

remain. It is true that certain concessions are extended to industries to establish themselves in country centres, but immediately they break even those concessions are withdrawn. More permanent inducements must be offered to such industries instead of informing them that as soon as they become properly established they must paddle their own canoe. If industries are to be attracted to country districts to provide employment for persons who are displaced from the rural areas, real and lasting benefits in the form of taxation concessions must be made available.

My Leader referred to the fact that a person who lives in the country has to pay freight on whatever he purchases. If he buys something in the city, he pays the Melbourne price plus the freight. If he sends goods from the country to the city, he pays freight at the point of despatch. The only item on which the city dweller pays freight is fuel.

The Lurgi gas plant at Morwell has been closed with a resultant loss of employment to many country dwellers. A suggestion was made that this plant should be retained for use in an emergency. Natural gas, which is brought out of the ground, can be turned off, but it is not possible to turn off the Lurgi gas plant. If it is turned off, the plant rusts up and cannot be started again. As the Minister pointed out, it would not be possible to use the Lurgi plant because it would necessitate the reconversion of gas appliances. This was a great disappointment to the member of the Legislative Assembly who represents this area and who put up this proposal. The Lurgi plant is now redundant. If industries are to be maintained in the country areas greater sincerity and less political stunting must be displayed. Only sincerity in this field will help to relieve the situation.

Members of the Distribution of Population Committee found the decentralization of Government Departments to be of great assistance to country towns in other States. In

Gippsland, many people are leaving country towns because of a shortage of doctors, the lack of dental facilities and problems connected with education. All of these matters are reacting to the detriment of the country. As I said earlier, unusual situations sometimes require unorthodox approaches. I consider that an unorthodox approach must be made to the problem of decentralization. Primarily, those responsible should examine this State's existing economic system with a view to its revision; perhaps it has outlived its usefulness. One question which should be examined is whether under the present financial structure money has become a commodity rather than a medium of exchange.

The Hon. B. P. DUNN (North-Western Province).—I could not allow this opportunity to pass without making some comments concerning the farming community. Before I do so, I wish to pay a short tribute to my predecessor in this House, Sir Percy Byrnes. I know Sir Percy well and believe he is held in high esteem not only in the North-Western Province but also throughout the State. I am proud to represent that province in this House.

Yesterday, I was one of 10,000 or more farmers who marched through Melbourne to demonstrate the plight of rural people. We marched because of many factors, but basically because, although this is a wealthy, affluent and developed nation, it is wealthy, affluent and developed in sections and the farming community considers that it is not sharing in this wealth, affluence and development. The position throughout north-western Victoria, of which I have had some experience, causes me great concern because farmers in that area are confronted with difficulties from which it will be difficult to extricate themselves. A serious economic position exists. As I speak with farmers, I realize that it is a deep problem, and that they are greatly concerned. Over the years, primary industry has formed the economic backbone of

the country; it has brought about much of the stability which exists, and has encouraged growth and development.

It is interesting to note that the gross value of primary products of Australia in 1968-69 was \$3,920 million. In fact, agriculture generated 9 per cent. of the gross national product in that year. With this economic development in Australia, costs have continually risen, which is the factor that has the greatest effect and impact on the farming community. Rising costs are responsible for the majority of problems which confront primary industry at present. It has been said that in the past 16 years, rural costs have increased by about 40 per cent. Although the increase in production costs during the past year was 6.8 per cent., the total value of rural production increased by only 4.1 per cent., causing a net decline of 0.2 per cent. in total farm income. Farmers cannot readily absorb rising costs, and these cannot be passed on.

By means of improvements or increased efficiency and other methods, farmers have tried to cover the increased costs of production. Farmers certainly have become more efficient in recent years. Australian farmers are among the most efficient in the world. To meet production costs, farmers have endeavoured to utilize their land and the production facilities that are available to them. Instead of a 3-yearly rotation in wheat crops, a 2-yearly rotation scheme has been implemented to enable farmers to obtain the same return as they enjoyed in the past. This, of itself, causes problems. As honorable members now realize, a glut of wheat exists, and this has been attributed to over-production. The glut has been controlled by the introduction of a quota system by the grower organizations. No doubt that system was necessary.

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It was obvious that unless markets were available for the produce, production could not continue at its existing level; sufficient storage was also necessary. To the small wheat growers, and in fact to all wheat growers, especially those in the area with which I am familiar, the quota system will mean a reduction by 1970-71 of 35 per cent. of the average production during the preceding six years. Naturally, reduced production means a cut in income, and any person who suffers a 35 per cent. reduction in income must encounter extreme difficulties.

I desire to speak principally concerning the position of small farmers. I believe the family unit farmers who make up the basis of the rural population and the farming community, are hardest hit by rising costs, the implementation of quotas and other factors. Unless some efforts are made to cut costs of production, the smaller farmers will eventually be forced off their farms. Although the situation looks extremely difficult for the small farmer, we must fight to retain him in the industry for as long as possible.

Few farmers can readily leave their properties and gain suitable employment in other fields. The majority of farmers, who are skilled in primary production, do not possess the qualifications which would enable them to step readily into another job. This real problem for the small farmer is one that I have experienced during times of drought. What can a farmer do when, because of economic circumstances, he is forced to leave primary industry?

Young people in country areas have also been adversely affected by the current situation. It is almost impossible for them to become established in primary industry. Recently I attended a meeting of an organization, which reviewed its membership during the past three years, only to find that fifteen people who had been members of the

organization in the period had left the district and had gone interstate or elsewhere to seek work because there was nothing for them to do on their farms. Normally, these young people would have gone home and become established with their fathers in the farming community. I am deeply concerned for these young people. What can be done to improve the situation? The majority of people realize that problems exist, but not many can offer workable solutions to them.

I direct the Government's attention to a matter which was previously mentioned by my Leader and other members, namely, rail freights and their effect on the wheat-growing areas. The railways are run by a State instrumentality, and I propose to confine my remarks to a State level without delving into Federal issues. It is interesting to note from an examination of rail freights and their effects that the average wheat farmer in the Warracknabeal district pays about 19 cents a bushel for wheat to be transported from point A to point B. For the average wheat grower, who produces about 8,000 bushels a year, this amounts to \$1,600 a year in rail freights. After the recent harvest, I had a small quantity of oats, which I desired to transport to the port. I received \$300 for the oats in question. The rail freight and handling charges on the consignment amounted to \$100, or exactly one third of the total price obtained for them. This problem is causing concern to the farming community.

If there is a starting point at the State level for providing assistance to farmers, it is in relation to rail freight charges. Because a State instrumentality controls the railways, I believe that rail freight concessions could be used as an aid to decentralization and to assist primary producers who are in trouble. I seek rail freight concessions and believe that the railways should not necessarily be run for profit-making purposes, but

simply to encourage the development of the rural areas of the State. If the Government wants to assist primary producers, it should examine the possibility of reducing rail freight charges. Any action taken by the Government along these lines could assist to improve the present economic situation of small farmers in country areas in Victoria.

The Hon. ARCHIBALD TODD (Melbourne West Province).—I have listened with interest to honorable members participating in the debate on Mr. Galbally's motion. The plight of country people has been well to the fore and has been canvassed extensively during the debate. Victorians follow various occupations—rural, secondary and commercial. The Government is responsible for the welfare of the citizens. If a section of the community encounters difficulty, it is the prime responsibility of the Government to apply itself to relieve the plight of these people.

I shall reply to some of the comments which I cannot accept. The Minister of Health made a noisy and at times a somewhat hysterical outburst. The honorable gentleman spoke about people not trading in their own towns, and the fact that they had charge accounts at Myers, Georges, Ball and Welch, and so on. The workers at the hardboard factory at Bacchus Marsh do not have many charge accounts at those firms. Mr. Houghton made a cheap sneer when he said that he doubted whether the Labor Party could do anything. I remind the honorable gentleman that when a Labor Government held office, it made many improvements for rural communities. For instance, a Labor Government established the wheat stabilization plan, which was born in the Labor movement. Few farmers today would want to do away with that plan. It has always been the policy of the Labor Party to ensure that the rural communities obtain a reasonable standard of living and a good return for the work they do in tilling the soil.