country that proposition is very much true. Those who have money and strength have the power and those who have neither of these things are obliged to do the bidding of those who do. What the honourable member is trying to tell the House is that there is some sort of virtue in this Government saying to people: 'Look we are not going to tax you; we will almost leave you without any taxation at all'.

The honourable member for Eden-Monaro also made the point that in the end the user pays. He did not use those words. He said that the taxpayers pay, that governments have not funds. That is true. Everyone knows that. There are no simpletons in Australia. We do not need the honourable member for Eden-Monaro to treat us as if we were a bunch of simpletons. We all know that governments do not own money trees.

We know that money does not grow in the court-yards of this Parliament House. We all know this because we all are taxpayers, and those who sit in this chamber are fairly heavy taxpayers. The incomes earned by the people who live in my electorate are not as substantial as my own. But they pay taxes and they know who is paying for things. But what they understand more than does the honourable member for Eden-Monaro is that those who earn the most ought to pay the most. They know that, I know that and those honourable members on the other side of the House, if they were quite sincere, if they were to stand in front of their shaving mirror tomorrow and were not ashamed to look themselves in the face, would agree with what I am saying. There is no other way in which to raise revenue. We all know that.

We all know that no private citizen in Australia will ever build a teaching hospital such as the Royal Melbourne Hospital. We know that doctors will build their private hospitals where they will treat selected patients and the like. We all know that the hospital that will really provide a service to the community will not be built by an individual because it is too expensive to do so. It is too costly and it is not profitable. Under the private enterprise system in which those who sit opposite to our illustrious party believe, only those things that are profitable are owned by individuals, companies and the like. Private enterprise does not own anything that is not profitable. It likes to hive off these undertakings to government to run. But then it says: 'Look, government cannot run these things. It does not run them profitably. Therefore private enterprise must be better than government enterprise because our enterprises are profitable and the Government's enterprises are not'. That is the sort of argument they are trying to put to the people of Australia. Let me get back to this question of States grants. The Minister for Europe or Asia or North Africa or somewhere—

Mr Howard—The member for Bennelong.

Mr KEITH JOHNSON—Yes, the honourable member for Bennelong. What are we really talking about? I will tell the Minister. The Bill before us tonight says that—

Mr Martyr—Adam Smith.

Mr KEITH JOHNSON—If the honourable member for Swan is going to talk about his mentor, I am not interested. The Bill states:

There is payable to a State specified in Column 1 of the Schedule, during the year ending on 30 June 1978, for the purpose of financial assistance in connexion with expenditure of a capital nature, the amount specified in Column 2 of the Schedule opposite to the name of that State, less the sum

of any amounts paid to that State under section 4 of the States Grants (Capital Assistance) Act (No. 2) 1976.

Further on it says that the States may spend this money as they see fit. That is fair enough. That is what the Bill is all about. The total sum involved under this Bill is \$477,933,000. My State of Victoria is to receive the sum of \$120,071,000. That is to go to the State and is to be used as the State sees fit.

There is in Victoria at the moment quite a controversy about three areas of land which are being examined by a royal commission. They were purchased with funds which were made available to the Liberal Government in Victoria by the Government in Canberra on the basis that they could be used for whatever purposes the State Government saw fit to use them. I will tell the House the purpose for which that Government saw fit to use them. It thought that the fob pockets of real estate developers was a fit place in which to deposit that money. The honourable member for Eden-Monaro (Mr Sainsbury) told us that people should be able to decide how they are to spend their money. I might have been persuaded to agree with him, except for the fact that this money was plundered out of this place by a corrupt, inept government in Victoria, a Liberal Government, and then stuffed into the pockets of land developers. The honourable member for Eden-Monaro mentioned a truck driver. I am the truck driver he mentioned, and I am not ashamed of it. I would have been the best truck driver in Victoria. I drove trucks for 20 years and never had a conviction. Perhaps I was the luckiest truck driver in Victoria. I have before me an article which states:

Land owners in the Geelong region stand to make millions of dollars under legislation introduced by the State Government.

Under the legislation, the Geelong Regional Commission Bill, the profits from any rezoning of land for development by the commission must be paid to existing land owners.

Land owners whose land the commission wants to buy would receive profits of several thousand dollars an acre—or several million dollars per 1,000 acres—on top of the existing value of their land.

That is what is happening to the money that is being sent to the Government of Victoria by the Government in Canberra—money taken from the taxpayers around Australia and then paid out through this grants Bill to the Victorian Government so that it can do that sort of thing with it. That is only the start; it is not the end of it. I have here a quotation from a meeting of the Liberal Party in Victoria—a party of which the Chair has no knowledge, of course, Mr Deputy Speaker. The quotation reads as follows:

Many State Council delegates are anxious to know why the Housing Minister in 1973, Mr Vance Dickie, recommended that the Government buy land from Adelaide-based Lensworth Finance when, it is claimed, it should have been dealing with someone else.

Lensworth, which made a \$1.6m profit in 3 weeks on an option for land at Sunbury, north of Melbourne, on Friday offered to make its files public to show it had nothing to hide.

Mr DEPUTY SPEAKER (Mr Jarman)—Order! The honourable member said at the beginning of his speech that he was going to stick to the contents of the Bill. I think he is now getting rather wide of it. I do not wish to unnecessarily restrict him in making the points he wishes to make, but I think he should get back to the main substance of the Bill.

Mr KEITH JOHNSON—Mr Deputy Speaker, with the greatest respect, I can understand your sensitivities on this matter.

Mr DEPUTY SPEAKER—Order! The honourable member will withdraw that remark.

Mr KEITH JOHNSON—I beg your pardon?

Mr DEPUTY SPEAKER—The honourable member will withdraw that remark. He implied that the Chair was taking sides. I think he should withdraw that remark.

Mr KEITH JOHNSON—I did not suggest that the Chair was taking sides. I said that I could understand your sensitivities on the matter.

Mr DEPUTY SPEAKER—Will you withdraw that remark?

Mr KEITH JOHNSON—Yes, I will withdraw that remark and I shall continue in the vein I am taking, Mr Deputy Speaker, because we are dealing with Commonwealth funds being made available to State governments. That is the subject matter of the Bill. *

Mr DEPUTY SPEAKER—The honourable member may continue so long as he does not reflect on Mr Speaker or the Deputy Speaker.

Mr KEITH JOHNSON—I am going to give the Premier of Victoria hell. Is that all right?

Mr DEPUTY SPEAKER—Yes. That is up to the honourable member; just so long as he sticks within the confines of the Bill.

Mr KEITH JOHNSON—I am sticking within the confines of the Bill because the matters I am mentioning are matters negotiated with some of the funds provided to the Victorian Government, a Liberal government, by the Government in Canberra.

Mr Brown—But not under this Bill.

Mr KEITH JOHNSON—I think the honourable member for Diamond Valley interjected and said: 'Not under this Bill'. How can he

assure me that that is so? Taking up that point, how can any honourable member in this House assure me that it is so? The funds are made available to the State Government and it can do what it wishes with them. That is acknowledged in the Bill. These are things that have occurred in the past. I am speaking in support of an amendment to the motion for the second reading of the Bill. It seems to me to be reasonable that I should raise them tonight and that I should warn the House of the foolishness of continuing to make funds available to State governments without knowing what is going to be done with them. That is all I am doing.

Mr Hodgman—It has nothing to do with the Bill.

Mr KEITH JOHNSON—That sounds like Peter McCarthy from Tasmania, or somewhere, who is speaking. I want to read another quotation regarding the land deals in Victoria. It says:

A new scandal about government land buys is about to break over the already dented image of the Victorian Premier, Mr Hamer's 'small' Liberal Government.

By comparison with the dogs of this war, who come in various shades but to all intents and purposes are Liberals working within Mr Hamer's own State party.

It has become a truly dirty battle with groups of party members ferreting out whatever dirt they can find—

Mr Cadman—Mr Deputy Speaker, I raise a point of order. The honourable member is not talking to the Bill. He is talking about a political party in Victoria. He is not talking about the funds that will be granted under this Bill in the year to come. He is being completely irrelevant.

Mr DEPUTY SPEAKER (Mr Jarman)—I uphold the point of order. I have warned the honourable member for Burke that he has been getting too far away from the contents of the Bill before the House. I ask him to stick to the Bill. At the beginning of his speech, when he was criticising the previous speaker, he pointed out that we were not facing an election in Victoria. I think the same remark could apply to him. I suggest that he keep within the confines of the Bill.

Mr KEITH JOHNSON—All right, Mr Deputy Speaker. That is your ruling on the matter, and I am one of those people who obey the rulings of the Chair on all occasions. In the eight years that I have been here I have never been emptied out of the chamber. I have no great desire to be so treated for the first time tonight.

Mr Jull—The honourable member was a good truck driver.

Mr KEITH JOHNSON—I was the best in Victoria. I can understand the sensitivity of the

members of the Liberal Party who are sitting in this chamber. They know of the corruption of the Victorian Government, they know of the corruption of their own Government and they know of the bankruptcy that exists.

I refer now to an area that was touched on by the Deputy Leader of the Opposition (Mr Uren). We are talking about funds for the States. He mentioned the discontinuation of the sewerage program. I notice that the honourable member for Diamond Valley is smiling. I think there are more unsewered houses in his electorate than in almost any other electorate. I do not know how he dares to go home and face his electorate and tell the people there that there are no funds available this year for sewerage programs. I received a letter from the Commissioner of the city of Keilor, Mr Kevin Holland. He wrote to me as he is the sole representative in that area who has been appointed by the Liberal Government in Victoria. He has the sole responsibility for managing that very large municipality. He complained to me in the most bitter terms that there will be no Australian Government funds coming to that municipality to enable the Board of Works to extend the sewerage program, and so the people who live in that municipality will not have the opportunity to press a button instead of having somebody come round to the back door in the middle of the night. It is true that there is a large area of Melbourne still unsewered. It is true that there is a large number of septic tanks. It is also true that Port Phillip Bay is probably the largest septic tank in the world.

We have adopted this so-called new federalism, this chicanery offered to the people of Australia, but not believed by them I might add, under which the Australian Government will make some funds available to the poor old States who will have to pick up the tab. Nobody has ever explained to me why this is so or how the States can raise their funds equitably. It is obvious to every thinking Australian including those who sit on the other side of this chamber that the most equitable way in which to raise finance is through the Australian Government which can reach into the people's pockets depending on the depth of them rather than charge people left, right and centre. I make no apology for any taxes that the Labor Government levied on people. I was in local government for 11 years before coming to this place and never stood on a cheap rates platform. I have never gone out to pretend to the people about what I am offering or to treat them to untruths. I would not do it in a Federal election either.

Anybody who goes out to the people and says that he will give them a cheap tax program is pandering to the top wage earners but certainly not to the middle class because they are not better off now. I will give honourable members opposite a political lesson, but certainly not you, Mr Deputy Speaker, because I do not wish to be offensive to the Chair, it being apolitical. If honourable members opposite tell the middle class people that they will reduce their taxes, the people will laugh at them and walk away because that is the class of people who demand more of government than any other class in this country. They know better than the honourable member for Eden-Monaro (Mr Sainsbury) who made an erudite exposition to this House tonight that the taxpayer pays. I would never tell people that I would reduce taxes. What I would say is that they will get fair value for their taxes which will be raised according to their capacity to pay rather than by way of State taxes because State taxes are most inequitable—as inequitable as rates raised by local government which are just a flat property tax across the board. I notice the honourable member for Diamond Valley nodding his head again. I hope that he is not going to sleep but is agreeing with me.

Mr Brown—You would have to increase taxes, would you not?

Mr KEITH JOHNSON—Not necessarily. The Government at the moment is making a great virtue of reducing taxes but to reduce taxes means to reduce services. The very people with whom the honourable member for Canberra (Mr Haslem) and the 55 other honourable members who will go with him at the next election are trying to curry favour in their last ditch bid to hold office, those people they trust will come forward to support them when they tell them that their taxes will be reduced, will not believe the honourable members because the people know that if they want services they are going to have to be paid for and the people know who will be paying for them.

I support the amendment moved by the honourable member for Adelaide (Mr Hurford). It is obvious that if this Bill is passed, and I suppose by some intuitive process that it will be, it will reduce the funds available to the States in real terms and increase the States' borrowing costs. Surely the cost of servicing debts must be one of the greatest worries of State governments and instrumentalities. It forces the States to reduce the services they provide and/or to impose additional taxes and charges. It leads also to increased unemployment. The Prime Minister (Mr Malcolm Fraser) now realises his

mistake because the Minister for Social Security (Senator Guilfoyle) had to tell him yesterday that he has been making a virtue of cutting back on staff. He is trying to impress this virtue upon the State governments but those governments which have intelligent Premiers—New South Wales, South Australia and Tasmania—will not wear it.

Mr DEPUTY SPEAKER (Mr Jarman)— Order! The honourable member's time has expired.

Mr CORBETT (Maranoa) (10.15)—We have just listened to the honourable member for Burke (Mr Keith Johnson) who seemed to wander a bit. He also seemed very concerned about the situation in Victoria and asked us to prove that money was provided under the Bill. I think the boot should have been on the other foot. If he is complaining about money not being provided under the Bill he should prove that that is the case. This Bill is part of the package of finance for the States distributed by the Commonwealth Government. One cannot but be critical of the incessant clamouring of State governments and State politicians about the limitation of funds to the States by the Federal Government. These unjust and ill-founded utterances should be put to rest once and for all. There is far too much complaint from the States about the funds they get from the Commonwealth. Under this Bill, which owes its existence to arrangements formulated by Liberal-National Country Party governments in years gone by, the States will receive an injection of some \$477.933m as a straight out grant. There is no interest payable on it. There is no repayment and there is no control. The States have complete autonomy in regard to what they do with this money. It is part of the total Loan Council program of \$1,433.8m for the year 1977-78.

The States will receive under tax sharing legislation announced in the Budget \$4,336.1m, an increase of \$621m or 16.8 per cent on the previous year. Yet the Opposition in its amendment claims that in real terms this is reducing the funds available to the States. How can that properly be claimed under the circumstances? When one takes into account Loan Council programs and other special grants to the States, total general purpose grants to the States are estimated to increase by \$685.1m in 1977-78. This again is contradiction of the amendment moved by the Opposition. All State governments therefore should be able to bring down Budgets which will provide maximum services without any increase in State taxation either direct or indirect. In fact

the States get a very good deal from the Commonwealth Government although they do not always acknowledge it. They do not have any excuse if their objectives cannot be achieved in a reasonable time. No State government needs to be comprised of financial wizards to make its budget balance in view of the generosity of the Commonwealth Government—and that should be emphasised—a generosity which has to be maintained under very difficult financial circumstances.

Under this Bill every possible consideration has been extended to the States. It allocates money without an interest component. The grant component was introduced because of a realisation by the Commonwealth Government that some State government responsibilities do not attract any income and it is reasonable that the States should get money free of interest to service those responsibilities. In this regard we can mention the money spent on education, on the provision of schools and police stations. They are what might be termed essential needs in a modern era. Interest is charged on other Loan Council programs by virtue of the fact that money expended by State governments on such things as power houses and dams does attract a financial return. An examination of Budget Paper No. 6 for the years 1976-77 and 1977-78 reveals some other interesting facts. In 1976-77 the securities on issue on account of the States per head of population at 30 June 1976 were as follows: In New South Wales \$770.64; in Victoria \$766.18; in Queensland \$762.74; in South Australia \$1,117.15; in Western Australia \$952.95; and in Tasmania \$1,837, giving an average debt of \$848.94.

The annual interest liability per head, State by State, was: New South Wales, \$54.58; Victoria, \$54.40; Queensland, \$52.80; South Australia, \$80.09; Western Australia, \$68.05; and Tasmania \$130.90. That means an average interest of \$60.14 per head. There was an increase in 1977 both in the amounts and in the interest. For example, the average interest went up from \$60.14 to \$65.53, showing that a lot of money is being invested in Government bonds. This is partly due to the fact that this money is made available to the States. Notwithstanding the fact that the Commonwealth gives money to the States free of interest as a grant, under the conditions which I have just enumerated, it is disturbing to note that people in all States have this increasing amount of funds going into bonds and, consequently, an increasing debt through the Commonwealth to Australian bond holders. I hope to see an expansion of investment in

enterprises which will provide employment and generally increase the welfare of the community as a whole.

Similarly, in Budget Paper No. 6, Table No. 8, we find that total securities on issue per head of population, as far as the Commonwealth Government's debt to Australian bond holders is concerned, shows an increase from \$647.50 per head as at 30 June 1976 to \$795.65 per head as at 30 June 1977. The point I am making is the need for the Government to try to make conditions available which will attract that money into other avenues of investment. Unless we of the free enterprise parties do something to reverse this trend of investment in bonds, we are failing in the trust which has been placed in us by those who owe their allegiance to our political philosophy. Quite obviously the Government has to create an environment which will maximise the opportunities for people to invest in private enterprise with the hope of reward and not allow their funds to be used to a significant degree in the manner in which I have just been talking about, that is, to be used by the Government again for other developments. It is much better for the community at large to have this money flowing through private enterprise investment.

We have to create an environment where people will take risks in creating job opportunities by allowing them a reasonable chance of a reward for effort expended and risks undertaken. This is something which the Opposition will never concede. Honourable members opposite say that if there is a falling off in expenditure and labour in the private enterprise section, they will make that up with Government enterprise. That has been a great failure. It was a tragic failure in the years when Labor was in office. We as a Government have a responsibility to accept the challenge to carefully examine ways of improving productivity and, consequently, competitiveness. State governments must also be made aware of this. There should be general co-operation in this area. I want to be critical of a growing feeling in many areas of Australia of a point of view which calls upon the Government to provide all types of services. The Opposition when it was in government encouraged too much dependence on the Government. That is something we should try to overcome. It is not easy, but we should make the attempt. My political philosophy leads me firmly to the point of view that what we want is more initiative, more Australians paying their own way and less government interference in the basic responsibilities of the individual. There should be less union interference and fewer trivial and unjustified strikes.

Governments should be providing only the foundation for development for the Australian people. The people should supply the basic framework and build on that under a free enterprise system.

This Bill goes part of the way in decreasing the amount of interest paid by State governments. Again, this is contrary to the amendment moved by the Opposition. One of the thrusts of the Budget, of course, is to reduce interest rates. A deficit of reasonable proportions, such as this year's deficit, is the catalyst which will allow interest rates to decrease. This is something which the Australian Labor Party Government never recognised and does not seem to recognise now. Australia has been pricing itself out of world markets. Interest has been a contributing factor to this. The statistical bulletin put out by the Reserve Bank of Australia in June 1976 shows that the interest rate in June 1973 was 7.75 per cent for trading bank overdraft and that increased to 9.5 per cent in June 1974 and to 11.5 per cent in June 1975, the last year of the Whitlam regime. It is interesting to note that in February 1976, a few months after the Fraser-Anthony Government was returned to office with an overwhelming majority of support from the Australian people—that showed Labor supporters what the people thought of their type of government—interest rates were reduced to 10.5 per cent per annum. Quite obviously this is intolerably high. It has mitigated against people being able to compete in international markets.

Mr Bryant—When are you going to reduce it?

Mr CORBETT—The rate was 11.5 per cent under your Government; do not forget that. This high interest rate has denied many young Australians the opportunity to purchase their own homes and to purchase some of the comforts of life which allow people to absorb the tremendous pressures exerted by modern living; and that is what this Government aims to do. Actions speak louder than words. We take action. We get words from the other side, but no action. The Whitlam Government quite obviously had an infectious enthusiasm for huge deficits in the Budget with correspondingly regular increases in interest rates. The Fraser-Anthony Government did reduce interest rates and I believe that the time is appropriate for further reductions.

This Bill is positive proof that relationships between the State and the Commonwealth governments should be a partnership. A partnership automatically denotes a share of responsibility. Some of the States appear to me to look upon a partnership as something which allows them to

have a vice like grip on the right to have uncontrolled spending, and absolute right to criticise this Government without having to act responsibly because they get money that is collected by this Government. For too long too many of them have been telling the community loud and long about all they would do if only they could get more money from the Federal Government. I ask honourable members to bear in mind that the Federal Government has reduced the deficit from \$4.5 billion to \$2.2 billion in an endeavour to get this country's economy back on to a reasonably sound basis.

Under a Bill which has been introduced into the Parliament—the Income Tax (Arrangements with the States) Bill 1977—all the States have the right to raise their own taxes but they will not do this because it is not politically advantageous to do so. It is about time they gave up blaming the Commonwealth Government for being unable to accede to the insatiable demands of their electors. For too long they have avoided telling the people that increased services can be provided only through increased taxation. They have avoided telling the people that. That is what they should be telling the people. It is not good enough to blame the Commonwealth. As partners they must also share the responsibility. I deplore the attitudes of some of the State governments in their approach to this responsibility. We are not a federalist government but I suggest to some of the States that, if they want to be partners in a truly co-operative federal system, they also have a responsibility to live within their Budgets and to prune their expenditure so that our greatest problem—inflation—can be controlled. We must bring back into the Australian political community some blunt, straight forward honesty in assessing what can and what cannot be done.

The Federal Government has indicated to the States in this Bill that it realises the many pressing problems the States have. State governments are a lot better off than they were last year. This is a contradiction to the amendment moved by the Opposition because the States have received increased amounts. The Commonwealth, nevertheless, has contained its spending. It has set an example and it will continue to do that. When we go to the people again the false hopes that Opposition supporters have that they might win some of the seats on this side at which they look so enviously will be dissipated. I have very much pleasure in supporting the Bill and opposing this amendment which is in every aspect quite the opposite to what the Bill proposes.

Mr Crean—I wish to move that the debate be now adjourned.

Mr Macphee—I require that the question be put forthwith without debate.

Mr DEPUTY SPEAKER (Mr Jarman)—Is there any honourable member who is ready to speak? The time is not yet 10.30 a.m.

Mr Crean—I am ready to speak but it is nearly 10.30 p.m. I suggest that unless there is some indication that the Government wishes to continue with the debate—

Mr DEPUTY SPEAKER—Order! If the honourable member for Melbourne Ports wishes to begin, I think he will be able to continue after 10.30 p.m.

Mr Crean—It is so close to 10.30 p.m. I thought that there would have been some more sensible arrangement. With all respect, if the Minister indicates that the Government is going to finish this debate tonight instead of going on with the adjournment debate, I certainly will go on.

Mr Bourchier—We are going to negate the adjournment motion.

Mr DEPUTY SPEAKER—It has been indicated to me that the adjournment motion will be negated. The time is now 10.30 p.m.

Debate interrupted.

ADJOURNMENT

Mr DEPUTY SPEAKER—It being 10.30 p.m., in accordance with the order of the House of 10 March 1977 I propose the question:

That the House do now adjourn.

Mr Macphee—I require that the question be put forthwith without debate.

Question resolved in the negative.

Mr Hayden—Mr Deputy Speaker, could I ask you a question about the procedure of this House? Does this mean that there will be no adjournment debate tonight? Does this mean that the National Country Party can again shelter behind the re-arrangements so we will not have the opportunity of exposing the way in which it has dumped rural industry in this country?

Mr DEPUTY SPEAKER—Order! The Chair has no knowledge of whether there will be an adjournment debate.

Mr Hayden—Could I ask you whether we will be able to raise later the need for an adjournment debate to expose how remiss the Country Party has been in relation to rural industry?

Mr DEPUTY SPEAKER—I ask the honourable member for Oxley to resume his seat.

Mr Corbett—Mr Deputy Speaker, the National Country Party did not arrange anything about this adjournment debate. We are not afraid of the honourable member for Oxley. We would like him to speak. The more he speaks in this House, the better it is for us.

Mr DEPUTY SPEAKER—Order! I ask the honourable member for Maranoa to resume his seat.

STATES GRANTS (CAPITAL ASSISTANCE) BILL 1977

Second Reading

Debate resumed.

Mr CREAN (Melbourne Ports) (10.31)—It would be much more pleasant if we knew what was happening. My understanding was that the debate would be interrupted at 10.30 p.m.

Mr DEPUTY SPEAKER—It is a matter for the Government whether the House continues.

Mr CREAN—I accept that. I draw the attention of the House to the Budget Paper entitled 'Payments to or for the States and Local Government Authorities 1977-78'. At page 6 details of funds to the States for capital purposes are provided. They are divided into two groups—general purpose capital funds, of which this Bill is part, and specific purpose payments for capital purposes. A total for the two groups is given. For 1976-77, as against 1975-76, there was a decline of 3.6 per cent. For 1977-78 it is estimated that there will be a decline of one per cent when compared with the figure for the previous year, which had been a decline also. It means that in real terms the sums being granted to the States for capital funds are less this year. They were less the previous year. These are in money terms only. When one takes into account inflation and the like, in real terms capital expenditure is less this year, and it was less last year. I draw attention also to page 10 of the Budget Paper entitled 'National Income and Expenditure 1976-77'. At current prices, gross fixed capital expenditure by all public authorities rose by 9 per cent in 1976-77 but fell by 2 per cent at constant prices.

Surely at a time when we have a substantial number of unemployed affecting the economy no one can justify capital expenditure being less in real terms than previously. I sometimes wonder at the rather curious economic theories propagated about solving the unemployment problem. Surely at the moment one means of increasing employment would be to put into capital expenditure expenditure in the same real

terms at least as previously. I do not believe that all those who are currently unemployed can suddenly be absorbed in public works programs. I think this is one of the great difficulties with unemployment at the moment. It has been said on this side of the House by quite a number of speakers that one of the difficulties is matching the demands that are still in the community for labour resources against the skills or lack of skills that are currently available.

The White Paper on National Income and Expenditure gives a number of interesting statistics about capital expenditure. I refer to table 18 on page 22 entitled Gross Fixed Capital Expenditure on New Assets, by Purpose. It shows that Federal authorities in 1976-77, as against 1975-76, which I have mentioned, were spending, in real terms, less than the amounts spent in the previous Budget. There was less spent on education in real terms. There was less spent on health, social security and welfare in real terms. There was a very substantial drop in transport facilities. There was a very substantial drop in the item called 'All other'. Surely at the moment nobody can suggest that if we are able to match people out of work with facilities that we lack, it is inflationary. Can anybody suggest if there are shortages of nursing homes, police stations and pre-school facilities and people are out of work that somehow it is violating some sound economic canon by putting to work the people who are out of work to do the sorts of jobs which will provide the facilities that are lacking? This is the reality in Australia at the moment. There is no doubt, and the aggregate statistics in the document entitled 'Payments to or for the States and Local Government Authorities' show that in real terms capital expenditure at all levels of government in Australia, whether Federal, State or local, is less this year than the previous year. Yet the Government, for some reason, expects us to commend it this year for what it says are very substantial sums.

Surely we all understand now that if inflation is at a minimum nearly 10 per cent—the Government has not brought the rate of inflation below 10 per cent; it was horrified when it was above 10 per cent during the term of the Labor Government but it has done nothing to bring it below 10 per cent—we can no longer simply take nominal sums and regard them as indicative of performance. In his second reading speech on the States Grants (Capital Assistance) Bill, the Minister for Aboriginal Affairs (Mr Viner) representing the Treasurer (Mr Lynch) at the time said:

The purpose of this Bill is to authorise the payment of capital grants to the States in 1977-78 totalling

\$477,933,000. This amount represents the grant component of the Loan Council program for State governments in 1977-78, and is one-third of the total program of \$1,433.8m . . .

That \$1,433.8m means a percentage increase in 1976-77 of 5.7 per cent when there was an increase in prices in that period of nearly 13 per cent. Surely that would mean a decline, in real terms, in what we are able to do with that sum of money. When it is obvious that the private sector of the economy is not prepared to take up the slack which exists, surely there is an obligation on the public sector to do so. One way by which the public sector could increase real expenditure in the community is for it to be provided with greater sums of money.

I suppose we get back to the awful obsession with this thing called 'the deficit'—the difference between the total expenditure the Government has to meet and the resources it has available to meet that expenditure. The Government calls the difference 'the deficit'. This year the Government sees great virtue in the fact that the deficit is \$2.2 billion instead of \$2.7 billion. I should like some honourable member on the other side of the House to stand up and argue that the performance of the economy would be worse if we were to spend another \$500m in the public sector in lieu of performance by the private sector. Candidly, I do not think any honourable members opposite could do that.

Mr Groom—Inflation would be higher.

Mr CREAN—Why would inflation be higher?

Mr Groom—Of course it would be higher.

Mr CREAN—The honourable gentleman states that inflation would be higher. I should like to hear the profundity of his explanation. Why would putting people into work to create assets which the community needs be any more inflationary than paying the unemployment benefit from public revenues, which at the moment is costing \$800m? I do not know what seat the honourable gentleman who interjected holds and I do not know whether he will be returned in the next general election. He ought to go back to his electorate and say to the unemployed people there that he does not think that putting them to work would be a good thing and that what they are doing is helping to abate inflation. Does the honourable gentleman seriously maintain that?

At the moment this Government is paying out of the tax collected from those who are working a sum of \$800m in unemployment benefit to people who are not working. In most cases the Government is paying near enough to one-half or two-thirds of a wage to people who are doing

nothing. Would it not be more sensible and, I suggest, no more inflationary to pay them a full wage to do something that would be socially useful? I know that the honourable gentleman who interjected has not been here for very long. He came here in the euphoria of the last election, as part of the greatest majority ever to be elected in the history of this country. But he can hardly believe that the economy is any better because of the things which he claims his Government has changed. Is inflation any less?

Mr Groom—Yes, it is less.

Mr CREAN—How much less?

Mr Groom—Six per cent less.

Mr CREAN—Is unemployment any less?

Mr Groom—You put 100,000 people out of work in one year.

Mr CREAN—The honourable gentleman has been very frank in giving an answer about inflation. I simply ask him: Is unemployment in the electorate he represents any less than it was 2 years ago?

Mr Groom—Yes, than it was in January 1976.

Mr CREAN—Than it was when you were elected to this Parliament?

Mr DEPUTY SPEAKER (Mr Jarman)—Order! I suggest that all remarks be directed to the Chair and channelled through the Chair. I do not think that this cross-fire across the chamber should be tolerated.

Mr Innes—I rise to a point of order.

Mr Hodgman—He is out of his seat.

Mr DEPUTY SPEAKER—Yes, the honourable member for Melbourne is out of his seat. He must resume his seat.

Mr Innes—I have done so. My point of order is that the honourable member for Braddon is interjecting from out of his seat.

Mr DEPUTY SPEAKER—That is correct. If the honourable member for Braddon wishes to interject he should return to his own seat. Even then I will not allow him to do so.

Mr CREAN—I am sure that the honourable member for Braddon will be out of his seat in a short while. He will be out of his seat if he is prepared to go back to the electorate he represents and say that the total unemployment in that electorate is less than it was when he came into the seat. He is silent about that proposition.

Mr Groom—Check on the facts.

Mr CREAN—What I asked of him and what he was brash enough to—

Mr DEPUTY SPEAKER—If the honourable member for Braddon wishes to interject he had better go back to his seat to do it.

Mr CREAN—The honourable member for Braddon was brash enough to suggest that if people were put to work performing what might be called socially useful tasks it would cause inflation. I hope he will go and tell his electorate that. I simply think that this is an example of the kind of economic nonsense that is being perpetrated in the system at the moment. I believe that it is economic nonsense to pay a person something between one-half and two-thirds of a wage for doing nothing when there are plenty of tasks remaining to be done—I would suggest that that applies no less in his electorate than anywhere else in the rest of Australia—the doing of which could be socially useful. I said to this supporter of the Government from Tasmania the other day that he is a 'Tassiephile'. His files are down in the bottom of the drawer. Honourable members opposite came to office, as we came to office in 1972, on the subject of the level of unemployment. The level of unemployment in 1972 was higher than it ought to have been. The level of unemployment in 1975 was higher than it ought to have been. The level of unemployment in 1977 is higher than it ought to be. Surely that is what we are here about. If the Australian public, as a voting system, is prepared to accept that once the level of unemployment gets above 2 per cent it is dangerous to whoever happens to be in government, honourable members opposite must be at least a little bit trembly at the moment about the imminence or otherwise of an election as unemployment is of a magnitude of 5 per cent.

At least I try to be frank about this matter. I suggest that none of us is yet facing up to the reality of the totality of the unemployment situation in Australia, but I think that we are being rather silly at the moment if we do not believe that the situation would be improved if we were prepared to spend more in real terms on what is often described by the use of a rather hackneyed phrase as public works. Surely this is what we are about now. What has been given by these so-called beneficial grants is less in real terms this year than was the case in the previous year and it was less in real terms the year before. Surely that means that we are getting less in the way of hospitals, schools, community facilities and the like. I suggest that anybody who says that to try to match the people out of work with the unfilled social needs would be inflationary needs a little brainwashing.

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

Mr CADMAN (Mitchell) (10.50)—It has been illuminating to listen to the honourable member for Melbourne Ports (Mr Crean). He spoke about economic nonsense. He was the man whom the Labor Party rejected as its Treasurer. It has not taken him back. It rejected him and it has consistently failed to listen to him. He now speaks from the back benches. Everybody in this House respects his integrity and quiet manner except members of his own party. The payments of various descriptions which have been made to the States have continued since the beginning of federation.

Mr Armitage—I take a point of order. The honourable member for Mitchell just said that the honourable member for Melbourne Ports is respected except by his own party. That is not the case. He is held in the highest respect throughout the Australian Labor Party.

Mr DEPUTY SPEAKER (Mr Jarman)—There is no point of order.

Mr CADMAN—Since the Second World War there has been an increasing allocation of funds from the Federal Government for things such as economic and social development to State and local government. In 1976-77 financial assistance grants were replaced by an arrangement under which State governments are entitled to a specified share of Commonwealth net personal income tax collections. If we look at the assistance being provided to the States in the table on page 8 of the Treasury document 'Payments to or for the States and Local Government Authorities' we find that the allocation of general purpose funds to States, large State authorities and smaller State authorities has increased by 17.8 per cent. With inflation at the moment at 9.2 per cent or 9.3 per cent that is a considerable growth in real terms.

The larger authorities which comprise semi-governmental authorities such as water, sewerage and drainage boards and boards of works are receiving an increased loan capacity of 21.3 per cent this year. The borrowing capacity of local government authorities has increased by 34.4 per cent. Opposition members have moved an amendment which indicates that there has been a reduction in real terms in payments to the States and local government under the terms of the agreement of the legislation we are debating tonight. This is certainly not so. The figures indicate an increase of 17 per cent in loan capacity for State governments, 21.3 per cent for semi-governmental authorities and 34.4 per cent for

local government. The Opposition's first point does not stand. The House does not recognise it.

If funds were reduced in the previous year it is interesting to note that the New South Wales Government almost finished the financial year with a surplus of \$45m. It finished the year with a small surplus of \$200,000. One wonders what happened to that \$45m.

Mr Hodgman—It was tucked away.

Mr CADMAN—It was tucked away. It was saved for a rainy day or perhaps an early election. I think that next year we will see an exaggerated works program sponsored by the New South Wales Government with these additional funds from the Federal Government. The increased borrowing capacity of the States has been enunciated by previous speakers. I endorse their comments. Honourable members on this side of the House understand how to read Budget papers. They recognise the increased capacity of State governments. Opposition members say that this proposal has forced the States to reduce the services they provide. How could it? During the last 12 months the States have increased their public servants by 20,000.

Mr Groom—Four per cent.

Mr CADMAN—The States have increased, as the honourable member for Braddon says, by four per cent their capacity to give service by way of the staff they employ. The honourable member for Adelaide (Mr Hurford), in his amendment, claims to represent the views of the Opposition and understand these matters. Why do honourable members opposite not assess what local governments and State governments are doing? Why do they not look at their accounts, and look at what they are really achieving and at what they are delivering? How can it be that with an increased staff of 20,000 public servants services are decreasing? One would perhaps tend to think that the New South Wales Government might be decreasing its services when one looks at the public transport system in that State. It has a massive deficit of \$300m. This is after the Labor Party went to the people claiming, in fact, that one of its priorities as a government would be to improve the public transport services in that State. It has not done so. The dangerous conditions, with derailments still apply.

We have further statements that the Bill will lead to increased unemployment. This Bill is not related to matters of unemployment. The honourable member for Melbourne Ports, mentioned some programs. I take it he was referring to programs something like the RED scheme. He must recognise the huge expense involved in that

program by paying full salaries and making all those arrangements. In fact the honourable member's own Party eventually rejected that program. It was an incredibly imaginative program but an incredibly incompetent one. It did not achieve the objectives. The Labor Party rejected it and all Australians rejected it. They recognised the concept; they rejected the practice. What we need is not greater assistance in the form of loan moneys to State governments but an expanding opportunity and a control of wages, an expanding opportunity for business such as this Government has been able to provide, and also a restriction of the continual wage demands with which we have been pressed in the last few years.

State governments have consistently expressed the view that over a long period the arrangements which they previously worked under were unsatisfactory. In fact in 1970, the six States unanimously proposed that they be given direct access to income tax broadly along the lines of the scheme that operated then in Canada. In 1975 they proposed again unanimously that the general revenue grants arrangements should be based on the principle that the States should be compensated for their lack of access to income tax. This principle has been recognised by the present Government. In fact as part of its federalism program it has given and will continue to give the States the opportunity to take up taxation on behalf of their people.

What is happening at the moment? Through the State Premiers there is a de facto taxing power given to the States. They have a share of taxation which they set. They have a share of 33.6 per cent. By common agreement the Premiers of Australia have agreed to tax the people of their States at that level on their personal income tax. What they need to do, of course, is to admit it and come out and say: 'Yes, we have agreed to a tax level of 33.6 per cent on the people of our States, and we will take up the capacity to extend the level at which we will tax or reduce the level at which we will tax'. It would seem to be sensible that from now on this Government ought to show on tax forms and literature the levels of tax which the Premiers of each State have agreed to accept and to allow the people of Australia to see the increased capacity of State governments to carry out works programs if they wished to take them up. This increased capacity could be reflected in works programs if the people of particular States understood such proposals. One has only to look at the record of all States to see their increased capacity in education

and transport, the additional loans they will receive this year, the capacity of local government and the road programs that have been announced. The recommendations should be brought forward strongly to indicate to the Australian people that tax sharing capacity under federalism is something that is beneficial and that will allow a regionalisation of Federal Government policies. It is a possibility that State governments can apply more specifically, economic programs that it is not possible to apply from Canberra, except if one adopts the socialist control of every aspect of human life, of State governments and of local government.

Mr LES McMAHON (Sydney) (11.0)—I remind the House that the amendment moved by the honourable member for Adelaide (Mr Hursford) to the motion for the second reading of the States Grants (Capital Assistance) Bill 1977 reads:

That all words after 'That' be omitted with a view to substituting the following words:

'whilst not opposing the second reading of the Bill, the House is of the opinion that:

- (a) it reduces in real terms the funds available to the States,
- (b) it increases the States' borrowing costs,
- (c) it forces the States to reduce the services they provide and/or to impose additional taxes and charges, and
- (d) it leads to increased unemployment'.

I thank the honourable member for Hughes (Mr Les Johnson) for allowing me time to answer some of the criticism that was directed at the New South Wales State Government by the honourable member for Mackellar (Mr Wentworth) in regard to local government in the area of the city of Sydney—Leichhardt, Marrickville, South Sydney and Botany. Tonight the honourable member for Mackellar stated that the funds given to the New South Wales State Government by the Federal Government had been mislaid by that Government. In other words, the New South Wales State Government had not used the funds provided under the Act. I was very disgusted when the honourable member stated that the New South Wales State Government would rather use money on cars than on people. In his address to this House he said that the area of Glebe should be cut up. I was incensed at what he said because that is where I live. Even before it came to office, the Labor Party in New South Wales fought to stop the north-west expressway. The honourable member for Mackellar lives on the other side of Sydney Harbour. Certainly, he is in the twilight of his life. At his age I do not think he would

drive a car. He has his opinions. He is entitled to them. I hope he is fit to drive a car.

Mr Katter—Could he drive one?

Mr LES McMAHON—I do not know his age. I know that he is in the twilight of his life in the Liberal Party. Why I am upset is that he is interfering with the electorate of Sydney. There are three expressways—the north-western, the western and the south expressway that is going through Botany. The honourable member said: 'Knock all the houses down. Cars before people'. Tonight he said that the State Government was squandering the funds. On Saturday there will be an election in the municipality of Warringah. The honourable member said that the Liberal Party would give its preferences to the independents rather than to the Labor Party. These proceedings are still being broadcast. I hope that people are still listening. Senator Sibraa who comes from New South Wales told me a couple of days ago that he was working hard in the area to help the people to look after the Warringah area. He told me that there is a story going about the area to the effect that the honourable member for Wakehurst, Mr Viney, and the honourable member for Pittwater, Mr Webster, have made arrangements with the independents to try to make local government in that area a bit reasonable. Out of the 12 aldermen there could be eight independent Liberals and four Labor men.

Mr Armitage—There will be a few Liberals amongst the independents.

Mr LES McMAHON—That is the point I am trying to explain to the House. There is a split. This matter was discussed tonight and I was a little upset about it. I am pleased to be able to assure the House and the people of Australia that there will again be a Labor majority on the Leichhardt Council and that the Labor Party will again have a majority on the South Sydney Council.

Mr Armitage—Did you hear an honourable member make that compliment about Les Rodwell?

Mr LES McMAHON—Les Rodwell is a very nice person. He is a good alderman. He is a local boy. The Marrickville Council and the Botany Council will be controlled by Labor.

Mr DEPUTY SPEAKER (Mr Lucock)—Order! I think that the honourable member for Sydney has transgressed as much of the Standing Orders as the honourable member for Mackellar. I suggest that he gets back to the Bill which is before the House.

Mr LES McMAHON—I appreciate your lenience, Mr Deputy Speaker. I was a little bit upset. Under this Bill money is to be allotted to the New South Wales Government. The honourable member for Mackellar has been a member of this place for a long time. I notice that he is now in the House again. I would like him to tell me whether he has a licence to drive a car. How can a person agree that cars should come before people? I hope that he will take a point of order against me and say that I am wrong. If he does not do so it means that he is embarrassed. I am pleased to be able to say that the honourable member has a few dollars. He saved his money over the years. He has a great history of saving his money.

Mr Martyr—Are you saying that Bill does not shout?

Mr LES McMAHON—I did not say that. I would not say that.

Mr DEPUTY SPEAKER—Order! I suggest again that interjections are not helpful. I would point out to the honourable member for Sydney that the fact that interjections are being made does not allow him to transgress the Standing Orders. I would say to the honourable member for Sydney what I said to the honourable member for Mackellar: I think he has explained sufficiently his point regarding the expenditure of State grants on the subject matter he raised. I suggest that we get back now to the real subject matter of the Bill before the House.

Mr LES McMAHON—Again I appreciate your tolerance, Mr Deputy Speaker. I thank the honourable member for Hughes for allowing me to step into his place on the list of speakers tonight. If you agree that I have said what should be said I shall allow the next speaker to carry on.

Mr HODGMAN (Denison) (11.9)—I take pleasure in rising to support this Bill even at this late hour. I feel somewhat like a rose between two thorns. I have been sandwiched between my friend the honourable member for Sydney (Mr Les McMahon) and that great supporter of uranium mining and export, the honourable member for Hughes (Mr Les Johnson), who I understand is to follow me in this debate. As secretary of the Government Members Federal Affairs Committee I support this legislation because it represents yet another step forward in the introduction of the policy of new federalism to Australia. The stronger we can make our federal system the less likely is the chance that we will ever again see this country inflicted with centralist, socialist, republican government such as we saw during the three years of the Whitlam

regime. Whether the Labor Party likes it or not, the plain fact about this legislation is that it appropriates the sum of \$80m to the States, being portion of a total of \$5.775 billion—

Mr Abel—How much?

Mr HODGMAN—\$5.775 billion which this year Canberra is making available to the States of Australia. That represents an increase of 13.6 per cent on last year. So any honourable member, such as the honourable member for Adelaide (Mr Hurford) and the honourable member for Melbourne Ports (Mr Crean), who claims that there has been no real increase at all in the funding of the States is talking through his hat. The increase is 13.6 per cent, considerably above the primary rate of inflation, which at the present moment is 9.2 per cent compared with a disastrous, horrendous 16 per cent when Labor was thrown out of office by the people of Australia on 13 December 1975.

This Bill authorises the payment of capital grants to the States in 1977-78 totalling \$477m. It also provides for an additional amount, an allocation of \$238m, representing the first 6 months payment of capital grants for 1978-79. What does that mean to a small State like Tasmania? It means that under this Bill alone the sum of \$50m is to be injected into the coffers of our State, a State which has never had it so good since the federalist policies of the present Government commenced to be implemented, a State which has done so well that our Labor Premier, who also happens to be the Treasurer of the State, for the last two Budgets has not been able to spend all the money he got from Canberra. He has not been able to spend it! The same man comes to Canberra and cries poverty, yet he is sitting on a goldmine in Hobart. There can be no greater compliment to our federalism policy than that the Premiers cannot spend the money that the States are receiving as a result of that federalism policy. Take the situation of the Premier of New South Wales, earlier today referred to as Nifty Nev, and since his visit to Japan he has been referred to as Nippy Nev. As late as one month before the end of the financial year Mr Wran was in a situation where he had \$45m unspent in his loan fund. What is he doing sitting on \$45m—

Mr Abel—Whingeing.

Mr HODGMAN—And whingeing, as the honourable member for Evans points out, when his State of New South Wales has the highest unemployment in the Commonwealth? Why is he not prepared to spend that money to alleviate the hardship of the employment situation which his

parliamentary colleagues in the Labor Party in this House are complaining about? People on this side of the House are complaining about it too, and we got the secret a few moments ago. He has put aside this money so that when he wants to call an election early next year he will be able to bring it out and say: 'Look what I have got!' At the moment he is endeavouring to deceive the people of New South Wales and the people of Australia by pretending that he has not got enough money.

Look at the situation in Tasmania. In a small State like Tasmania, which has unemployment problems, although fortunately they have been alleviated to large extent as a result of the policies of this Government, we have the situation that in the last month of the financial year the Premier found suddenly that he had to spend \$41m out of his loan funds to avoid being publicly exposed as having more money in the kitty than he had told the public he had. The reason simply is that the new federalism policy has put more money into the pockets of the State Premiers than anything since Federation. Some of them have the gall to cry poverty when they come here, yet they sit on goldmines in their States while men and women walk the streets out of work. We have the situation that the Housing Department, the Department responsible for welfare housing in our State, had to spend \$4m in the last month of the financial year. The story is that it did not get through that. We are told of another \$1m stacked away here and there. We are told that the real Budget surplus was \$8m and not \$1.5m which Mr Neilson publicly proclaimed. Mr Neilson went further and added insult to injury by claiming that the Commonwealth had short changed him by \$6.7m. Mr Neilson has a great capacity for saying 'I have been short changed', and then when the Commonwealth asks him to put up an argument to the Grants Commission to get some more money he backs off very quickly. Three months ago he said that Tasmania had been short changed by \$4m. He had not done his arithmetic. The sad fact is that since Mr Neilson has been Premier of Tasmania there has actually been one period of his term in office when the population of our State declined. I cannot blame Mr Neilson for the decline in the population of Tasmania, but the fact is that it did happen. In the December quarter of 1976, under a Labor government, the population of Tasmania actually declined.

We said to Mr Neilson: 'If you claim that you have not had a fair deal, why do you not go to

the Grants Commission?' The Grants Commission was the brainchild of a Tasmanian, Professor Lyndhurst Giblin. It was created by a Tasmanian Prime Minister, Joseph Aloysius Lyons. It was put there for the benefit of Tasmania and the other small States. It is the protector of the small States. It is an institution to which the States can go if they claim injustice. This hypocritical Premier, the most ungrateful Premier in Australia, claims that he has been short-changed, but when challenged to go to the Grants Commission and ask for the money to be made up he does not answer the challenge. The fact is that the Grants Commission, through the facilities of the Commonwealth Auditor-General's Office, would discover the sorts of things I have mentioned; that is, that Mr Neilson sat on \$41m while unemployment was causing human misery in our State, that Mr Neilson's departments did not spend their money and that his real Budget surplus was \$8m, and not \$1.5m. He and his two Labor colleagues, Mr Wran and the temporary Premier of South Australia, Mr Dunstan, are all sitting on Budget surpluses and are unable to spend the money they are getting as a result of this Government's federalism policy.

In the few moments remaining to me I would like to comment briefly on some of the contributions made in this debate tonight. The honourable member for Adelaide is a friendly man for whom I have a personal regard, but he made one of the poorest speeches that I have heard in this House on this subject. Then, to our amazement, when he finished his speech the Deputy Leader of the Opposition (Mr Uren) came in and gave almost word for word the same speech. It was like an echo. Sitting here, I had the strange feeling that I had heard it before. The voices were different and the faces were different, but the words were the same. The Opposition moved an amendment which is the greatest fraud and charade brought into this House for many years. It claims that this Bill reduces in real terms the funds available to the States. That is a lie. It increases the funds available to the States by 13.6 per cent.

Mr SPEAKER—Order! The honourable gentleman will not characterise the amendment as a lie. He will withdraw that remark.

Mr HODGMAN—It is not true. Is that sufficient, Sir?

Mr SPEAKER—The honourable gentleman will not receive advice from me. I have called upon him to withdraw the remark.

Mr HODGMAN—Thank you.

Mr SPEAKER—The honourable member will withdraw the remark.

Mr HODGMAN—I withdraw the remark. The claim that the Bill reduces in real terms the funds available to the States is untrue, because the Bill increases them by 13.6 per cent. Secondly, the amendment claims that the Bill will increase the States' borrowing costs. That too is untrue. What it does is relieve the States of debt charges which they otherwise would have had to pay. Thirdly, the amendment claims that the Bill will force the States to reduce the services they provide—that is untrue because the States have more money, so why should they have to reduce the services?—and/or will force them to impose additional taxes and charges. That is demonstrably untrue because both the Victorian and Tasmanian governments in their Budgets reduced taxes; they did not increase them. Last but not least—this is the most shabby claim of all—the amendment asserts that the Bill will lead to increased unemployment. This is part of the Australian Labor Party's disgraceful tactic of using the unemployed as a political football in 1977, just as it did from 1972 to 1975. The amendment is worthless. It is deceitful. It is just not worth the paper upon which it is typed.

Mr SPEAKER—Order! The honourable member will withdraw the word 'deceitful' that he used in relation to the amendment. I have already warned him about using that sort of language, and he will cease using it.

Mr HODGMAN—If you please, Mr Speaker, I withdraw the word. The amendment is unworthy of an opposition which claims to be genuinely concerned about the unemployed, because it uses the unemployed as a political football. That is not the sort of thing I expect from the Opposition.

Finally, I wish to take up some points which were raised by the honourable member for Burke (Mr Keith Johnson). He said that in relation to this type of legislation we had to see the way in which the money was used. He referred to land purchases and went on at some length about a number of land purchases in Victoria. It is fair to say that, where the State has come under attack over the way in which it carries out its land purchases, we are entitled at least to query the acquisition by a State instrumentality of a property comprising 326 acres at Craigieburn in Victoria for \$908,750 on 30 August 1974, when later the same day the Commonwealth Government paid the sum of \$1,485,000 for it. That is a 63 per cent increase on the one day.

Mr Groom—When was that?

Mr HODGMAN—The day, I repeat, was 30 August 1974. I do not know who was the Minister responsible but they are the facts—a 63 per cent gain in value on the one day. Since the purchase originally in August 1972 for a mere \$187,000, there has been an increase of 700 per cent. So when people talk about the States not being responsible enough to make purchases with Commonwealth money on behalf of the people living in those States, I feel that those people should consider the form of their own colleagues at an earlier time in respect to a purchase of land which on the face of it warrants, at the very least, a royal commission of inquiry.

In conclusion, I believe that it is absolutely and fundamentally wrong for the Labor Party to continue to misrepresent, and in particular for State Labor Premiers to continue to misrepresent, this Government's federalism policy. We have seen the deceit—not in this chamber but outside—of the claim of double taxation. It is a lie which bedevilled people in the elections in New South Wales and, to some extent, bedevilled the elections in the Northern Territory. The plain fact of the matter is that the States have never had it so good and the smaller States have never had it so good. I am proud, as a member from Tasmania, to say that one thing to which we can point, one achievement of this Government which is irrefutable, is that Tasmania is better off financially today than it has been since Federation. The people of Tasmania are not the least impressed by the specious arguments which come from our colleagues on the other side of the chamber and which will come in a few minutes from the plausible and persuasive honourable member for Hughes (Mr Les Johnson) who will try to blind the whole debate with science. The facts are indisputable. The Tasmanian State Government cannot spend the money it is getting. That is how good our federalism policy is. That is why all Tasmanians welcome this legislation, congratulate the Government and congratulate the Minister for bringing it into the chamber.

Mr LES JOHNSON (Hughes) (11.22)—I cannot see the need for belligerent behaviour at this hour of the night. When all is said and done, we are talking about the States Grants (Capital Assistance) Bill which is not the most animated topic in the world. It seems that at this late hour it is appropriate to talk in a calm, rational and factual way which I will attempt to do.

Mr Hurford—And with integrity which is a contrast to what we have just heard.

Mr LES JOHNSON—And with integrity, which is the kind of advocacy I would expect

from the honourable member for Adelaide. Overall, funds for the States have been increased by 9 per cent which is a reduction of about 2 per cent in real terms. Even these figures, however, are dubious. Last year, actual expenditure on specific purpose grants was \$125m less than the figure announced in the Budget. Although general purpose revenue funds have been increased, funds for specific purposes have been cut by 8 per cent in real terms and funds for capital purposes have been reduced by 12 per cent in real terms. A decline of 12 per cent in capital funds means extra unemployment. It means a downturn in the building industry and a major slowing up of construction of schools, roads, hospitals and the like. I do not think there is any dispute about that. If there is a decline of 12 per cent for these purposes there is bound to be a deleterious effect of the type about which I have talked.

We are discussing funds which are made available by the Federal Government to the States. That is not a political contention; it happens to be a factual contention. As I will show, it is the kind of belief which is totally shared by the State Premiers. After suffering reductions for two years, the States must soon be forced to increase taxes and charges or—

Mr Groom—What about services?

Mr LES JOHNSON—I was just going to mention services. I am saying that in the situation where States suffer reductions over two years they have the option of increasing taxes and charges or—

Mr Groom—Why could they not spend the money?

Mr LES JOHNSON—The honourable member for Braddon has asked a question. I am giving the answer. The Government has two options. It can increase taxes and charges or services will be cut. Both these things are happening in the total State situation. So the federalism policy is likely to collapse. The collapse can come about for the following reasons: Last year the States expected to get an extra \$90m under the tax sharing arrangements to balance cuts in specific purpose grants. As it turned out the \$90m disappeared and five States have to rely on a guarantee to keep with the old formula. As a result the formula for tax sharing has been abandoned. There is now a dispute between the Commonwealth and the States over the new formula. I do not think there is any disputation about that. Any State Premier will tell honourable members about that disputation which is in progress at the

present time. If that dispute is not resolved, federalism is finished.

The major cuts in specific purpose funds include cuts in real terms for major programs such as education and roads. I cannot recall the figure for roads offhand. It is acknowledged by the Minister for Education (Senator Carrick) that in relation to education, the undertaking to uphold a 2 per cent growth factor has not yet been fulfilled. That being the case, with inflation there is a cut in real terms in education. A similar situation prevails in regard to roads. Another area of cuts concerns expenditure on pensioner dwellings which is down 18 per cent in real terms. Funds for Aboriginal advancement are down 16 per cent in real terms. Urban public transport spending has been cut by 25 per cent. Funds for national parks have been reduced by \$2m to \$800,000. Funds for leisure facilities have been dropped by 60 per cent in real terms. As every honourable member knows, urban programs have virtually disappeared. These, of course, include funds for sewerage which formerly were in the vicinity of \$100m and land development growth centres which were formerly over \$100m. Of course the States are concerned. In the New South Wales Parliament on 17 August an urgency motion was moved in these terms.

That this House expresses its concern that the Federal Budget delivered last night:

- (a) Ensures no reduction in unemployment for another year;
- (b) Cuts back funding for primary producers;
- (c) Provides for cuts in real terms in expenditure for traditional federal areas such as welfare housing, hospital and health services, pre-school and child care centres, legal aid, school dental schemes, growth centres, sewerage and other programs;
- (d) Is not conducive to a return of confidence for the private sector.

The Premier, speaking on this matter, expressed great concern about the unemployment situation and the plight of primary producers. The fact of the matter is that unemployment is getting very serious and the Premiers have passed resolutions expressing their concern at this matter. They predict that unemployment will top the 400,000 mark by Christmas this year. The fact is this: The only concession in the Budget to unemployment is a slight extension of the youth unemployment scheme. Age of eligibility is to be increased from 20 to 25 years. But young people will still have to be employed for six months before they become eligible. Total expenditure on unemployment in the Federal Budget is less than \$40m or 0.0004 per cent of total government spending. The cost of this unemployment scheme is less than the \$60m the Commonwealth will save by its sinister

proposal to pay unemployment benefits in arrears.

There was a Premiers meeting. This is the point I was making in respect of the contribution made by the honourable member for Denison (Mr Hodgman). He was virtually saying that the States had been overindulged, that they had been given more than they could spend and matters of that kind. The Premiers met on 5 August and issued a statement of three paragraphs. I shall quote it because I think it is relevant to the argument. It reads:

The Premiers today met in Melbourne and discussed the overall economic situation in Australia. As a result of this review, they urged an immediate stimulus to the economy through a balanced series of measures designed to expand employment, without abandoning the task of getting inflation under control.

It is the unanimous view of the Premiers that interest rates must be reduced as a tangible contribution towards overall economic recovery and to assist in restoring confidence in the public and private sectors.

The money market and the public are geared to a reduction in rates and the Premiers are firmly of the view that there should be an early and significant reduction in the light of the prediction given by the Treasurer at the last Premiers Conference that interest rates would be reduced this year.

Mr Bourchier—This year is not yet over.

Mr LES JOHNSON—The honourable gentleman is interjecting. I do not know whether he disagrees with the sentiments I have just outlined. He may not have been listening very carefully so I remind him that the sentiments are not mine; they are the sentiments of the Premiers, unanimously subscribed to. Premier Hamer of Victoria is just as enthusiastic about this as Premier Wran of New South Wales. Even Premier Bjelke-Petersen—

Mr Kevin Cairns—They made no effort to reduce their interest rates when they had the power.

Mr SPEAKER—Order! The honourable member for Hughes will resume his seat. I point out to honourable members that this is the last speaker in this debate and I think we should hear him in silence and without interjection.

Mr LES JOHNSON—Thank you, Mr Speaker. I will not labour this point. It is the Premiers statement and I think it is very important. The Federal Budget did not contain one indication that interest rates would be reduced so that Australians would have access to funds to get the building and construction industry going. To that extent, from the standpoint of all Premiers, Liberal and Labor alike, there is a very serious omission in the Government's economic strategy. In other words, the Commonwealth has

ignored this unanimous call by the State Premiers for measures to stimulate the economy. For example, look at the manufacturing industry. In that area employment fell by another 41,000 over the past year or by 3.4 per cent, and in the building and construction industry employment in Australia in the past year fell by another 12,000 or by 3 per cent. Australian manufacturing capacity utilisation is worsening. On the latest figures which were published in March it was below 80 per cent. According to the latest figures, Australian private investment was down 3.7 per cent in real terms on last year's figures which were also issued in March.

There is this argument as to whether it is desirable to expand the level of public spending. It so happens that Australia's performance in this regard is not good by comparison with comparable countries. For example, in the United States current public expenditure on goods and services is 18.8 per cent; in Canada it is 19.2 per cent; in Germany it is 19.7 per cent; in the United Kingdom it is 20.5 per cent and in Sweden it is 23.6 per cent. In Australia the level of public expenditure—the proportion of gross domestic product that goes to things public—is 15.4 per cent. Is not there a good case to put against the proposition that we should lift expenditure to a level comparable to that of other countries? It seems to me that there is. Let me just give the House a quick illustration. Several countries have increased expenditure over the last two years. As a result, unemployment has decreased. In the United States unemployment has decreased by 3 per cent and the government of that country claims that it is because of the stimulus given through the public sector of the economy. In Germany there has been a decrease in unemployment of 1 per cent. It is not a massive amount but it is a decrease and it is attributed to this stimulation of the public sector of the economy. Japan, I think, is in a similar position to Germany. I think there must be a lot of new thinking here.

The State Premiers have made other statements which, if time permitted, I would quote. I have already mentioned some of the matters that are affected by the Budget provisions and especially by the provisions affecting money for the States. Let me mention one or two others. As a previous speaker said, local government is a topic which members could be tempted to get stuck into tonight because of the local government elections occurring in New South Wales on Saturday. Local government expenditure has been cut by 5 per cent in real terms. We know about the fiddle. There is an increase in the

amount of direct expenditure. We know there has been a very wide range of decreases in respect of indirect expenditure. I do not have time to enunciate the details of that. With regard to the housing area, total expenditure—this is certainly a State matter—is down 30 per cent in real terms over the last two years. Total housing expenditure this year has been cut by \$53m, a Budget fact. The area of pre-schools, certainly a State matter, has had a cut in funds of \$6m. The Commonwealth is paying only 49 per cent of salaries in the pre-school area compared with 73 per cent last year and 75 per cent in the previous year. The school dental scheme, just another casualty, is down by only \$0.8m, but it is down instead of being up. In real terms the cut is much larger than \$0.8m. I refer next to Aboriginal health. Fancy Aboriginal health being a victim in any situation. It has been cut by \$1m. The Minister for Aboriginal Affairs (Mr Viner) will acknowledge the truth of what I am saying. We have heard a lot about the sewerage program. It would be inappropriate to say that I do not want to dwell on this matter but the fact is that the Commonwealth spent \$259m on sewerage up to 1976-77. Last year it was pruned to \$50m. This year it has been abolished altogether. Certainly the States are justifiably concerned about that savage curtailment.

In this debate I was preceded on this side of the House by my colleague, the honourable member for Sydney (Mr Les McMahon). Does he not have justification to talk about the cuts of 33.3 per cent in the Glebe program? Does he not have justification to complain about the cuts of 60 per cent in the Woolloomooloo program? I come next to youth, sport and recreation. That is down by \$3m. Every honourable member must be concerned about that. This concerns wildlife, national parks and the administration expenses of the Heritage Commission. There has been a \$3m cut in the area of youth, sport and recreation.

Mr SPEAKER—Order! I suggest that the honourable gentleman return to the subject matter of the Bill.

Mr LES JOHNSON—Thank you, Mr Speaker. I have been endeavouring to show the curtailments in areas of expenditure affecting State administration financed by the Federal Government. It would seem to me that the matters to which I have referred appropriately fit into that category. In consideration of the lateness of the hour, I will refer to one other matter. That, of course, is the question of the environment. That affects almost every major State works program. One of the cuts is in expenditure

on public hearings in respect of environmental impact statements. A very important democratic process affecting every State public works.

Mr SPEAKER—Order! The honourable gentleman is talking about Commonwealth Budget cuts. We are debating a Bill about States grants.

Mr LES JOHNSON—I do not want to quibble, Mr Speaker. I think I have made my point concerning that 88 per cent. That is all I wanted to say.

Mr SPEAKER—Just as long as the honourable gentleman understands that I have made my point.

Mr LES JOHNSON—Indeed I do, Mr Speaker, and I have no intention of quibbling about this matter. From what I have said no honourable member can have any doubt that the States have been given a raw deal. The State Premiers have expressed their concern. I believe that in the very near future as elections occur at various levels around this country—not just local government elections but, for example, the South Australian State election—people in the community who are starting to feel the accumulated effect of this Government's ill-advised policies will react. The substantial effect is that private expenditure can go any way its wants, but the casualty has to be the public area. I believe that the public will react. The chickens will be coming home to roost very very soon. I am glad that honourable members are being given an opportunity to speak very fully in this debate. I hope that the other members of the Opposition who are prepared to speak will be given the opportunity to do so. I appreciate the opportunity that I have had to reveal these important facts to the House tonight.

Mr BRYANT (Wills) (11.42)—I want to address myself to this Bill too.

Motion (by Mr Bourchier) agreed to:

That the question be now put.

Amendment negatived.

Original question resolved in the affirmative.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

Third Reading

Leave granted for third reading to be moved forthwith.

Motion (by Mr Viner) proposed:

That the Bill be now read a third time.

Mr HURFORD (Adelaide) (11.43)—With your indulgence, Mr Speaker, and for the record, the Opposition is not going to force a vote on this Bill for the reason that we considered it more appropriate that the time should be used in debate.

Question resolved in the affirmative.

Bill read a third time.

ADJOURNMENT

The Parliament—Trade Unions

Motion (by Mr Viner) proposed:

That the House do now adjourn.

Mr BRYANT (Wills) (11.44)—I want to mention briefly the way in which the House is being managed and the difficulties that we will get into if we take these steps of departing from the 10.30 p.m. adjournment and the 11 p.m. rule. I have been a member of this House for a long while, as has the Government Whip, although he has not been a member for quite as long as I have. I think that we should resist these departures from normal practice in the Parliament. This is the second time in a couple of weeks on which this has occurred. It will not be long before we will be back to the situation of sitting until 3 a.m., which caused great dissatisfaction amongst and great inconvenience to members of parliament. I hope there will be no repetition of this practice.

Mr BIRNEY (Phillip) (11.45)—An incident occurred in Broken Hill this week that almost went unnoticed. It has now been called the Latham affair. It concerns the present Administrator and his stooge, the Town Clerk, as well as Noel Latham, who honourable members will recall is the courageous trade unionist who dared to challenge the might and despotism of the Barrier Industrial Council. After fighting legal battles before the Federal Court of Australia and in jurisdictions of the Supreme Court of New South Wales the matter was finally resolved by way of a settlement. (*Quorum formed*). As I was saying, the incident concerns the present Administrator and his stooge, the Town Clerk, as well as Noel Latham, who honourable members will recall is the courageous trade unionist who dared to challenge the might and despotism of the Barrier Industrial Council. After fighting legal battles before the Federal Court of Australia and in jurisdictions of the Supreme Court of New South

Wales the matter was finally resolved by way of a settlement which effectively restored Latham's membership of the Amalgamated Metal Workers and Shipwrights Union. With the concurrence of the Broken Hill City Council he was reinstated in his job as a leading hand mechanic. However, after he reported for work, some 90 individuals walked off the job. Despite a meeting called this week by the Barrier Industrial Council the 90 members present, being respectively members of the Town Employees Union, the Municipal Employees Union and the Building Trades Union, decided to have their own meeting at which a resolution was passed supporting the right of any individual to exercise his discretion as to whether he should work with any particular person. This resolution was obviously a sham and a fraud and was directed at pressurising the Broken Hill City Council once more into dismissing Latham.

The Administrator and the Town Clerk usurped the functions of their office and acted contrary to all democratic principles when they carpeted Latham at the Council Chambers and put pressure on him to resign on the basis that if he did so voluntarily the Council would pay him full compensation. Let me tell those men now in case they already do not know that their powers flow only from the provisions of the Local Government Act, which would never countenance their despicable behaviour in their miserable attempts to erode the democratic rights of this individual. They are the same democratic rights as thousands of Australians went away for, fought for and died for. Their actions have horrified me and I am sure will disgust all those who believe not only in the rule of law but also in an individual's right to work without harassment and intimidation. I suggest that they both resign.

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

Mr FitzPATRICK (Darling) (11.50)—The dirty role that the honourable member for Phillip (Mr Birney) has played in the Latham dispute—

Motion (by Mr Bourchier) agreed to:

That the question be now put.

Original question resolved in the affirmative.

House adjourned at 11.50 p.m.

ANSWERS TO QUESTIONS UPON NOTICE

The following answers to questions upon notice were circulated:

Registered Unemployed: Western Sydney
(Question No. 1162)

Mr E. G. Whitlam asked the Minister for Employment and Industrial Relations, upon notice, on 16 August 1977:

(1) How many persons were registered as unemployed in the Employment Office areas of (a) Penrith, (b) Windsor, (c) Mount Druitt, (d) Blacktown, (e) Parramatta, (f) Fairfield, (g) Liverpool and (h) Campbelltown as at (i) 31 July 1976 and (ii) 31 July 1977.

(2) What percentage of the persons were (a) males and (b) females (i) under 21 years of age and (ii) 21 years of age and over.

(3) What were the principal work categories of the persons registered as unemployed.

Mr Street—The answer to the honourable member's question is as follows:

(1) Statistics of persons registered as unemployed are compiled on the Friday nearest the end of each calendar month. The number of persons registered as unemployed in the Employment Office area requested at the collection dates nearest to those requested were as follows:

Employment office	30 July 1976	29 July 1977
Penrith	1,447	1,684
Windsor	805	944
Mt Druitt	3,008	3,903
Blacktown	2,686	3,243
Parramatta	2,720	3,758
Fairfield	2,939	3,940
Liverpool	4,693	4,715
Campbelltown	1,296	1,820

(2) The percentages of persons (a) males and (b) females (i) under 21 years of age and (ii) 21 years of age and over were as follows:

Employment office	End-July	Males			Females			Total
		Under 21	21 years and over	Total	Under 21	21 years and over	Total	
Penrith	1976	23.2	45.0	68.2	20.5	11.3	31.8	100.0
	1977	23.5	40.3	63.7	23.5	12.8	36.3	100.0
Windsor	1976	21.5	44.7	66.2	20.5	13.3	33.8	100.0
	1977	19.9	45.1	65.0	23.4	11.5	35.0	100.0
Mt Druitt	1976	26.1	47.7	73.7	18.1	8.1	26.3	100.0
	1977	25.9	43.3	69.1	20.9	10.0	30.9	100.0
Blacktown	1976	28.0	41.7	69.7	20.8	9.5	30.3	100.0
	1977	24.3	40.2	64.5	24.0	11.4	35.5	100.0
Parramatta	1976	21.3	48.9	70.2	18.1	11.7	29.8	100.0
	1977	21.3	47.9	69.2	19.5	11.3	30.8	100.0
Fairfield	1976	20.2	45.4	65.6	20.4	14.0	34.4	100.0
	1977	17.5	45.7	63.1	20.1	16.7	36.9	100.0
Liverpool	1976	26.6	38.4	65.0	25.4	9.6	35.0	100.0
	1977	25.5	37.9	63.4	26.7	9.9	36.6	100.0
Campbelltown	1976	25.8	39.9	65.7	23.6	10.6	34.3	100.0
	1977	20.2	46.0	66.2	20.5	13.4	33.8	100.0

(3) The principal work categories for which unemployed persons were registered were as follows:

End-July	Employment office and occupations of registered unemployed	Number	End-July	Employment office and occupations of registered unemployed	Number
1976	Penrith		1976	Service occupations	69
	Clerical and administrative	399		Other categories	41
	Skilled building and construction	82		Windsor	
	Skilled metal and electrical	79		Clerical and administrative	201
	Semi-skilled	422		Skilled building and construction	36
	Unskilled manual	364		Skilled metal and electrical	37
	Service occupations	58		Semi-skilled	195
	Other categories	43		Unskilled manual	224
1977	Clerical and administrative	549	1977	Service occupations	43
	Skilled building and construction	64		Other categories	69
	Skilled metal and electrical	100		Clerical and administrative	255
	Semi-skilled	504		Skilled building and construction	37
	Unskilled	357		Skilled metal and electrical	40
				Semi-skilled	232
				Unskilled manual	258

End-July	Employment office and occupations of registered unemployed	Number	End-July	Employment office and occupations of registered unemployed	Number
	Service occupations	71		Semi-skilled	1,715
	Other categories	51		Unskilled manual	726
	Mt Druitt			Service occupations	270
1976	Clerical and administrative	633	1977	Other categories	171
	Skilled building and construction	168		Clerical and administrative	1,442
	Skilled metal and electrical	162		Skilled building and construction	170
	Semi-skilled	1,246		Skilled metal and electrical	216
	Unskilled manual	603		Semi-skilled	1,718
	Service occupations	136		Unskilled manual	727
	Other categories	60		Service occupations	291
1977	Clerical and administrative	925		Other categories	151
	Skilled building and construction	94		Campbelltown	
	Skilled metal and electrical	139	1976	Clerical and administrative	380
	Semi-skilled	1,730		Skilled building and construction	68
	Unskilled manual	732		Skilled metal and electrical	57
	Service occupations	198		Semi-skilled	390
	Other categories	85		Unskilled manual	295
	Blacktown			Service occupations	52
1976	Clerical and administrative	769		Other categories	54
	Skilled building and construction	142	1977	Clerical and administrative	493
	Skilled metal and electrical	122		Skilled building and construction	47
	Semi-skilled	840		Skilled metal and electrical	82
	Unskilled manual	587		Semi-skilled	572
	Service occupations	154		Unskilled manual	425
	Other categories	72		Service occupations	113
1977	Clerical and administrative	1,011		Other categories	88
	Skilled building and construction	88			
	Skilled metal and electrical	99			
	Semi-skilled	1,094			
	Unskilled manual	651			
	Service occupations	205			
	Other categories	95			
	Parramatta				
1976	Clerical and administrative	772			
	Skilled building and construction	128			
	Skilled metal and electrical	148			
	Semi-skilled	901			
	Unskilled manual	486			
	Service occupations	198			
	Other categories	87			
1977	Clerical and administrative	1,065			
	Skilled building and construction	145			
	Skilled metal and electrical	170			
	Semi-skilled	1,348			
	Unskilled manual	603			
	Service occupations	303			
	Other categories	124			
	Field				
1976	Clerical and administrative	617			
	Skilled building and construction	147			
	Skilled metal and electrical	143			
	Semi-skilled	1,324			
	Unskilled manual	490			
	Service occupations	180			
	Other categories	38			
1977	Clerical and administrative	887			
	Skilled building and construction	132			
	Skilled metal and electrical	165			
	Semi-skilled	1,781			
	Unskilled manual	609			
	Service occupations	270			
	Other categories	96			
	Liverpool				
1976	Clerical and administrative	1,363			
	Skilled building and construction	215			
	Skilled metal and electrical	232			

International Labour Conference

(Question No. 1164)

Mr E. G. Whitlam asked the Minister for Employment and Industrial Relations, upon notice, on 16 August 1977:

How did the Australian Government delegates vote on the instruments adopted at the Sixty-Second (1977) Session of the International Labour Conference.

Mr Street—The answer to the honourable member's question is as follows:

I presume that the honourable member is in fact referring to the Sixty-Third Session of the International Labour Conference held in June 1977. The Commonwealth Government delegates voted on the adoption of instruments as follows:

Convention No. 148—Working Environment (Air Pollution, Noise and Vibration), 1977—for.

Convention No 149—Nursing Personnel, 1977—abstained.

Recommendation No 156—Working Environment (Air Pollution, Noise and Vibration), 1977—for.

Recommendation No 157—Nursing Personnel, 1977—for.

For the information of the honourable member the Commonwealth Government delegates attending the Sixty-Second (Maritime) Session of the International Labour Conference held in October 1976 supported the adoption of all instruments considered by the Conference. The instruments adopted were:

Convention No 145—Continuity of Employment (Seafarers), 1976.

Convention No 146—Seafarers (Annual Leave With Pay), 1976.

Convention No 147—Merchant Shipping (Minimum Standards), 1976.

Recommendation No 153—Protection of Young Seafarers, 1976.

Recommendation No 154—Continuity of Employment (Seafarers), 1976.

Recommendation No 155—Merchant Shipping (Improvement of Standards), 1976.

Nursing Homes Assistance

(Question No. 1166)

Mr E. G. Whitlam asked the Minister for Health, upon notice, on 16 August 1977:

(1) How many nursing homes received payments under the Nursing Homes Assistance Act in each State in 1976-77 (*Hansard*, 3 November 1976, page 2331).

(2) What were the average weekly fees for nursing homes approved under the Act in each State in 1976-77.

(3) How many nursing home beds were approved under the Act in each State in 1976-77.

(4) What were the total payments under the Act in each State in 1976-77.

Mr Hunt—The answer to the honourable member's question is as follows:

(1) Under the Nursing Homes Assistance Act the Commonwealth Government meets the approved operating deficits of eligible non-profit nursing homes which enter into an agreement with the Government for this purpose. The numbers of nursing homes which received payments under the provisions of this Act in each State during 1976-77 are as follows:

New South Wales	87
Victoria	40
Queensland	41
South Australia	45
Western Australia	22
Tasmania	25
Total	260

(2) Average weekly fees for nursing homes approved under the Nursing Homes Assistance Act are not available. Patients accommodated in these nursing homes are required to meet a prescribed fee equivalent to the standard single rate pension. During the financial year 1976-77 the weekly rates of the prescribed fee were:

\$41.25 effective from 4 June 1976; and

\$43.50 effective from 3 February 1977.

The proprietor may seek approval for the patient fee to be reduced or waived in cases of individual hardship. For

example, in the case of nursing homes catering exclusively for children the fee is \$10.50 a week.

(3) The numbers of beds in nursing homes approved under the Act in each State as at 30 June 1977 were as follows:

New South Wales	4,236
Victoria	1,716
Queensland	1,869
South Australia	1,938
Western Australia	1,002
Tasmania	678
Total	11,439

(4)—

	\$'000
New South Wales	22,802
Victoria	13,377
Queensland	10,119
South Australia	13,191
Western Australia	7,048
Tasmania	3,545
Total	70,082

School Dental Scheme

(Question No. 1169)

Mr E. G. Whitlam asked the Minister for Health, upon notice, on 16 August 1977:

(1) What was the (a) capital expenditure and (b) recurrent expenditure on the School Dental Scheme in each State in 1975-76 and 1976-77, and what will be the corresponding figures in 1977-78.

(2) How many and what percentage of primary school children were treated under the Scheme in each State in 1975-76 and 1976-77, and what will be the corresponding figures in 1977-78.

(3) What is now the estimated date for complete coverage of primary school children throughout the country (*Hansard*, 22 September 1976, page 1348 and 24 March 1977, page 634).

Mr Hunt—The answer to the honourable member's question is as follows:

(1)(a) Capital Expenditure (\$m)

	NSW	Vic.	Qld	SA	WA	Tas.	Total
1975-76	2.12	2.05	5.30	0.82	2.85	0.32	13.46
1976-77	2.19	1.71	1.90	0.83	0.94	0.13	7.70
1977-78 (est)	1.80	1.24	3.60	0.71	0.89	0.23	8.47

(1)(b) Recurrent Expenditure (\$m)

	NSW	Vic.	Qld	SA	WA	Tas.	Total
1975-76	1.85	1.36	1.00	2.54	2.26	1.55	10.56
1976-77	3.59	1.89	2.02	3.10	2.66	1.47	14.73
1977-78 (est)	3.13	2.65	2.77	2.95	3.09	1.43	16.02

(2) All children treated at present are primary school children except in Tasmania where a small number of secondary school children under 15 years of age are treated. The number of primary school children and the percentage covered by the Scheme are shown below:

	NSW	Vic.	Qld	SA	WA	Tas.	Total
1975-76	68,500 (10%)	17,600 (3%)	21,200 (7%)	48,700 (27%)	32,200 (18%)	43,800 (70%)	232,000 (12%)
1976-77	86,353 (13%)	18,635 (3%)	27,618 (9%)	76,035 (42%)	55,369 (31%)	51,015 (82%)	315,025 (16%)
1977-78	112,300 (est)	28,000 (17%)	36,000 (5%)	99,000 (12%)	72,000 (55%)	56,000 (41%)	403,300 (21%)

(3) The estimated date for provision of free dental care to all eligible primary school children depends on progress made by the States in the development of the Scheme. However, on the basis of current development, primary school children in South Australia, Western Australia and Tasmania will be covered by the Scheme by 1982, while in the other States these children will be covered in the period 1985-90.

Post-war Immigration

(Question No. 1181)

Mr Abel asked the Minister for Immigration and Ethnic Affairs, upon notice, on 16 August 1977:

(1) How many persons applied to migrate to Australia in each of the years since World War II.

(2) What was the total number of migrant arrivals for each of these years.

(3) What percentage of the Australian population did those new settlers represent at either (a) 30 June, or (b) 31 December, of each of those years.

(4) What were the net percentage changes in Australia's population for the same years, taking account of permanent departures over arrivals.

Mr MacKellar—The answer to the honourable member's question is as follows:

(1) Statistics of applications for migration are readily available only for the past three financial years, the figures for which are:

1974-75	246,509
1975-76	105,835
1976-77	139,832

Resources are not currently available to enable the compilation of statistics for earlier years.

(2) Until 1959, separate figures were not maintained for migrants. Migrant arrivals were until then being combined with other permanent and long-term movements for statistical purposes. The following table, therefore, shows permanent and long-term arrivals for the period 1946-58 and settler (migrant) arrivals thereafter:

Permanent and Long-term Arrivals (1946-1958)

1946	18,217
1947	31,765
1948	65,739
1949	167,727
1950	174,540
1951	132,542
1952	127,824
1953	74,915
1954	104,014
1955	130,795
1956	123,822
1957	118,695
1958	109,857

Settler Arrivals (1959-1976)

1959	97,777
1960	110,079
1961	95,407

1962	90,464
1963	108,150
1964	134,464
1965	147,507
1966	141,033
1967	135,019
1968	159,270
1969	183,416
1970	185,325
1971	155,525
1972	112,468
1973	105,003
1974	121,324
1975	54,118
1976	58,321

(3) The percentage of the Australian population represented by the overseas born is available only from Census data, and does not take into account the period in which settlers arrived. The relevant percentages at Census dates were as follows:

Census	Percentage overseas born
1947	9.2
1954	13.8
1961	16.4
1966	17.9
1971	19.5

(4) The percentage changes in Australia's population in the post-war years, including the net effects of migration, were:

Calendar year	Percentage population increase during period
1946-1950	11.81
1951	2.65
1952	2.48
1953	1.87
1954	2.10
1955	2.44
1956	2.35
1957	2.24
1958	2.09
1959	2.15
1960	2.27
1961	2.02
1962	1.91
1963	1.93
1964	2.03
1965	1.99

Calendar year	Percentage population increase during period
1966	1.73
1967	1.77
1968	1.96
1969	2.15
1970	2.07
1971	1.99
1972	1.47
1973	1.35
1974	1.63
1975	0.86

Research and Development

(Question No. 1191)

Dr Klugman asked the Minister for Productivity, upon notice, on 17 August 1977:

(1) Is his Department conducting an inquiry into research and development in Australia.

(2) Is so, what are its aims and what forms of research and development are being encompassed within the inquiry.

Mr Macphee—The answer to the honourable member's question is as follows:

(1) and (2) The Department is not conducting an inquiry into research and development in Australia. It is, however, conducting a review of Government incentives to companies to undertake industrial research and development activity, including the provisions of the Industrial Research and Development Incentives Act 1976.

Since my appointment to the Ministry in November 1976, I have spoken to some hundreds of businessmen and invited them to comment on the Act. Already a large number of companies and industry groups have contributed constructive views. These views, together with my own thoughts concerning possible improvements to the program, are currently being examined by officers of the Department.

However, as the Act came into effect on 1 July 1976 and as the first grant payments under its provisions will only be made during the 1977-78 financial year, I consider that it is still too early to fully assess the effectiveness of the program. Accordingly, I do not propose that any major amendments will be made to the Act until there has been sufficient time to assess fully its effectiveness.

The honourable member may be aware that the Australian Science and Technology Council and the Senate Standing Committee on Science and the Environment are at present undertaking inquiries which encompass Government funding of industrial research and development. The Department of Productivity is contributing to these inquiries.

Government Purchases Overseas

(Question No. 1225)

Mr E. G. Whitlam asked the Minister representing the Minister for Administrative Services, upon notice, on 17 August 1977:

Will he bring up to date the information in his answer of 28 April 1977 (*Hansard*, page 1430), on the operations of the Committee of Ministers established to examine cases in which evaluation by government purchasing authorities on the basis of best value for money would lead to goods being bought overseas.

Mr Street—The Minister for Administrative Services has provided the following answer to the honourable member's question:

(1) A total of 22 cases has now been considered by the Cabinet Sub-Committee. A further case is currently awaiting consideration.

(2) Of the 22 cases considered by the Committee 14 in all were decided in favour of the Australian supplier. Details of the contracts additional to those previously advised are as follows:

Goods	Australian supplier	Estimated value
Motor vehicles (utes, vans, station wagons) (Telecom)	Ford Aust. Ltd	\$ 257,000
Trucks (non-articulated) (Telecom)	International Harvester Aust. Ltd (IHA)	986,000
Tipping and tray trucks (Construction)	(i) Chrysler Aust. Ltd (ii) IHA	89,000 78,000
Semi-trailers and prime movers (Telecom)	(Part of total requirement only) (i) IHA (ii) Kenworth Truck Sales Vic. Pty Ltd	41,000 153,000
Forklift trucks (Admin. Services)	(iii) Mack Trucks Hyteco Pty Ltd	204,000 28,000
Passenger and panel vans (Admin. Services)	Ford Sales Co. of Aust. Ltd	337,000

(3) The total estimated additional cost of the Commonwealth to date as a result of the Australian supplier being favoured by the Committee is \$1,362,000. As previously mentioned, when considering 'cost' however, it is also necessary to consider offsetting benefits such as employment that flows from the Australian supplier being favoured.

Registered Unemployed: Electoral Division of Sydney

(Question No. 1233)

Mr Les McMahon asked the Minister for Employment and Industrial Relations, upon notice, on 18 August 1977:

(1) How many unemployed persons are registered with the Commonwealth Employment Service offices in the electoral division of Sydney, and what percentage of the workforce does this represent.

(2) Of the persons referred to in part (1), how many are (a) aged (i) under 21 years, (ii) between 22 and 45 years, and (iii) between 46 and 65 years, (b) migrants, (c) male, (d) female, (e) skilled, (f) unskilled, (g) married and (h) single.

(3) What Government schemes have been established or are planned to assist the particular type of unemployment existing in the inner city of Sydney.

Mr Street—The answer to the honourable member's question is as follows:

As I explained in the answers to questions 220, 221 and 627 from the honourable member for Werriwa, statistics of

unemployed persons registered with the Commonwealth Employment Service (CES) are normally compiled according to individual Employment Office areas. It is not usual for the boundaries of these to coincide with the boundaries of parliamentary electorates and in the majority of cases parts of several Employment Office areas would be contained in any one electorate. Conversely, however, some Employment Offices either contain a single electorate or parts of more than one electorate within their boundaries.

It is possible to state roughly the proportion of each CES Office area contained in a particular electorate and to provide statistics relating to the total number of persons registered as unemployed in each of these Offices. Any attempt to apply the relative proportions to those total figures, however, in an effort to obtain an estimate of the number and characteristics of the unemployed registrants in that electorate, would be misleading as the distribution of population and unemployment within each CES Office area is unlikely to be uniform.

(1) With this caveat in mind, the answer to part (1) of the honourable member's question is that part of 5 Employment Office areas fall within the boundaries of the Federal electoral division of Sydney as presently constituted, viz: Sydney, Marrickville, Surry Hills, Mascot and Leichhardt. The respective proportions of the 5 Employment Office areas involved are 90 per cent of Sydney, 10 per cent of Marrickville, 50 per cent of Surry Hills, 40 per cent of Mascot and 10 per cent of Leichhardt. At end-July 1977 the numbers of persons registered as unemployed at each of these Employment Offices were as follows:

Employment office	Persons registered as unemployed
Sydney	3,661
Marrickville	5,171
Surry Hills	2,943
Mascot	1,476
Leichhardt	4,587

(2) (a) Statistics of persons registered by age are only maintained for persons aged under 21 years and those 21 years of age and over. Within this constraint, the persons listed in part (1) of the answer can be divided as follows:

Employment office	Persons registered as unemployed	
	Under 21	21 years and over
Sydney	487	3,174
Marrickville	1,103	4,068
Surry Hills	388	2,555
Mascot	271	1,205
Leichhardt	904	3,683

(b) Data are not available as to migrant status.

(c) and (d) The sexes of the persons listed in part (1) were as follows:

Employment Office	Persons registered as unemployed	
	Males	Females
Sydney	2,971	690

Employment Office	Persons registered as unemployed	
	Males	Females
Marrickville	3,762	1,409
Surry Hills	2,290	653
Mascot	1,067	409
Leichhardt	3,348	1,239

(e) and (f) The numbers of persons registered for skilled and unskilled occupations were as follows:

Employment office	Occupational category of persons registered as unemployed	
	Skilled	Unskilled
Sydney	254	903
Marrickville	455	1,062
Surry Hills	191	659
Mascot	99	275
Leichhardt	401	736

(g) and (h) Separate statistics of the marital status of male registrants are not maintained. The numbers of married women registered as unemployed at each of the offices concerned were:

Employment office	Married women registered as unemployed	
	Employment office	unemployed
Sydney	Marrickville	86
Marrickville	Surry Hills	158
Surry Hills	Mascot	33
Mascot	Leichhardt	102
Leichhardt		142

(3) Apart from the normal placement activities of the CES, a wide range of additional assistance is available including the Special Youth Employment and Training Program (SYETP), other aspects of the National Employment and Training system and a number of special programs such as pre-apprenticeship training, the Commonwealth Rebate for Apprentices in Full-Time Training (CRAFT) and the Relocation Assistance Schemes are available through the CES to assist those registered as unemployed.

People's Republic of China: Foreign Broadcasts (Question No. 1239)

Mr Kevin Cairns asked the Minister for Foreign Affairs, upon notice, on 18 August 1977:

(1) Has any request been made to the People's Republic of China concerning the broadcasts beamed to South East Asia, known under the name of *The Voice of Thailand* and *Radio Suara Revolusi Malaya—the Voice of Malayan Revolution*.

(2) If so, has a request been made that these broadcasts cease promoting insurrection and revolution, when was the request made and under what circumstances.

(3) What has been the response of the People's Republic of China.

Mr Peacock—The answer to the honourable member's question is as follows:

(1), (2) and (3) During the visit by the Prime Minister to the People's Republic of China last year, Mr Fraser expressed the concern of the Australian Government about the support given by the People's Republic of China for insurgency movements in South East Asia. The Chinese made statements in reply that their relations with foreign communist parties would not be allowed to impinge on government to government relationships.

Research and Development

(Question No. 1260)

Dr Klugman asked the Minister for National Resources, upon notice, on 23 August 1977:

(1) Is his Department at present conducting an inquiry into research and development in Australia.

(2) If so, what are its aims and what forms of research and development are being encompassed within the inquiry.

Mr Anthony—The answer to the honourable member's question is as follows:

(1) Yes.

(2) The Department of National Resources is currently undertaking a national survey of energy research and development in Australia. The survey of Commonwealth Government departments and instrumentalities has commenced, and State governments, universities and private companies will be approached in due course.

It was decided to undertake this survey in recognition of the fact that the formulation of an energy research and development policy which will make the most effective use of the nation's research resources cannot take place without detailed knowledge of the existing research effort.

Defence Expenditure

(Question No. 1295)

Mr Hurford asked the Minister for Defence, upon notice, on 25 August 1977:

(1) In view of the statements in the Budget Speech and papers that expenditure on defence is to increase by 7.4 per cent in 1977-78 relative to 1976-77, and that this is an increase of one per cent in real terms, is the expected implicit deflator for defence expenditure during 1977-78 6.4 per cent.

(2) Since manpower costs are over half of total defence spending, and average weekly earnings are expected to increase by 10.5 per cent, is the deflator for all other expenditure about 2.5 per cent.

(3) Are certain categories of defence expenditure to be cut, is the number of defence personnel to be reduced, or is the pay of defence personnel expected to increase by less than 10.5 per cent.

(4) If any of the possibilities referred to in parts (2) and (3) are expected, what are the details.

Mr Killen—The answer to the honourable member's question is as follows:

(1) and (2) No. Calculation of an expected implicit deflator for defence expenditure requires an estimate in 'outturn' prices. The Budget estimate for defence spending is based largely on prices and wages ruling at the time the estimate was made, namely in May 1977, and does not purport to be an estimate in 'outturn' prices. There is a bulk allowance of

\$90m included in the Budget estimates for prospective increases in wages and salaries during 1977-78 which includes defence; where appropriate, supplementation will be sought in Additional Estimates for other cost increases.

(3) and (4) See answers to Questions (1) and (2). The estimates provide for an increase of one per cent in total defence expenditure in real terms in 1977-78. Details of the composition of defence expenditure—at May 1977 price and wage levels—are set out in Statement No. 3 attached to the Budget Speech (pages 41-44).

Unemployed Persons, Northcote

(Question No. 1309)

Mr Garrick asked the Minister for Employment and Industrial Relations, upon notice, on 25 August 1977:

(1) What is the percentage of unemployed persons per head of work force in Northcote, Victoria.

(2) What are the comparable percentages in (a) Heidelberg, (b) Collingwood, (c) Greensborough, (d) Ballarat, (e) Boronia, (f) Camberwell, (g) Mentone and (h) Prahran.

Mr Street—The answer to the honourable member's question is as follows:

The latest available statistics of the size of the labour force by local government areas are those from the 1971 Census of Population and Housing. These are now out of date and it would be inappropriate to use them to calculate the unemployment percentages sought. Figures from the 1976 Census are not yet available. Moreover, with the exception of Ballarat, all the areas mentioned by the honourable member are within the metropolitan area of Melbourne which, for the purposes of the Commonwealth Employment Service (CES), is regarded as a single labour market.

I can provide the honourable member with the numbers of persons registered as unemployed at the Offices of the CES located in the areas he mentions. However, I should also remind him that CES Offices usually cover an area larger than the boundaries of the local government area in which they are situated.

With these qualifications in mind, the numbers of persons registered as unemployed at end-July 1977 at the CES Offices listed below were:

(1) Northcote 1,508.

(2) (a) Heidelberg 1,203 (b) Collingwood 1,869 (c) Greensborough 1,038 (d) Ballarat 2,819 (e) Boronia 1,617 (f) Camberwell 1,739 (g) Mentone 1,387 and (h) Prahran 2,193.

National Sewerage Program

(Question No. 1315)

Mr E. G. Whitlam asked the Minister for Environment, Housing and Community Development, upon notice, on 25 August 1977:

What sums were paid to each of the local and semi-government authorities participating in the National Sewerage Program in each financial year since 1973-74, and what was the nature of the programs undertaken with the funds.

Mr Newman—The answer to the honourable member's question is as follows:

Allocations under the National Sewerage Program—Works Program for the years 1973-74 to 1976-77 to local and semi-government authorities were as follows:

	1973-74	1974-75	1975-76	1976-77
	\$'000	\$'000	\$'000	\$'000
New South Wales				
Metropolitan Water Sewerage and Drainage Board (Sydney/Wollongong)	10,000	33,000	32,600	14,200
Hunter District Water Board	1,200	3,500	5,000	2,200
Gosford Shire Council	..	883	2,200	2,000
Wyong Shire Council	..	1,415	990	600
Penrith City Council	..	150	550	700
Blue Mountains City Council	..	2,217	680	..
Bathurst City Council	..	14
Orange City Council	..	11
Tweed Heads Shire Council	..	55	120	..
Armidale City Council	..	90	40	..
Dubbo City Council	..	130	80	..
Goulburn City Council	..	100	50	..
Queanbeyan City Council	..	110	90	..
Tamworth City Council	..	40	40	..
Wagga Wagga City Council	..	50	50	..
Broken Hill Water Board	..	35	30	..
Lismore City Council	..	200	280	..
	11,200	42,000	42,800	19,700
Victoria				
Melbourne and Metropolitan Board of Works	13,250	30,100	30,850	13,100
Geelong Waterworks and Sewerage Trust	150	..
Cranbourne Sewerage Authority	..	516	400	700
Dromana Rosebud Sewerage Authority	..	700	700	600
Dandenong Sewerage Authority	..	230	400	..
Frankston Sewerage Authority	..	905	550	500
Melton Sewerage Authority	..	230	600	700
Mornington Sewerage Authority	..	400	800	500
Springvale Sewerage Authority	..	400	350	..
Sunbury Sewerage Authority	..	608	500	1,000
Ballarat Sewerage Authority	..	134
Bendigo Sewerage Authority	..	200	50	..
Warrnambool Sewerage Authority	..	126	50	..
Sale Sewerage Authority	..	50
	13,250	34,599	35,400	17,100
Queensland				
Brisbane City Council	2,800	3,648	3,710	1,000
Albert Shire Council	..	530	1,000	..
Beaudesert Shire Council	..	560	790	..
Bundaberg City Council	..	270	250	..
Caboolture Shire Council	..	310	170	..
Cairns City Council	..	950	1,000	..
Gladstone City Council	..	210	300	..
Gold Coast City Council	15	770	1,800	..
Ipswich City Council	..	350	720	..
Landsborough Shire Council	..	170	113	..
Mackay City Council	..	330	168	..
Maroochy Shire Council	..	290	162	..
Maryborough Maryborough City Council	..	10
Moreton Shire Council	..	1,070	500	..
Noosa Shire Council	..	80
Pine Rivers Council	..	710	1,200	..
Redlands Shire Council	..	1,210	760	..
Thuringowa Shire Council	100	..
Townsville City Council	..	376	420	..

		1973-74	1974-75	1975-76	1976-77
Mount Isa City Council		..	100	21	..
Toowoomba City Council		..	70	3	..
Rockhampton City Council		..	20	13	..
		2,815	12,034	13,200	1,000
South Australia					
Adelaide	Work was carried out by the Engineering and Water Supply	1,600	5,750	5,200	1,000
Whyalla		500	..
Mt Gambier	
		1,600	5,750	5,700	1,000
Western Australia					
Metropolitan Water Supply Board—Perth	Sewerage and Drainage	6,800	11,900	11,900	8,750
Bunbury Town Council	Work was carried out by the	..	300	300	250
Kalgoorlie/Boulder Shire Council	Department of Public Works	..	200	200	..
		6,800	12,400	12,400	9,000
Tasmania					
Hobart City Council		130	140	275	100
Glenorchy City Council		200	550	300	25
Clarence Municipal Council		330	165	200	25
Launceston Corporation		40	125.8	400	150
Kingborough Municipal Council		..	251	225	65
St Leonards Municipal Council		..	140	100	25
Municipality of Burnie		..	142	125	50
Devonport Municipal Council		..	190	125	50
Lilydale Municipal Council		..	71.2	50	10
		700	1,775	1,800	500
Total Works Program		36,365	108,558	111,300	48,300

Projects carried out under the Works Program of the National Sewerage Program were backlog sewerage reticulation; construction of trunk sewer mains; construction and augmentation of sewerage treatment plants.

Allocations under the National Sewerage Program Support Activities for the years 1973-74 to 1976-77 made to State Government Departments, Statutory Authorities, local Government and semi-government authorities were as follows:

	1974-75	1975-76	1976-77
	\$	\$	\$
New South Wales			
Metropolitan Water, Sewerage and Drainage Board	168,750	35,500	191,000
Public Works Department	121,000	58,000	14,000
Hunter District Water Board	172,500	80,000	40,000
	462,250	173,500	245,000
Victoria			
Melbourne Metropolitan Board of Works	199,130	140,000	215,000
State Rivers and Water Supply Commission	119,000	15,000	292,000
Sunbury Sewerage Authority	10,000	13,000	4,000
Melton Sewerage Authority	..	8,000	9,200
Ballarat Sewerage Authority	..	8,000	9,000
Mines Department	20,000
Department of Health	46,000

	1974-75	1975-76	1976-77
	\$	\$	\$
Environment Protection Agency	77,500
	328,130	184,000	672,700
Queensland			
Department of local Government	78,500	200,000	111,000
Brisbane City Council	41,000	97,000	40,500
Redlands Shire Council	16,450	25,000
Mt Isa City Council	30,000	10,500
Cairns City Council	5,000
	119,500	343,450	192,000
South Australia			
Engineering and Water Supply Department	255,750	151,500	149,500
Western Australia			
Metropolitan Water Supply Sewerage and Drainage Board	163,260	155,000	248,000
Tasmania			
Rivers and Water Supply Commission	12,000	11,000	..
Glenorchy City Council	1,000	5,000	..
Launceston City Council	9,000	3,000	7,160
Municipality of Lilydale	6,000
Tamar Region Planning Authority	12,500	75,000
Hobart City Council	75,000
North West Master Planning Authority	35,000
Municipality of Clarence	180
Municipality of St Leonards	160
Municipality of Kingborough	180
	28,000	31,500	192,680

Project carried out under the Support Activities Program of the National Sewerage Program were research, monitoring for pollution control, planning studies and operator training.

School Leavers: Unemployment Benefit (Question No. 1330)

Mr Garrick asked the Minister representing the Minister for Social Security, upon notice, on 6 September 1977:

(1) Why has the Government not decided what interpretation should be placed on the judgment handed down in the High Court with regard to school leavers and the unemployment benefit.

(2) How many young people does the Minister estimate are awaiting this decision.

(3) Is it appreciated that at least one person in my electoral division who registered with the Commonwealth Employment Service in November 1976, and is still unemployed, is awaiting a decision on this matter.

(4) What does the Minister recommend that local members say to persons, such as the one mentioned, when they come for advice.

Mr Hunt—The Minister for Social Security has provided the following answer to the honourable member's question.

(1) The judgment handed down in the High Court related specifically to the case of Karen Green. In the light of this judgment the Director-General of Social Services made a

determination on the claim of Karen Green on 27 May 1977 (see *Hansard*, 30 May 1977, pages 2096-2097).

(2) to (4) When issuing his determination on the Karen Green claim the Director-General stated that if any other applicant sought a review of his claim a review would be made. A small number of applicants sought a review of their claims and most have been dealt with. A decision in the remaining outstanding cases will be made at an early date.

Department of Social Security: Libraries (Question No. 1358)

Mr Bungey asked the Minister representing the Minister for Social Security, upon notice, on 6 September 1977:

(1) How many libraries are in the Department of Social Security, where is each located and what is the main purpose of each.

(2) How many (a) books, (b) publications and (c) periodicals (i) have been acquired in (A) 1974-75, (B) 1975-76 and (C) 1976-77, (ii) are currently in the library and (iii) will be acquired under budget provisions for 1977-78.

(3) What is the annual cost of running each library.

(4) What staff are employed in each library and what major staffing changes have occurred in the past 3 years, or are contemplated.

(5) When were the provision, number and purpose of libraries in the Department of Social Security last reviewed by the Department and/or the Public Service Board, and what recommendations were made at that time.

(6) Which libraries are open to the public, and what is the extent of public usage.

Mr Hunt—The Minister for Social Security has provided the following answer to the honourable member's question.

(1) The Department of Social Security has a central library in its head office in Canberra and a branch library in its state headquarters in each of the six Australian State capital cities. The main purpose of each library is to provide a daily information service for all staff and to keep the Department's professional and administrative officers up to date with developments and new thinking in their respective areas both in Australia and overseas, e.g. in the fields of ADP, social work, homes for the aged, rehabilitation and income security matters.

(2) The information in the form requested is not available. The following information is provided:

(i) Items added to Departmental collections:

	Books and other Publications	Periodicals
1974-75	4,496	268 titles 771 duplicate titles
1975-76	4,979	297 titles 885 duplicate titles
1976-77	4,501	293 titles 1,061 duplicate titles

(ii) Items currently held:

	Books and other Publications	Periodicals
Accessioned items (i.e. valued at \$6.00 or more)	16,700	293 titles 1,061 duplicate titles

Non-accessioned items (i.e. valued at under \$6.00)
(estimated)

17,700

(iii) Estimated acquisition in 1977-78:

	Books and other Publications	Periodicals
Dependent on the publication of relevant titles during the year, it is expected that about 4,500 items will be added to the collections during 1977-78.		It is expected that the same number of periodicals acquired in 1976-77 will be acquired in 1977-78.

(3) The budget allocations for publications for each library in 1977-78 are:

	\$
Canberra	34,000
Sydney	12,000
Melbourne	12,000
Adelaide	12,000
Brisbane	7,000
Perth	4,000
Hobart	3,000
Total	84,000

(4) The establishment of each library is:

Canberra —Librarian Class 2
Librarian Class 1
Library Officer Grade 2
Library Officer Grade 1

	(2 positions)
Sydney	Clerical Assistant Grade 4
Melbourne	Clerical Assistant Grade 3
Adelaide	Clerical Assistant Grade 2
Brisbane	Clerical Assistant Grade 1
Perth	Library Officer Grade 1
Hobart	Clerical Assistant Grade 3

Positions of Library Officer Grade 1 have recently been obtained in Brisbane and Perth and these positions are in the process of being filled. No other major staffing changes have taken place in the last 3 years and none are contemplated.

(5) The last review of the departmental library service made by the Department and the Public Service Board was in May 1977, when positions of Library Officer Grade 1 were sought and acquired for the Brisbane and Perth branch libraries. In August 1974 a position of Library Officer Grade 2 was sought and acquired for the central library for outposting to the newly established branch library of the Social Welfare Commission. The previous review of the central library was undertaken in July 1973 when positions of Library Officer Grade 1 and Clerical Assistant Grade 2 were sought and acquired, and the duties and lines of control of the existing Clerical Assistant Grades 4, 3 and 1 positions were amended.

(6) The public are free to read in all the departmental libraries. Inter-library loans are made to any library in Australia requesting them. Loans will be made direct to persons engaged in social welfare work if there is no facility for an inter-library loan. Public usage has not been measured but members of the public, and in particular students, use the state branch libraries especially in Sydney, Melbourne and Adelaide where there are more extensive collections. The Canberra library is seldom used by the public.

Solar Energy Research

(Question No. 692)

Mr Les McMahon asked the Minister for National Resources, upon notice, on 26 April 1977:

(1) Is solar energy research in Australia falling behind its potential because of shortage of funding; if so, what is the Government's attitude to this.

(2) What sum has the Government directed towards solar energy research in Australia since its election to office in 1975.

(3) How many universities in each State are researching solar energy.

(4) What financial assistance has the Commonwealth Government given to these universities for this research.

Mr Anthony—The answer to the honourable member's question is as follows:

(1) The Government will be examining the matter of the provision of funds for research in the light of the recommendations contained in the Report on Solar Energy from the Senate Standing Committee on National Resources, and advice on energy research and development to be provided by the National Energy Advisory Committee and the Australian Science and Technology Council. It is relevant also that the report of the Senate Standing Committee on National Resources is of the opinion that solar energy will

not make any significant contribution to Australia's energy needs before the end of the century.

(2), (3) and (4) The answers to these questions are contained in the answer to Senate Question No. 544.

Australian Banknotes and Bonds

(Question No. 740)

Mr E. G. Whitlam asked the Treasurer, upon notice, on 27 April 1977:

(1) If he succumbs to the archaic suggestion of the honourable member for Capricornia in question No. 634 that in deference to State susceptibilities the term 'Commonwealth of Australia' should appear on banknotes and the term 'Commonwealth Government' should appear on bonds will he also introduce a corresponding term on coins.

(2) Which of the Australian States or colonies have issued banknotes, and when did each of them last do so.

(3) When did the Australian States last issue bonds.

Mr Lynch—The answer to the honourable member's question is as follows:

(1) As indicated in my answer to Question No. 634 (see Hansard of 2 June 1977, pages 2576 and 2577) it has been decided not to request the Reserve Bank of Australia, which is responsible for the note issue, to change the wording on Australian notes.

(2) Issues of notes by Australian States or Colonies were made only in Queensland and New South Wales. The Colony of Queensland issued treasury notes during 1866-1870 and there was a limited issue by the Colony of New South Wales in 1893. The Queensland Treasury, by legislation in 1893, became the sole note issuing authority in Queensland; that position continued until the Australian Notes Act 1910 prohibited banks from issuing or circulating State notes as money.

(3) The last new issue of bonds by Australian States for public subscription was prior to the signing of the Financial Agreement between the Commonwealth and the States on 12 December 1927. Since then, securities have been issued by State governments only in isolated special cases none of which involved a public offer of securities.

School Dental Scheme

(Question No. 848)

Mr Lloyd asked the Minister for Health, upon notice, on 5 May 1977:

(1) What has been the total expenditure by the Commonwealth and various State governments in each of the States on the School Dental Scheme since its inception.

(2) Of these sums how much has been spent on capital works, training costs and delivery services in each of the States, and how much of each sum has been spent in provincial or rural areas.

(3) How many students in each State have been checked by the service, and of these, how many are provincial and rural.

(4) What is the relationship between the training of dental therapists and technical education programs and policies.

Mr Hunt—The answer to the honourable member's question is as follows:

(1)—

SCHOOL DENTAL SCHEME—TOTAL EXPENDITURE (PERIOD 1 JULY 1973-30 APRIL 1977)

(\$ million)

	Commonwealth	State	Total
New South Wales	11.288	1.271	12.559
Victoria	9.609	1.120	10.729
Queensland	10.244	.538	10.782
South Australia	12.247	1.904	14.151
Western Australia	10.299	1.335	11.634
Tasmania	5.505	1.373	6.878
	59.192	7.541	66.733

(2)—

SCHOOL DENTAL SCHEME—CAPITAL EXPENDITURE FOR PERIOD 1 JULY 1973 TO 30 APRIL 1977

(\$ million)

	Commonwealth	State	Total
New South Wales	6.014	..	6.014
Victoria	(2.761)	..	(2.761)
Queensland	6.019	..	6.019
	(.111)	..	(.111)
Queensland	7.875	..	7.875
	(3.132)	..	(3.132)
South Australia	4.479	..	4.479
	(.935)	..	(.935)
Western Australia	4.825	..	4.825
	(.557)	..	(.557)
Tasmania935	..	.935
	(.295)	..	(.295)
Total	30.147	..	30.147
	(7.791)	..	(7.791)

SCHOOL DENTAL SCHEME—RECURRENT EXPENDITURE FOR PERIOD 1 JULY 1973 TO 30 APRIL 1977

Delivery Service

(\$ million)

	Training Schools		(Clinics)		Total	
	Comm.	State	Comm.	State	Comm.	State
New South Wales	2.253	.123	3.021	1.148	5.274	1.271
	(.901)	(.049)	(1.551)	(.589)	(2.452)	(.638)
Victoria624	.032	2.966	1.088	3.590	1.120
	(—)	(—)	(1.068)	(.392)	(1.068)	(.392)
Queensland985	.023	1.384	.515	2.369	.538
	(.148)	(.004)	(1.328)	(.494)	(1.476)	(.498)

	Training Schools		(Clinics)		Total	
	Comm.	State	Comm.	State	Comm.	State
South Australia	3.273	.115	4.495	1.789	7.768	1.904
(—)	(—)	(—)	(2.655)	(1.029)	(2.655)	(1.029)
Western Australia	2.477	.101	2.997	1.234	5.474	1.335
(—)	(—)	(—)	(.973)	(.401)	(.973)	(.401)
Tasmania	1.724	.032	2.846	1.341	4.570	1.373
(—)	(—)	(—)	(2.320)	(1.093)	(2.320)	(1.093)
Total	11.336	.426	17.709	7.115	29.045	7.541
	(1.049)	(.053)	(9.895)	(3.998)	(10.944)	(4.051)

Note—The figures in brackets show the provincial and rural component.

(3)—

PERIOD 1 JULY 1973 TO 30 APRIL 1977

	Total	Provincial and Rural
New South Wales	199,152	91,922
Victoria	77,327	27,096
Queensland	75,808	58,866
South Australia	180,620	108,425
Western Australia	123,566	74,445
Tasmania	210,655	172,561
Total	867,128	533,315

PERIOD 1 JANUARY 1976 TO 31 DECEMBER 1976

	Total	Provincial and Rural
New South Wales	68,720	21,124
Victoria	19,772	7,247
Queensland	19,561	11,025
South Australia	59,631	31,455
Western Australia	38,825	19,724
Tasmania	63,634	52,307
Total	270,143	142,882

(4) Dental therapy schools are an integral part of the School Dental Scheme and are not covered by the Technical and Further Education programs. Commonwealth funding is provided through my Department and the administration of the dental therapy schools is a responsibility of the State Health authorities. The role of the Technical and Further Education Council in relation to the dental therapy schools is currently being examined.

Imported Potatoes: Quarantine (Question No. 853)

Mr O'Keefe asked the Minister for Health, upon notice, on 5 May 1977:

(1) Can he say whether Australian potato growers are anxious to prevent foreign diseases entering Australia through the import of overseas potatoes.

(2) Will he ensure that strict quarantine provisions exist.

(3) Will he state what precautions are being taken to stop the following diseases entering Australia: (a) golden nematode, (b) black wart, (c) colorado beetle, (d) ring rot and (e) potato cyst nematode.

Mr Hunt—The answer to the honourable member's question is as follows:

(1) Potato growers have from time to time expressed concern about disease of potatoes entering Australia by means of imported potatoes.

(2) The quarantine conditions under which potatoes are allowed into Australia have been developed, inter alia, to exclude potato cyst nematodes, black wart, Colorado beetle and ring rot. These conditions are rigidly enforced. The importation of potatoes is not permitted for general sowing purposes or sale in an unprocessed state. The only potatoes permitted entry are small lots for sowing under rigid quarantine control, and quantities that are used for processing into such products as frozen chips and potato crisps. Potatoes for processing can only be imported from areas free from the abovementioned pests. The processing must be carried out under quarantine supervision in registered premises in a metropolitan area where disposal of soil and wastes can be controlled.

(3) (a) Potatoes are not imported from areas where potato cyst nematodes (including golden nematode) are known to exist, except in small lots that are to be sown under rigid quarantine control. This excludes potatoes from European sources. New Zealand potatoes are only permitted entry if they originate in areas which have been shown by detailed survey to be free of potato cyst nematodes and where potatoes are grown in a rotation which ensures that potatoes are only grown in a given area once in four years.

(b) Potatoes are not imported from areas where black wart occurs, except in small lots that are to be sown under rigid quarantine control. This excludes potatoes from Europe, North and South America, South Africa, India, China and Nepal. Black wart has been found only in domestic properties in Invercargill in the South Island of New Zealand, but potatoes are not exported to Australia from the southern part of the South Island.

(c) Potatoes are not imported from areas where Colorado beetle occurs, except in small lots that are to be sown under rigid quarantine control. The pest occurs in North America and Europe.

(d) Potatoes are not imported from areas where ring rot occurs, except in small lots that are to be sown under rigid quarantine control. The disease occurs in North and South America, Europe and Asia.

Nursing Homes (Question No. 1111)

Dr Klugman asked the Minister for Health, upon notice, on 16 August 1977:

(1) How many approved nursing homes are located in the electoral divisions of (a) Mitchell, (b) Parramatta and (c) Prospect.

(2) How many approved beds are in each home.

(3) What were the weekly charges for patients at each home on or about (a) 1 January 1976, (b) 1 January 1977 and (c) what are the charges at the present time.

Mr Hunt—The answer to the honourable member's question is as follows:

(1) (a) 19 as at 31 July 1977, (b) 19 as at 31 July 1977, (c) 4 as at 31 July 1977.

(2) and (3) The number of approved beds in each home as at 31 July 1977 and the weekly charges for patients at each home on (a) 1 January 1976, (b) 1 January 1977 and (c) 31 July 1977 are shown in the following table:

Name of nursing home	No. of approved beds	Ward sizes	Approved weekly fees		
			1.1.76	1.1.77	31.7.77
Mitchell Electoral Division					
Nursing Homes Assistance Act					
Chesalon	34	All beds	39.75	41.25	47.10
The Churches of Christ	61	All beds	39.75	41.25	47.10
Grand United War Memorial	26	All beds	39.75	41.25	47.10
Iona	36	All beds	39.75	41.25	47.10
Leumeah	120	All beds	39.75	41.25	47.10
Marian	36	All beds	39.75	41.25	47.10
Multi-Handicapped Blind Children's Unit	42	All beds	39.75	41.25	47.10
Warrina (Wyuna Wing)	53	All beds	39.75	41.25	47.10
Wesley	35	All beds	39.75	41.25	47.10
National Health Act					
Cabrini	40	All beds	105.00	132.16	135.87
Castle Hill	43	1 bed	125.30	144.76	151.13
		2 bed	114.80	134.26	140.63
		4, 5 and 8 bed	101.92	121.38	127.75
Lester	32	2 bed	113.61	141.75	159.74
		3 bed	110.11	138.25	156.24
		4 bed	103.11	131.25	149.24
		5 bed	101.71	129.85	147.84
Merrylands	86	1 bed	121.38	135.31	143.71
		2 bed	106.82	120.75	129.15
		3 bed	103.39	117.32	125.72
		4 bed	100.03	114.03	122.43
Pendle Hill	119	1 bed	126.84	144.27	153.44
		2 bed	116.34	133.77	142.94
		4 bed	109.34	126.77	135.94
		5 bed	102.24	124.67	133.84
Rocklea	70	1 bed	138.32	156.73	163.24
		2 bed	127.82	146.23	152.74
		3, 4 and 6 bed	117.32	135.73	142.24
Windsor Lodge	18	All beds	101.64	117.25	133.35
McCall	66	All beds	92.33	110.95	120.40
Richmond Community	24	All beds	98.70	121.94	126.21
Thomas House	63	All beds	105.28	123.97	129.78
Parramatta Electoral Division					
Nursing Homes Assistance Act					
Bethany	10	All beds	39.75	41.25	47.10
Chesalon Parish	34	All beds	39.75	41.25	47.10
Chesalon Parish	48	All beds	39.75	41.25	47.10
Courlands	15	All beds	39.75	41.25	47.10
IOOF	24	All beds	39.75	41.25	47.10
Oatlands	53	All beds	39.75	41.25	47.10
National Health Act					
Aloha	17	1 bed	152.88	166.60	173.18
		2, 3 and 4 bed	131.88	145.60	152.18
Brentwood	84	1 bed	150.64	166.25	173.74
		4 bed	106.89	122.50	129.99
Curie	44	1 bed	119.84	158.41	163.45
		2 bed	110.04	148.61	153.65
		3 bed	108.99	147.56	152.60
		4 bed	107.94	146.51	151.55
Eastwood	48	1 bed pte suite	137.27	162.68	175.63
		1 bed	130.27	155.68	168.63
		2 bed suite	122.92	148.33	161.28

Name of nursing home	No. of approved beds	Ward sizes	Approved weekly fees		
			1.1.76	1.1.77	31.7.77
Granville	35	2 bed	119.42	144.83	157.78
		3 and 4 bed	115.22	140.63	153.58
		1 bed	101.15	134.47	142.87
		2 bed	96.25	129.57	137.97
		5 and 6 bed	92.75	126.07	134.47
Kaloola	51	All beds	101.08	118.02	128.03
Parramatta	96	All beds	99.33	119.63	129.50
Seton Villa	24	All beds	93.45	93.45	120.40
Shalom	55	All beds	103.39	128.52	139.37
Wallock	64	All beds	95.41	121.24	130.41
Yallambie Elderly Ladies	54	All beds	94.99	114.10	121.80
Government Nursing Homes					
Lottie Stewart	129	See note (b)			
St Catherine's Villa	16	See note (b)			
Prospect Electoral Division					
National Health Act					
Fairfield	79	1 bed	105.63	126.35	133.63
		2 and 3 bed	99.89	120.61	127.89
		5 and 6 bed	97.23	117.95	125.23
Garden View	72	All beds	98.14	118.09	127.75
		1 bed	92.05	117.88	125.02
		Rest	85.05	110.88	118.30
Villawood	100	All beds	94.50	115.22	121.10

Notes:

- (a) The fees for nursing homes approved under the National Health Act (other than Government nursing homes) are the fees approved by the Department of Health for ordinary care patients. The patient's liability to meet these fees from his own resources is reduced by the amount of Commonwealth and nursing home fund benefits payable. For extensive care patients, fees and benefits are \$21 a week higher. This will increase to \$42 a week as from 1 October 1977.
- (b) Nursing homes classified as Government nursing homes are not subject to Commonwealth fee control.
- (c) Nursing homes approved under the Nursing Homes Assistance Act are deficit financed by the Commonwealth Government and this takes the place of Commonwealth benefits which otherwise would be paid in respect of each patient to assist in meeting fees paid. The fees shown are the prescribed patient fees applicable as at the various dates indicated. This patient fee is normally varied each time pension rates are varied. From 1 October 1977 patients in deficit financed nursing homes insured with a hospital benefits fund will be charged an additional fee equal to the full benefits payable under the National Health Act. This additional fee will be recoverable from the registered hospital benefit funds with which the patients are insured.

Sea Transport to and from Tasmania

(Question No. 1226)

Mr E. G. Whitlam asked the Minister for Transport, upon notice, on 17 August 1977:

Who have carried out studies of the costs of a new service between Westernport and Tasmania and what have been their findings (*Hansard*, 20 October 1976, page 2017; 2 December 1976, page 3210 and 5 May 1977, page 1595).

Mr Nixon—The answer to the honourable member's question is as follows:

As I indicated in answer to an earlier question on this subject, priority would be given to Commissioner Nimmo's recommendations relating to Westernport when the transport assistance scheme is implemented. The Government recently announced details of the southbound scheme and we are now able to direct our attention to the remaining recommendations of Commissioner Nimmo.

While ANL has had a very preliminary look at some aspects of the Nimmo recommendations, it has not proceeded to a serious study involving surveys, costing and engineering feasibility. An Inter-Departmental Committee is currently considering the recommendations of Commissioner Nimmo which have not yet been the subject of action by this Government. I understand that the Inter-Departmental Committee is examining proposals for a more

comprehensive study of the feasibility of using Westernport than could be performed with the expertise available within ANL. I will announce the further action the Government will take when I have received the report of the Inter-Departmental Committee.

The company which is examining a proposal involving a fast small container vessel between Westernport and Devonport, has made available to my Department a copy of its consultant's report. However, any developments in this proposal would be a matter to be announced by the company concerned.

National Rural Bank: Establishment

(Question No. 1246)

Mr Short asked the Treasurer, upon notice, on 18 August 1977:

(1) Does he recognise the need to proceed with speed in the establishment of a National Rural Bank.

(2) When will the details relating to the nature and structure of the Bank be announced.

(3) Will the Government take steps to ensure that the Bank is established as soon as practicable.

(4) Will it be practicable to establish the Bank within the next 6 months.

(5) Could I receive an answer to this question by 8 September 1977.

Mr Lynch—The answer to the honourable member's question is as follows:

(1) to (5) The Government is pursuing this matter with all possible expedition. A number of important policy and technical questions are, of course, involved which will need to be considered in detail, and discussions with the financial institutions concerned are being arranged without delay. I am not in a position to forecast at this stage precisely when the Bank will be established.

Education

(Question No. 1310)

Mr Garrick asked the Minister representing the Minister for Education, upon notice, on 25 August 1977.

(1) Do the Government's spending decisions on education announced on 3 June 1977 effectively involve the transfer of about \$13m from government schools to private schools.

(2) Did the announcement indicate that real growth in education at both school and university level was actually cut.

(3) Will 1978 be the start of a major slow-down in education outlays.

(4) Are the guidelines for 1979 and 1980 a true representation of the Government's intentions.

(5) If so, why were the guidelines given in 1976 for 1978 not adhered to in accordance with this consistency.

(6) Was the Government's decision to reallocate money from public to private schools based on any recommendations by the Schools Commission.

(7) Was this decision taken on political grounds and not for education reasons.

(8) Was the original function of the Schools Commission to be an independent arbiter deciding where funds should be directed.

(9) If so, does the fact that the Government has now given direct instructions on overall financial guidelines in considerable detail throw a new light on the independence of the Commission.

(10) Will the new guidelines mean that in an immediate sense it is harder for students to gain access to universities and colleges.

(11) Will most tertiary institutions have to slash their budgets and retrench some of their staff.

(12) Will operating resources per student in universities fall substantially.

(13) What effect will the decision have on (a) the job market for academics and (b) planned capital projects in tertiary institutions.

(14) Except for the \$3.1m which has been granted to non-Government Teachers Colleges, will Colleges of Advanced Education have the same funds in 1978 as they did in 1977, if one takes into account the price rises factor.

(15) Did the last report of the Australian Universities Commission state that the guidelines for the 1977-79 triennium specify a minimum growth in expenditure for the second and third years of the triennium (2 per cent) and that unless this is a guaranteed minimum rate of growth, such forward planning will not be possible and the arrangements will not constitute a triennial system.

(16) If so, does the fact that the Government has changed its mind now mean that triennial funding no longer exists.

(17) Does it also mean that funds will now be tighter in Government schools than for many years.

(18) Will many schools be battling to ensure that standards do not fall.

(19) Is it a fact that while Federal funds to Government schools are not increasing in real terms, enrolments in these schools will rise by 0.5 per cent.

(20) Will some of the richest non-government schools get more money in 1978.

(21) If so, does this reflect a redistribution of government spending away from schools in 'have not' communities.

(22) Is he able to say whether the Treasurer indicated on 20 May 1977 that the Education Commissions were to work on the basis of a 2 per cent increase in real terms for spending in universities and schools in 1978 and 1979.

(23) If so, did the Treasurer also call these figures minimum figures for planning guidance only.

(24) Has the Minister's attention been drawn to the fact that many people in the field of education regard these statements and the final decisions as examples of broken promises and demoralising in the extreme for education planners.

(25) Will the cut-backs from original estimates render much administrative planning wasted.

(26) Is it the Government's view that there should be zero or minus real growth in education over a long period of time—a consolidation period.

(27) Were Commission guidelines broken in 1977; if so, must future guidelines be regarded with some scepticism.

(28) Exactly what sum will be transferred from what hitherto has been the public school section to private schools on the basis of (a) the Government's decision to raise grants in private schools in categories (1) and (2) to a rate equivalent to 20 per cent of the running costs per pupil in Government schools, (b) the Government's direction to the Schools Commission to include in its recommendations provision to link private school grants automatically to average per pupil costs in Government schools and (c) the Government's direction to provide a special capital grant of \$3m to help private school construction in new areas for 1978.

(29) Will the Government make an explanatory statement about the policy behind this \$3m grant.

(30) Will this grant encourage the expansion of the private school system into new areas on an on-going basis.

(31) If the estimate of one weekly newspaper that the total shift in resources from Government to private schools will be of the order of \$12-14m is incorrect, what will the shift actually be.

(32) Will the net effect of the new directions in education spending be to weaken the Schools Commission.

(33) Did the Chairman of the Schools Commission describe the Government's approach as both divisive and disruptive.

(34) Does the Government have any plans to make a definitive and genuine policy statement on education; if so, when.

(35) If the Government does not have any plans to make a policy statement, what is the reason.

Mr Viner—The Minister for Education has provided the following answer to the honourable member's question:

(1)-(35) It will be recalled that the previous Government in 1975 reduced the total level of expenditure under the education Commissions' programs for 1976. By contrast, this Government adopted levels of expenditure for 1977 which restored real growth to the education programs. Funds for colleges of advanced education were increased in real terms by 5 per cent, for TAFE by 7½ per cent and for universities and schools by 2 per cent.

In times of major inflationary pressures no government can sustain fixed triennial planning because of the impossibility of making large fixed commitments three years ahead. Accordingly, the Fraser Government has introduced the principle of the rolling triennium with indicative planning guidelines to enable planning to be made against the prospect of increased national capacity.

The guidelines for 1978 envisaged indicative planning goals of 2 per cent for universities, colleges and schools, and 5 per cent for TAFE. In the light of the need for the maintenance of economic restraints the Government has not been able to provide for 2 per cent growth in the three sectors. It has, however, essentially consolidated them upon the base growth levels achieved in 1977 and has provided a 10 per cent increase for TAFE.

The Government recognises that the slowing down of growth in universities and colleges of advanced education in 1978 may lead to some re-adjustments. Nevertheless as far as staff are concerned the wages and salaries component of recurrent expenditure will receive full cost supplementation. Such costs represent by far the major part of education expenditure. Although capital funds will not be supplemented in 1978, tender prices are proving to be far more stable in recent times.

Concerning the Government's position on grants to schools, I refer the honourable member to my statement, made in the Senate on 8 September 1977, when I tabled the Schools Commission Report for 1978.

Foreign Investment Review Board

(Question No. 1328)

Mr Hurford asked the Treasurer, upon notice, on 6 September 1977:

(1) Did he say in his Press release No. 69 of 8 April 1976 on the establishment of the Foreign Investment Review Board that the Board would be given a statutory basis at a later date.

(2) If so, is the legislation to be introduced during the present parliamentary sittings; if not, why not.

(3) Has he received any advice from (a) the Board or (b) the Treasury on this matter.

(4) If so, will he release that advice.

Mr Lynch—The answer to the honourable member's question is as follows:

(1) Yes.

(2) No; see answer to (4).

(3) (a) Yes. (b) Yes.

(4) I am not prepared to release particulars of advice given to me by the Foreign Investment Review Board or the Treasury. Nevertheless, I may say that I have become aware of certain problems inherent in establishing legislation for the Board. The issues warrant further investigation. As announced in my policy statement of 1 April 1976 the Board has responsibility for advising the Government on the need for and scope of a Foreign Investment Review Act. The Board has this task in hand.

Ministerial Visits to the Republic of Korea (Question No. 1480)

Mr E. G. Whitlam asked the Minister for Primary Industry, upon notice, on 14 September 1977:

(1) Has he now read the article appearing in the *Australian Financial Review* of 10 February 1977 which, in commenting on the expulsion of a South Korean diplomat, alleged that one of the coalition's most important Ministers is well known in diplomatic circles for the lavish and exclusive hospitality he has enthusiastically accepted on visits to Seoul (*Hansard*, 8 September 1977, page 1016).

(2) Does he dispute that he is the only coalition Minister to have visited South Korea in the last 10 years, as the Prime Minister stated on 16 August 1977 (*Hansard*, page 254).

(3) If he does dispute the Prime Minister's statement, to which of his colleagues does he believe that the article referred.

Mr Sinclair—The answer to the honourable member's question is as follows:

(1) Yes.

(2) The Prime Minister's reply on page 254 of *Hansard*, 16 August 1977, referred only to visits by present coalition Ministers, one of which took place after publication of the *Australian Financial Review* article on 10 February 1977.

(3) The article contains an unsubstantiated allegation. It is not true in any way of any hospitality extended or received on any visit I have made to the Republic of Korea.

Secret Union Ballots

(Question No. 3)

Mr Connolly asked the Minister for Employment and Industrial Relations, upon notice, on 9 March 1977:

(1) How many unions have taken advantage of the Government's offer to conduct secret ballots for union elections through the Australian Electoral Office.

(2) How many unions have chosen to conduct their own ballots.

(3) How are ballots, which unions conduct themselves, supervised.

(4) What will be the cost to revenue of the elections referred to in part (1) during 1976-77.

(5) What will be the approximate cost of the elections referred to in part (2) during 1976-77.

Mr Street—The answer to the honourable member's question is as follows:

(1) I understand the honourable member's question as referring to the number of organisations of employees which have applied to have elections officially conducted under section 170 of the Conciliation and Arbitration Act since the Government's secret postal ballot legislation came into operation on 9 August 1976. From 9 August 1976 until 29 July 1977, the number was 46.

(2) Elections in organisations are normally conducted on a recurrent basis related to the term of the office concerned. As a result, it would not be possible to indicate the number of organisations of employees which have chosen to conduct their own ballots until the full cycle of elections, extending over 3-4 years in most instances, has been completed.

(3) Where the rules of an organisation do not provide for secret postal ballots, elections are to be conducted by the

Returning Officer appointed under the rules of the organisation and in the manner prescribed in the Secret Postal Ballot Regulations to the Act.

Where the rules of the organisation do provide for secret postal ballots, elections are conducted by the Returning Officer appointed under the rules of the organisation and in the manner provided in the rules of the organisation.

(4) The estimated cost to revenue of elections referred to in part (1) was \$246,680.08.

(5) Information on the cost of elections conducted by organisations themselves is not available.

Conciliation and Arbitration Act: Rules of Registered Organisations

(Question No. 97)

Mr Clyde Cameron asked the Minister for Employment and Industrial Relations, upon notice, on 9 March 1977:

(1) Does the Conciliation and Arbitration Act or its Regulations make any provision that requires that the rules of a registered organisation shall give its members ample notice of the opening and closing date for nominations for official positions.

(2) If not, is it the practice of the Registrar to refuse to register rules which fail to provide for suitable public notice of the opening and closing dates of nominations, particulars or offices to be filled and ample time within which a candidate may nominate for office.

Mr Street—The answer to the honourable member's question is as follows:

(1) Section 133 of the Conciliation and Arbitration Act requires that the rules of a registered organisation shall provide for the manner in which persons may become candidates for election. Neither the Act nor the regulations specifically require that the rules give members notice of the opening and closing date for nominations. However, section 140 of the Act provides that the rules shall not impose upon members conditions, obligations or restrictions which, having regard to the objects of the Act and the purposes of registration under the Act, are oppressive, unreasonable or unjust.

(2) Compliance with the Conciliation and Arbitration Act and the prescribed conditions set out in the Conciliation and Arbitration Regulations is a precondition to registration as an organisation. Regulation 115(i) is to the effect that none of the rules of the applicant association . . . shall be a rule which, if the association were registered, would contravene sub-section (1) of section 140 of the Act.

The operation of alterations to certain rules of an organisation requires the certification by the Registrar that, in his opinion, the alteration complies with and is not contrary to the provisions of the Act, of the regulations or of an award and is not otherwise contrary to law.

Whether a provision of the rules of an organisation complies with the requirements of section 140 is a matter for the opinion of the Industrial Registrar.

Conciliation and Arbitration Regulations: Nominations for Positions in Registered Organisations

(Question No. 98)

Mr Clyde Cameron asked the Minister for Employment and Industrial Relations, upon notice, on 9 March 1977:

(1) What is the reason for the alteration made to sub-regulations (2) and (3) of Regulation 139 of the Conciliation and Arbitration Regulations.

(2) In what way does the new regulation affect persons belonging to an organisation whose rules stipulate no opening and closing date for nominations, but allows its management committee to summarily fix such dates without notice or publication.

(3) How can the practical application of this Regulation be reconciled with the provision of Regulation 146AD except by keeping nominations open for at least 2 months.

Mr Street—The answer to the honourable member's question is as follows:

(1) Regulation 139 of the Conciliation and Arbitration Regulations, as amended by Statutory Rules 1976 No. 187, prescribes that a request by an organisation or a branch of an organisation under section 170 (1) of the Conciliation and Arbitration Act for the conduct of an election shall be made not less than 2 months or more than 6 months before the last day on which persons may become candidates at the election—that is, the closing date of nominations. Formerly, the prescribed period was a period not less than one month and not more than three months before the closing date of nominations.

The amendment of regulation 139 was in response to difficulties experienced in the operation of the former regulation. I am advised that, in many instances, requests were not made until the period prescribed by regulation 139 (2) had almost expired and that as a consequence the Industrial Registrar and the Chief Australian Electoral Officer at times encountered serious difficulties in the conduct of the election, requiring, for example, the postponement of certain steps in the election.

I am also advised that experience had shown that it was desirable, in order to reduce the likelihood of requests being made out of time, to enlarge the time for making requests by extending the maximum period during which they may be made from 3 months to 6 months before the closing date of nominations.

Resolution of these difficulties has been effected by increasing the maximum time prescribed for the making of a request to 6 months before the closing date of nominations and having the time for making requests expire 2 months before that date.

(2) Under the amended Regulation, the Registrar retains his discretion under regulation 139 (3) to accept a request made less than 2 months before the closing date of nominations. The type of situation to which the honourable member has adverted appears to be covered by the existence of this discretion in the Registrar. Furthermore, the Government has also promulgated regulations (Statutory Rules 1977 No. 33) which require industrial organisations to notify by 1 September in each year information as to the dates of nominations for elections due in the forthcoming 12 month period. The regulations also require the publication of this information by the Industrial Registrar. Members of organisations will thus have an opportunity to decide whether to request an election under section 170, and be able to do so well within the prescribed time limits.

(3) I have already described the effect of regulation 139. Regulation 146AD, which applies to elections conducted under the secret postal ballots regulations, prescribes that the Returning Officer shall, within 21 days before the opening of nominations, publish in a newspaper certain particulars concerning the lodging of nominations.

There is no conflict between these two regulations. The requirements of regulation 139 are founded upon the closing date of nominations, those of regulation 146AD upon the

opening date of nominations. In practice, in the case of an organisation conducting an election in accordance with the secret postal ballot regulations, and requesting the conduct of that election under section 170 (i), the requirements of the Regulations would apply without conflict. For example, where the rules of an organisation required nominations to remain open for one month, a request under section 170 (i) would, in accordance with regulation 139, be required to be made at least two months before the closing date of nominations and thus would precede the opening date of nominations by one month. That request would precede by one week the notification in accordance with regulation 146AD, that is, 21 days before the opening date of nominations. It is not, therefore, a result of the combination of regulations 139 and 146AD that nominations must remain open for a period of 2 months, or that they may be required to remain open for a longer period than specified by the rules of an organisation.

Trade Union Elections (Question No. 614)

Mr Wentworth asked the Minister for Employment and Industrial Relations, upon notice, on 18 April 1977:

(1) What elections have been held in trade unions registered under the Conciliation and Arbitration Act since 31 December 1975.

(2) How many persons were entitled to vote at each of those elections.

(3) How many votes were recorded at each of those elections.

Mr Street—The answer to the honourable member's question is as follows:

(1), (2) and (3) The only official information available on union elections relates to those of elections that are conducted by the Industrial Registrar or the Australian Electoral Office pursuant to section 170 of the Conciliation and Arbitration Act. The information sought by the honourable member for the period 9 August 1976 to 29 July 1977 is contained in the table referred to in the Answer to parliamentary question No. 437, and which has been placed in the House of Representatives Table Office. Information for the period 1 January 1976 to 8 August 1976 will be forwarded to the honourable member when it is available.

Cultural Agreements (Question No. 1152)

Mr E. G. Whitlam asked the Minister for Foreign Affairs, upon notice, on 16 August 1977:

(1) With which countries does Australia have cultural agreements under negotiation.

(2) What exhibitions, groups, performers or artists have been (a) offered by or (b) sought from each country with which Australia has a cultural agreement in 1977 (*Hansard*, 9 December 1976, page 3683).

Mr Peacock—The answers to the two parts of the honourable member's question are:

(1) Australia has cultural agreements under negotiation with Argentina, Greece and Romania.

(2) (a) The following exhibitions, groups, performers or artists have been offered in 1977 by countries with which Australia has a cultural agreement:

France—Nil

India—Exhibition of Tantra art, performing group.

Indonesia—Nil.

Iran—Art exhibition, Exhibition of pictures of tourist attractions, Groups of performing artists, Art experts, Music soloist.

Italy—Objects from Pompeii.

Japan—Nihonga (Modern Art) Exhibition, Tokugawa Exhibition.

Korea—Nil.

Malaysia—Nil.

Philippines—Nil.

Singapore—Nil.

Thailand—Nil.

USSR—Two ballet soloists, Karen Khachaturian (composer), Three writers.

Yugoslavia—Exhibition of mediaeval frescoes, Exhibition of modern art, Zagreb soloists (string orchestra).

(b) The following exhibitions, groups, performers and artists have been sought in 1977 from countries with which Australia has cultural agreements:

France—Exhibition of French art from the Louvre.

India—Creative writer.

Indonesia—Musician, Poet.

Iran—Nil.

Italy—Exhibition of Venetian Renaissance Masterpieces.

Japan—Kabuki Theatre Weaver.

Korea—Nil.

Malaysia—Nil.

Philippines—Nil.

Singapore—Musician-composer.

Thailand—Nil.

USSR—Masterpieces of European Art from major Russian collections, Valery Klimov (violinist).

Yugoslavia—Exhibition of Naive Art.

Northern Territory Newsletter (Question No. 1201)

Mr Bungey asked the Minister for the Northern Territory, upon notice, on 17 August 1977:

(1) What is the annual cost of the (a) production and (b) distribution of the publication *Northern Territory Newsletter*.

(2) How many copies of each edition are produced.

(3) Who are the major recipients.

(4) What staff is involved in the (a) production and (b) distribution of the publication.

Mr Adermann—The answer to the honourable member's question is as follows:

(1) (a) \$16,620.00 per annum. (b) \$12,000.00 per annum.

(2) 3,120 copies per month.

(3)—

Senators and Members of Parliament

Permanent Heads of Departments

Australian Embassies

Parliamentary Press Gallery, Canberra

Newspapers and other publishers

All Northern Territory pastoral stations

All Northern Territory police stations

Northern Territory schools and libraries

Companies and banks and others in the private sector

Northern Territory Australian Government Departments

Local Government

Various State M.L.A.'s and M.L.C.'s and,

Individuals

(4) (a) Press Officer, Department of the Northern Territory as part of his duties in this position.

(b) One clerical assistant, as part of her duties.

Imported Fresh Potatoes

(Question No. 1281)

Mr Scholes asked the Minister for Primary Industry, upon notice, on 25 August 1977:

Has he authorised the import of fresh potatoes from overseas during the last 12 months; if so, what quantities and from what source.

Mr Sinclair—The answer to the honourable member's question is as follows:

The responsibility for the authorisation of imports of fresh potatoes under the Customs (Prohibited Imports) Regulations lies with my colleague, the Minister for Business and Consumer Affairs. I am advised that no imports of fresh potatoes have been authorised in the last 12 months.

Processed Potatoes

(Question No. 1282)

Mr Scholes asked the Minister for Primary Industry, upon notice, on 25 August 1977:

Does he have any knowledge of a shortfall or anticipated shortfall, in processors' requirements for processing potatoes.

Mr Sinclair—The answer to the honourable member's question is:

I understand that at present crisp manufacturers are experiencing some difficulties in obtaining good quality potatoes for crisping because of the effects of the recent cold weather and that these difficulties could persist until October. However, these are not of a serious enough nature to be termed as a shortfall and would not warrant a need for imports. Since February this year potato prices have been depressed and are unlikely to improve until October.

Australian Capital Territory: Sewerage Programs

(Question No. 1318)

Mr E. G. Whitlam asked the Minister for the Capital Territory, upon notice, on 24 August 1977:

(1) What sums were expended on sewerage programs in the Australian Capital Territory in each financial year since 1973-74, and what sum has been allocated for these programs in 1977-78.

(2) What percentage and number of dwellings in the Territory are connected to a sewerage service.

(3) Are all dwellings in new sub-divisions in the Territory connected to a sewerage service.

Mr Staley—The answer to the honourable member's question is as follows:

(1)—

1973-74—\$5,616,732

1974-75—\$12,505,963

1975-76—\$20,955,338

1976-77—\$22,058,577

1977-78—\$11,967,000 (estimate)

(2) There are approximately 64,850 dwellings in the Territory which are connected to a sewerage service and this figure represents 95.5 per cent of the total dwellings.

(3) Yes, all residential dwellings in new sub-divisions are connected to a sewerage service.

Australian Security Intelligence Organisation: Budget Allocation

(Question No. 1329)

Mr Garrick asked the Prime Minister, upon notice, on 6 September 1977:

(1) In the light of the trenchant criticism of Australia's secret agencies contained in the published part of the Hope report, what has the Australian Security Intelligence Organisation done in the last 12 months to warrant the considerable increase in its budgetary allocation.

(2) Is this increase part of a featherbedding exercise to reduce the impact of unemployment among public servants.

Mr Malcolm Fraser—The answer to the honourable member's question is as follows:

(1) and (2) It has been the long standing practice of Australian Governments, regardless of their political complexion, not to enter into discussion on specific matters affecting intelligence and security. I intend to continue this practice.

Department of Immigration and Ethnic Affairs: Allegations of Harry Rolnick

(Question No. 1332)

Dr Klugman asked the Minister for Immigration and Ethnic Affairs, upon notice, on 6 September 1977:

(1) Has his attention been drawn to a letter by Harry Rolnick, a United States travel writer based in Hong Kong, appearing in the *National Times*, of 22-7 August 1977.

(2) If so, is he happy with the attitude of the officer of his Department referred to in the letter.

(3) Have the allegations been investigated.

(4) What steps have been taken to prevent a recurrence.

Mr MacKellar—The answer to the honourable member's question is as follows:

(1) Yes.

(2) and (3) The allegations were investigated.

(4) The *National Times*, August 29-September 3, 1977, carried my Department's reply to Mr Rolnick's letter. No further action is contemplated, but the Department accepts the need for continuing care in its liaison with travellers.

Governor-General Designate: Staff, Salary and Entitlements

(Question No. 1397)

Mr James asked the Prime Minister, upon notice, on 8 September:

What accommodation, transport, staff, security and allowances are being provided for the Governor-General designate, and from what date have they been provided.

Mr Malcolm Fraser—The answer to the honourable member's question is as follows:

For details of the facilities being provided to Sir Zelman Cowen I refer the honourable member to the answer I gave

to a similar question upon notice from Senator Colston (Question No. 1197, Senate *Hansard*, 6 September 1977, page 619). The Commonwealth's financial obligations commenced on 12 August 1977.

**Canberra College of Advanced Education:
Purchase of BMW Motor Car**
(Question No. 1416)

Mr Porter asked the Minister representing the Minister for Education, upon notice, on 13 September 1977:

(1) Has the Canberra College of Advanced Education purchased a BMW motor car during the last 2 years; if so, what was the purchase price paid and did it include sales tax.

(2) If such a vehicle was purchased and, if it is to be used by the Principal for official purposes, where is the car garaged.

(3) Which Commonwealth and State education institutions of the status of the Canberra College of Advanced Education provide a car to be used for official purposes by their respective principals and what is the make and type of the vehicle so provided.

Mr Viner—The answer to the honourable member's question is as follows:

(1) The Canberra College of Advanced Education has purchased a BMW motor car during the last two years. The price of the vehicle was \$11,995. The purchase was exempt from sales tax, under section 63A of the Sales Tax (Exemptions and Classifications) Act 1935.

(2) The car was purchased for use by the Principal for official purposes only. For eight years since his appointment, the Principal had used his own private car for official purposes. The car is garaged at the Principal's residence.

(3) I do not have the specific details requested.