

Mr. KENNETT (Burwood): I move

That the following Address-in-Reply to the Speech of His Excellency the Governor to both Houses of Parliament be agreed to by this House

MAY IT PLEASE YOUR EXCELLENCY:

We, the Legislative Assembly of Victoria, in Parliament assembled, beg to express our loyalty to our Most Gracious Sovereign, and to thank Your Excellency for the gracious Speech which you have been pleased to address to Parliament.

It is indeed an honour for me as the new member for Burwood to move on behalf of the Government the motion for the adoption of an Address-in-Reply to His Excellency's Speech to this Parliament. Most, if not all, of the members of this House, represent either new electorates or electorates that have undergone significant boundary redistributions because of the passing of a recent Act of Parliament. My own electorate of Burwood takes in most of the old electorate of Camberwell and part of Glen Iris. Both those electorates have been ably served by two men who have given more than twenty years' service, not only to people in their electorates but to people throughout the State of Victoria.

On behalf of the people of Burwood, I should like to express sincere thanks to Mr. Vernon Wilcox, my predecessor as the member for Camberwell for twenty years, and to Mr. Jim MacDonald, my predecessor as the member for Glen Iris, for 21 years. We thank them for their efforts in the past and wish them and their respective wives good health and fulfilment in the areas to which they will now direct their energies.

Mr. Speaker, as changes have taken place in the Parliamentary representation of the people of Burwood, so too are fantastic and traumatic changes occurring here in Victoria and throughout the world. By the time I sit down approximately 2,000 people around the globe will have died and another 4,300 will have been born. Obviously this represents tremendous change.

Basically this is a younger population, because the majority of people were born in the past 40 years into what has generally been a prosperous society. Because people are coming forth with new and different ideas, tremendous pressures for change have been placed on society, the most dramatic of which is the change in human expectations. For instance, prior to formulating policies, political parties are highly conscious of their popularity at the polling booths, and the result is that too often one sees policies that opt for short-term popularity instead of responsible government aimed at developing a secure, sound Australia for future generations.

Another area that has been under considerable pressure and attack for supposedly failing to meet the growing expectations of the people is the free enterprise system. The Governor, in his Speech today, emphasized this Government's commitment to restoring faith and confidence in the future of the free enterprise system. Free enterprise is under attack today, not for creating and providing the highest living standards in our history, but because it is not able to meet the demands of the people immediately. People do not just want more goods and services; they demand them right now. The community demands better social welfare programmes, but if Victoria and Australia generally can afford any form of welfare it must be recognized that the best social welfare services result from the highest production, and this can come only from a healthy free enterprise system.

Part of the attack on the free enterprise system in the past has been conducted by Federal and State Governments with philosophies different from our own. However, on 20th March this year the majority of the people of Victoria endorsed the principles, ideals and policies offered by the Victorian Government. One of these principles totally commits the Government to an economic system of private enterprise, because it is within this system that individuals can achieve stature by the exercise of choice and initiative, and because it has been demonstrated to be the most effective system of production ever devised to meet the desires of people for a better life.

The effects of this harsh criticism and attack on the free enterprise system have been felt particularly by small and medium size businesses, although small business is the country's greatest natural resource. Professor Geoffrey Meredith, of the Department of Accounting and Financial Management at the University of New England in New South Wales, provides forceful statistics to drive this point home. For example, he states that small businesses which employ fewer than 100 people account for more than 90 per cent of all manufacturing, retail and wholesale establishments in Australia, that small businesses employ about 39 per cent of manufacturing employment and constitute at least one-third of the total national salaries and wages bill-not a bad contribution from small business towards the well-being of Australia and its citizens.

Many problems face small business today. Basically they are brought about by higher costs combined with lower turnover, and this has often resulted, amongst other things, in severe liquidity problems. Small businessmen do not have the same borrowing power and influence with financiers as big organizations. When liquidity is tight we all have to tighten our belts, and so do small businesses. However, the very nature of the size of their business - small -means that they do not have the flexibility to cut back their overheads, as big organizations do. The tax collecting system, the undistributed profits tax, workers compensation, pay-roll tax income tax deductions, sales W returns and paper work concerning Federal and State Governments can impose a significant burden on small businessmen because of their limited time, capabilities and patience.

In his Speech today, His Excellency the Governor made mention of one area of the Government's proposed legislative programme which I believe is long overdue and which will assist small business immeasurably. The Governor indicated that the Government will introduce legislation to set up a small business development corporation aimed at assisting small business.

As I am a small businessman, I am particularly pleased, firstly, that the Government has recognized the difficulties confronting the industry and, secondly, that it is doing something constructive towards ensuring the survival and growth of this important sector of the community, for there can be no doubt that industry today is still sluggish.

At no time, to my knowledge, has small business or the free enterprise system generally called out for or expected charity or hand-outs, nor does the proposed legislation mentioned by His Excellency offer them. What business does request, if it is to remain viable and provide employment for 75 per cent of the work force, is a stable political and economic environment in which responsible planning and budgeting can take place and where a reasonable profit return on capital, labour and initiative invested can be expected.

The proposed small business development corporation will contribute significantly to better management, and will provide an invaluable referral service to small business in pursuit of knowledge and expertise which it cannot afford. Without a doubt one of the most gratifying

aspects of this proposed legislation-it must be remembered that I have been in this House for only a short time-has been the extensive consultation that has taken place between Government, the Public Service and those persons and business representatives affected by it. This communication of ideas has taken place throughout the development of the proposed legislation, and can only ensure that when passed the legislation will be practically viable and will be supported by the major multipliers' associations throughout Victoria.

The morale of the business community will be substantially lifted because of this participation in policy formulation, and as a result the industry looks forward to the implementation of this legislation at the earliest possible convenience.

Obviously I am in no position to disclose details of the proposed legislation to this House, firstly, because I have no knowledge of the details to be included in the final draft which has yet to be completed, and secondly, because when it is ready for presentation, the considerable merit that this proposed legislation deserves will be correctly apportioned to the Premier, the responsible Ministers and to the Honorable Graham Nicol and the committee of which he is chairman for formulation of this legislation. However, without knowing in what form the legislation will finally be presented, I should like to make several observations on the formation and function of a corporation of this nature.

The membership of the governing board of the corporation should consist of persons drawn from the free enterprise system. Such people must have a proved track record of involvement, experience and managerial success within the system. It would be a contradiction in terms if a corporation which was set up to assist and advise small business were administered by public servants who have probably never had any personal involvement or experience in the free enterprise system.

If, as I imagine to be the case, one of the functions of such an organization is to protect small business from adverse policies of Governments or Acts of Parliament, Federal and State, obviously the proposed legislation should be reviewed before it becomes law so that no harm can be done to small business.

Communication between the Government, business representation and the various multiplier groups must be maintained wherever possible. Special consideration should be given to small businesses which rely on a single person, as is often the case in service industries or small engineering firms, for example, where the proprietor does not have the skills outside his own speciality necessary for effective management.

As Harrison House is the investigating bureau for disputes within the Victorian Football League, similarly so should such a corporation investigate and analyse the reason for business difficulties and failures within this State to prevent the same cause from having further undesirable effects in the business community.

Finally, and perhaps most importantly, the free enterprise system itself should be given the opportunity through the corporation to contribute, along with any Government guaranteed funds, towards providing finance, particularly venture capital to small business. These funds should be allocated to small business and administered by the free enterprise system to ensure that the funds are utilized to maximum advantage. This would allow for a continual check to be kept on the performance of the business to which money was advanced.

If we bear in mind the pressures that I mentioned earlier, particularly those relating to political parties, common sense tells us that we simply cannot do everything at once, and although this legislation is long overdue the Government has not been pressured into producing a toothless tiger or another bureaucratic department simply to appease a section of the community. This legislation, I am sure, will restimulate activity among small and medium sized business in this State.

At this stage I do not want to give the impression to the House that I am pushing the cause of small business, but obviously there have been areas within industry over the past three years that have suffered greatly. I believe the suffering that has gone on, not necessarily in small business but through the free enterprise system generally, has been a rationalization which basically has been good for industry. Industry must relook at its terms of operation and its management of staff and problems. I believe the businesses that have survived the past four years have come through with a better appreciation of management and are now simply seeking the opportunity to assist and trade in an environment which will provide them with opportunities of making realistic profits.

The free enterprise system in Victoria is extremely excited about this proposed legislation. It represents the most innovative action we have seen for some time in this country for restimulating business activities, and once again establishes the Victorian Government as a forerunner for common-sense and progressive legislation within Australia.

Obviously there are other equally new and exciting areas of legislation, as mentioned by the Governor in his Speech, to be brought before the House by the Government as the session develops. But the Governor, in his Speech, placed great emphasis on his Government's restoring faith and confidence in the future of free enterprise, so that the private sector can grow and develop and once again provide the job opportunities of which it is capable. It is on this subject that I have directed my comments tonight.

The Government is prepared to meet the responsibility and accepts the challenges which lie ahead in governing Victoria for the betterment of Victoria and its citizens.

For my part, I pledge myself to actively represent the 30,000 constituents of Burwood for as long as it is their pleasure to have me so represent them and through vigorous debate uphold the stature and dignity of this House.

Finally, I can assure His Excellency of the loyalty of the people of the electorate of Burwood to Her Majesty, Queen Elizabeth II.