

## ADDRESS-IN-REPLY

Resumed from 15 June 1982 (page 16)

Mr WRIEDT (Franklin - Leader of the Opposition) - The members of this House have been chosen by the people of Tasmania to represent their interests in this Parliament. We are here for that reason and for that reason alone. We are not here for our personal gain nor do we engage in destructive argument. There will of course be argument, but membership of this Parliament represents a trust placed in us by our fellow Tasmanians. But being members of Parliament also places us in a unique position inasmuch as we are able to influence the course of events - which is much more than can be said by persons who are not members of Parliament.

It is with those basic thoughts in mind that I wish to canvass some of the problems, as I see them, of our State of Tasmania at the present time.

Much has been said during the past few weeks about getting Tasmania back on the track and reactivating our economy. Today we have heard remarks such as, 'This economy was dragged to its knees by the former Labor Government'. I want to look at the very things that have in fact brought this State to the difficult situation it faces.

The factors that are at work in this State are deep seated, cumulative and largely influenced by circumstances beyond the control of Tasmanians - whether in the private or the public sector. I would hazard a guess that, if there is disillusionment in Tasmanian society now, there will be a great deal more in 12 months' time because the people who now sit on the government benches in this Parliament have certainly not demonstrated to date - either by their statements or by anything that has happened since the session began - that they have the answers to these problems.

The three particular areas I want to deal with are the effect on Tasmania of the New Federalism policy of the Fraser Government, and the related matters of the ownership of industry in this State and the question of investment in this State.

I would reject immediately the accusation which is being made that our present dilemma is the fault of the previous administration. No government is perfect, but those who sit on the government side and try to kid themselves as of today, June 1982, that after 12 months of Liberal rule all these problems will disappear are in for a great shock because they will inherit the same problems as the Holgate Government, the Lowe Government and the Neilson Government before it.

I believe the Premier was told by the Prime Minister in Launceston last Saturday week just how rough the deal will be. He went to that meeting telling the public that he would tell the Prime Minister about Tasmania and ensure Tasmania obtained a better deal from the Commonwealth. I suggest that all he received from the Prime Minister was the big no and the cold shoulder. He is realising now exactly the sort of difficulties he will be confronted with.

To understand the basic problem it is important to realise that the government side will be confronted with exactly the same problems; that it will be dealing with a philosophy. The Liberal-Country Party document of September 1975 which started off the so-called New Federalism policy - and I will quote only very quickly from two aspects - says:

'Federalism, therefore, is not merely a structural concept.  
Its principal justification is a philosophical one. It aims  
to prevent dangerous concentration of power in a few hands.'

I will come back to that in a moment. The other quote says:

'If Government is to be effective it must be accountable  
for its actions. It should raise the moneys which it spends.'

The first quote is the key. It is not a structural concept, it is a philosophical concept and what is happening in this country today is directly relevant to those words written in October of 1975. It does not matter which State Government of what political colour we are dealing with, the same factors that were spelled out then apply today.

Look at the Thompson Liberal Government in Victoria that went down only a matter of weeks ago. It did not go down entirely because it was an incompetent or tired government, as has been said; the Thompson Government in Victoria went down because it could no longer provide the service to the people of Victoria that they had been accustomed to down the years. The reason was that Lindsay Thompson was being starved of the funds to do the very things he normally would have been able to do. The same applies to the Premier's friend, Dr Tonkin, in South Australia. Why is the Liberal Party on 32 per cent in South Australia? One has only to read his budget account last year to realise the difficulties Dr Tonkin is facing in exactly the same way as did Thompson, the previous Government here, the Court Government in Western Australia and the Wran Government in New South Wales. Next on the line it will be the Gray Government, and there is not one aspect of these things from which it will be able to escape, rest assured of that.

In a letter to Premier Lowe on 12 July 1975, the Prime Minister said:

'I must reiterate that the Commonwealth considers that the current guarantee formula is too generous, and make the obvious point that any proposal for continuation in its present form would not be acceptable.'

Premier Lowe replied, in his letter to the Prime Minister on 18 July:

'... I am not encouraged by the way in which you stress your view that the current guarantee formula is too generous. I take it that you intend to communicate to me and to the people of Tasmania your determination to further reduce revenue to this State.'

That was a correct statement and that was happening to every Premier.

Whilst all this was going on - the Prime Minister of the day claiming that he was being generous to the States - every State Government in the Commonwealth was finding its capacity to maintain its public works programs being screwed back. If we look at the deal Tasmania received in the first three years of this Federalism policy, is it any wonder that there had to be cut-backs under the previous Government? Is it any wonder there was a deficit if the Government was even to maintain a modicum of the services that the Tasmanian people had been accustomed to down the years?

In a letter dated 14 January 1980, when he was asked to make a comparison between what Tasmania had had in the first three years of the Fraser Government and what it had had in the three years of the previous Whitlam Government, Mr John Howard, the Treasurer, said that the total increase in payments to Tasmania in those three years of the Labor Government was 127 per cent. He said that in the first three years of the Fraser Government it fell to 18 per cent and that the increase in the CPI in those first three years was 35 per cent.

This is the manifestation of the Liberal philosophy. This is the point we must remember: it is a philosophy which Mr Fraser has imposed on all the States whereby the payments to the State have been less than half the increase in the cost of living. That, according to Mr Fraser, was a good deal and previous Labor governments in this State have had to suffer the effects of it.

If we look again at the State Budget for this year we find the effect it has had on new capital works in this State. On page 37 of the State budget papers we see that new capital expenditure peaked in Tasmania in the financial year 1976-77 at \$126 million. Every year since then that figure has declined. That was the year that the Federalism policy was introduced and there will be no variation on it whilst the Fraser Government

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remains in Canberra. Last financial year it was down to \$115 million. In fact in real money terms this State, over that six-year period, received \$60 million less for its capital works programs than it would otherwise have received.

I am curious to know what it is this Government proposes to do to rectify the position because there is no way that Mr Gray or his Government will have any impact whatsoever on Malcolm Fraser. That being so, we can only assume that the public works programs in this State will continue to slide and more and more people will continue to be laid off, even under a Liberal government.

We can look at another couple of areas to show the dramatic impact on the State's finances by comparing the proportion of borrowings by the State - that is through the Loan Council - with our State works and housing programs. If we go back to the financial year 1975-76, they constituted 28 per cent of those programs. By the financial year 1980-81, they were 87 per cent. That is a dramatic shift in the finances of any State government. I have not checked the figures for the other States, but I have no doubt a very similar pattern follows there. Consequently they are all in that boat of having to find finance from other sources, if they possibly can, to maintain their capital works programs or alternatively to wind them down, and that of course is mainly what has been happening.

Again, if we take the proportion of total Commonwealth payments to Tasmania since the 1975-76 Budget as a percentage of our State Budget for each succeeding year since 1976-77, we find that figure has dropped from 130 per cent down to 79 per cent - another illustration of the dramatic change that has taken place. All these may seem to be simply figures but in fact anyone who has been a treasurer - or the Under-Treasurer himself and now the present Treasurer - will know exactly what this all means. When the sums have to be balanced the problem is not resolved by simply selling off the Government Printing Office or the Tasmanian Government Insurance Office; it is solved by increasing revenue in some way. But increased revenue will not of course be obtained through the present arrangements.

Let us look at the document that was published by the South Australian Treasury in December 1981. I deliberately refer to this State for two reasons - firstly because we are allegedly in some form of alliance with the Tonkin Government. Let us hope the alliance is a quick one because the Tonkin Government will not last much longer. The observation is made in that statement that, since 1977-78, public sector outlays in South Australia have been declining as a percentage of gross national expenditure. The accompanying table shows that in real terms the slow-down in the rate of growth of public sector outlays in the latter half of this decade has been quite dramatic. The significance of it is that this policy is something which affects all State governments and the present Tasmanian Government will find itself in exactly the same boat as the previous Government - that is, a continual squeezing of funds.

Again, the South Australian budget papers reveal the same situation we have experienced here. As I said, the contrast is stark - that is, the contrast in the manner in which the Commonwealth payments to that State have been declining. It says:

'The Commonwealth Government's success in restraining its expenditures has been achieved at the expense of the States.'

That is true. If one cares to read the Queensland accounts he finds the same position obtaining there.

I would put it to the House that the core of the trouble facing this State, particularly in recent years, has been the deal it has received from the Federal Government. That alleged philosophical approach is in fact a dogma, an ideology. Yesterday I was very pleased to hear the comments of the member for Braddon, Mr Lyons. I noticed they were repeated in the Press this morning. I may quote them. It seems to be an accurate account:

'Mr Lyons said the people expected the Government to be decisive and business-like but this approach had to be tempered with humanity because the Government was dealing with people.'

That is a good point. But he says:

'Above all, there should be commonsense. The Parliament should forget about ideology and fancy ideas and set about implementing decisions ...'

That is true, but it is apparent already that this Government is hell-bent on its ideological approach to bowl over the public sector in this State.

The argument runs that if that is done, the private sector takes up the slack. We have heard that here today. We listened to it ad nauseam six years ago in another place where we were told exactly the same thing would happen, that if we depressed the public sector there would automatically be an improvement in the private sector and that would take up the slack. It is a myth that has been exploded over the years and yet we have geniuses coming in here, telling Tasmania that they have the answer, namely, that they will sell off all the government property and that the private sector will take up the slack. Have they not read any history? Have they not listened to the experience of other countries that have done this sort of thing? They have an ideological bent that we must have a dogma and that we must follow it.

I agree that it is just as stupid to take the opposite view and say we must push down the private sector to build up the public sector. It is just as self-defeating. If we live in a mixed economy, if we want a healthy economy, we do not set out to persecute one and not the other; we do not persecute either of them. But that is what will be done here. The whole public sector in this State will be persecuted, and the first of it of course is apparent here today.

Why is it that countries like Sweden, West Germany and Austria, countries with mixed economies, have been able to build up and weather depressions over the years? They have been prepared to support both their public and private sectors and that is what we ought to be doing in this State, not setting out to strangle one in the hope that the other will rescue us, because it will not. In 12 months' time this dogma, this ideological course on which the people on the government side have set themselves, will be a proven failure. I do not mind that - I hope it is exposed for what it is - but the thing that worries me most is the fact that in the process many Tasmanians will be hurt.

Believe it or not, I do not believe in making long speeches but I do want to make one or two other remarks. It should be placed on record that previous Tasmanian governments established a good liaison with the private sector in this State. Those governments did everything they could to develop private industry in Tasmania and what better authority could we have than names like Norman Gilberthorpe of Aberfoyle who spoke at the Economic Society seminar here last February at which, for example, talking about mining exploration, he said:

'... Support from the State Government Department of Mines is readily forthcoming.'

He went on to say:

'Contact with State Government officials concerning matters of mutual interest in the development of new projects tends to be easier and more effective, and the necessary decisions by the State Government tend to be made more quickly' -

that is, than with other State governments.

John Elliott of Henry Jones, who also spoke there, said:

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'... another important strength is that the Government in this State is keen to encourage development. And to that extent they are prepared to look at any idea to help. Another great strength is that this island has good port facilities. And the last thing is that in the agricultural and food area, the Universities and the Government have always been prepared to sponsor agricultural research to look at ways that things can be done better in Tasmania.'

I believe that those statements stand on the record as an example of the type of co-operation genuinely entered into by the previous Government with the private sector - an intelligent relationship. But how could previous Labor governments possibly have done any more than they did when they were being starved for funds to maintain the ordinary services of government? Let us see how this Government will get over that problem.

I think it is obvious to any Tasmanian that one of the matters of very great concern to us is that the control of this State is gradually passing out of our hands, if it has not largely done so already. The major industries of this State are now controlled by interests which are not Tasmanian. I do not suggest for one moment that this is an easy problem to deal with but we have been a victim of a creeping control outside of this State, not only on the mainland but also overseas, in a number of areas. Unless we can start on the road to regain control of our destiny the slide will continue because we will be used up and ripped off.

When I speak of co-operation I do not believe it is beyond the wit of a Tasmanian government with the Tasmanian business community - the private sector, those who are genuinely concerned about the future of the State - to participate in a proper working partnership for the benefit of Tasmania. That ought to be the goal of this Government. It is not the goal, of course, because it does not seem to understand that there cannot be a healthy private economy if the public sector is kicked.

The Fraser Government was a classic demonstration of this. In 1976 it came into office with 260 000 unemployed. Within five years the number of unemployed had doubled, despite the investment allowance and the stock valuation adjustment. Massive hand-outs to the private sector of \$2 000 billion to \$3 000 billion still did not give the private sector the capacity to absorb the new work-force and keep unemployment down, much less reduce it. It doubled in that time, and it will double again here because the same factors are at work.

One other area which I wish to bring to the attention of the Parliament is some information which I sought from the Foreign Investment Review Board because, as we all know, investment is vital to any expanding economy. We can get that investment only from one of two sources: the public sector or the private sector. It is for that reason I asked the Premier today how he proposes to increase his public sector investment. He has no answer to it. I do not know what the answer is either. There is no answer because the Fraser Government will not allow us to do it. The Premier will learn next week how much the Fraser Government will give him to increase his public sector investment.

If that is to be the case - and the theory is supposed to work - the only alternative is to increase the investment from the private sector and that is simply not happening here. I would be interested, some time later in the course of the debate, if the Premier can give me an explanation as to how it will work out.

I want to quote the Department of Industry and Commerce figures from the December 1981 survey for major manufacturing and mining investment projects in Australia. We see the sad state of affairs there as far as Tasmania is concerned. We find that in December 1980 Tasmania received 2 per cent of the total investment in mining and manufacturing in Australia; by June 1981 that had declined to 1.5 per cent; by December 1981 it had declined to 0.9 per cent; and I understand that figure has since declined further. So we are down to less than 1 per cent of the indigenous capital investment in mining and manufacturing coming into this State. That is an abyssmal picture and I do not know how the Government will change that.

If we look also at the level of overseas investment coming into Australia we find the same very depressing story. In 1976-77, for example, Tasmania received 1.4 per cent of that investment; in 1977-78, 0.3 per cent; 1978-79, 0.7 per cent; 1979-80, 1.8 per cent; 1980-81, 0.5 per cent; and 1981-82, 0.2 per cent - one-fifth of 1 per cent of the \$2 billion that came into Australia in the first six months of this year. In fact in the first six months of this financial year Tasmania received nil. If we go back over the 12 months we see that one-fifth of 1 per cent came into this State. That is the sort of thing which this Government has inherited.

I close by restating the point I made earlier: if there is anyone on the government side who imagines that he will resolve the problems of this State by getting hung up on his ideological positions, he is not only leading himself to an electoral disaster next time round but he is leading this State to a disaster. That is not the way out. If we are to be successful in developing this State, I have no hesitation in saying we must put this State first, even at the risk of being accused of being parochial. That is our responsibility and the responsibility of this Parliament and of the Government. And I ask the Government not to embark on the course that it has already indicated to the electorate but to use its influence to combine those forces, both public and private, in this State for the general development and the welfare of the people of this State.

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