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How to unjam our cities—3

Backlog of neglect cripples

By CHRISTOPHER JAY

IT IS one of the peculiarities of Australian transport investment funds that, at a time when the big city public transport networks are urgently in need of renewal, the funds are going instead into property demolition for freeways in established areas of the inner city.

Given that high-density centres of commercial activity are necessary, and that only public transport has the technological capacity to handle the twice daily tide of human movement draining into and out of the central business area, the desirable kind of transport investment falls into three main categories.

First, there is a critical need to feed large amounts of capital investment into the existing public transport networks, particularly the Melbourne and Sydney rail systems.

Second, there is the need for improved cross-suburban road links which by-pass the major centre of employment to connect up industrial areas and minor centres.

This basically involves provision of grade separation (underpasses or overpasses) at regular intervals to avoid conflicts between crossing traffic streams, and does not necessarily require provision of a full-blown freeway with its over-elaborate traffic interchanges.

Third, there is a need for provision of new public transport networks in developing areas of cities, particularly now that the low-density suburban sprawl typical of Australian cities is generating a need for new regional centres (system-centres, or whatever you want to call them).

What increasing numbers of planners are most emphatic about, however, is that freeways aimed at bringing traffic from an outer area towards the city heart (that is, radial freeways) are demonstrably unsound, and should be replaced by cross-suburban freeways (preferably of a much less elaborate and expensive type).

"The City of Sydney Strategic Plan and the Sydney Metropolitan Outline Plan agree on two fundamental things," says Sydney town planner George Clarke, managing director of Urban Systems Corporation.

"High-density public transportation systems must take on a radial pattern focusing on a relatively few, two to four, major employment centres within a region. The only ones that are really certain in the Sydney region are Sydney and Parramatta.

"After that, you start trying to decide whether the next will be Burwood or Chatswood, Campbelltown or Hornsby.

"The second thing they agree on is that major highway systems must take on a rectangular grid system, passing close to but by-passing the major employment centres and linking the minor employment centres.

"This is different from the original NSW Department of Main Roads and Cumberland County Council thinking of the 1950s, which persisted until the production of the 1968 Sydney Metropolitan Outline Plan and the City of Sydney Strategic Plan.

"If you look at the old plan, you'll see how it derives from the old 1944 Greater London Plan, which was the model for Australian planning, and which showed radical highways with ring roads.

"The other fundamental shift in thinking about metropolitan areas over the last 20 years—it has been a natural economic shift and to some extent the planners have caught up with it

—is the change from the monocentric to the polycentric metropolis.

"There's a basic land use and transportation problem, whether with dispersal of employment centres throughout the State or within a metropolitan region.

"The advantage of these units is that they're smaller and more manageable but, inasmuch as you've dispersed employment into a number of smaller centres, you naturally create demands for inter-centre transport.

"This is a lesson we learnt in the 1950s when natural economic effects and the zoning provisions of the County of Cumberland Plan combined to spread factory employment all over the metropolitan areas.

"This had the interesting side-effect of creating an enormous increase in traffic, because of goods and people wanting to move between industrial areas, and because of people travelling to work in dispersed locations from all over the metropolitan area.

"The journey to work of office workers has so far been radial. Concentration of office workers is a virtue, because if you disperse them too far, you get the same transport difficulties as you are having with industrial movement."

The Ministers for Transport in several Australian States, irrespective of their political persuasions, have for some time been hammering the need for a diversion of funds into rail, bus and tram systems, though typically with diplomatic disclaimers to the effect that they do not want less for roads, just more for the others.

"The cost of acquiring land for freeways is astronomical and the damage done to the community in human terms would be regarded by many people as being just as astronomical," says the Victorian Minister for Transport, Mr Vernon Wilcox.

"I believe we have to have some freeways, but I also believe that if we get stuck into what the plans say about improving public transport there would not be the need for large freeway networks.

"I've been Minister for five years, and I knew very early in the piece that you could never solve the transport situation by emphasis on one form of transport alone.

"Fixed track is the pre-eminent way of moving people in the mass. In the affluent democracies the community has been mesmerised by the motor car.

"The need to do something about fixed track facilities is abundantly clear.

"Melbourne has a great legacy from the past in its existing rail network. The great advantage of this is that it has land reservations and rights of way on which you can put a third and fourth track on every suburban railway line without land resumptions.

"You can then get express running of trains and markedly cut down on times. The fixed rail networks are mostly radial, but you can use trams for cross suburban traffic.

"If substantial funds were to become available, one of our first moves would be for new vehicles. We have some new trains coming and the first will be delivered later this year, but the contract only allows for a very slow delivery — if we get the money we can step it up.

"The same goes for trams. We're about to order 100, but we want a program for a further 500. This is the sort of thing we could do if we could get Commonwealth aid.

"Third and fourth tracks on existing rail routes are necessary. We've already got a third track on the busiest line, to Box Hill, opened in January this year, with a wonderful improvement in service until the trains get to the bottleneck at Flinders Street, which the underground loop scheme is designed to overcome."

Sitting in his office in the NSW

Parliament House (one has to run a gauntlet of mostly female pro-abortion demonstrators quite often these days to get in), NSW Transport Minister Mr Milton Morris has a very similar approach to that of Mr Wilcox.

"The great need is for the injection of large sums of Federal finance to augment the large yet inadequate sums which State Governments are able to apportion to transport," he says.

"We've spent \$150 million on the railways and buses in the County of Cumberland in capital expenditure in the last seven years, and that's still not enough.

"To phase out all the railway suburban carriages in Sydney that are over 40 years of age we need to order 700 cars, all of them double-deckers.

"It would give us a completely modern rolling stock with greater capacity; it would eliminate the overloading which inevitably exists at present; it should re-

move most of the breakdowns that occur at present and permit substantial reductions in maintenance costs.

"The last batch of 53 double-deck cars being delivered now are being universally acclaimed by commuters. I get this from letters coming in—comfort, riding qualities and lighting, noise reduction, better acceleration from stations, closing doors are all features."

For non-NSW readers, the reference to the closing doors on the new carriages counterpoints the fact that existing rolling stock has doors open even through the underground sections, the result being shatteringly high noise levels.

One of life's vicarious anxieties is watching schoolchildren leaning out the open doors of trains speeding across the Sydney Harbour Bridge.

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SHIPBUILDING SWITCH

• From page 1

Drilling and Exploration Co (ODECO) to be built by the Transfield organisation.

It is understood that the ODECO rig will qualify for the maximum subsidy of 45 per cent which, in the case of this new offshore rig, will amount to about 9.5 million (See accompanying report on page 9).

The level of subsidy that will apply for conversion of the Lake Barrine is not known at this stage.

When this matter was put yesterday to the Minister for Ship-

ping and Transport, Mr Nixon, he replied:

"The Government's policy towards shipbuilding is aimed at assisting that industry.

"Decisions taken this year have been taken to that end.

"As a further measure, I have been considering extension of subsidy to the modification of existing Australian-built vessels.

"I have taken a decision in principle that some extension of the bounty provision should be made to cover some modifications.

"Details as to what modifications would be eligible and the level of bounty are under consideration.

"I believe this would help encourage modification to be done in Australian shipyards rather than overseas yards."

However, while Mr Nixon may believe he is helping the shipbuilding industry, other shipbuilding authorities say that subsidisation of ship conversion will further depress the industry.

One of them said yesterday that unless the Commonwealth Government ceiling for shipbuilding subsidy was increased to take account of this new area of subsidy, the extension must react against new building.

He said: "Instead of scrapping

old ships, shipowners in future will be able to re-convert that ship with subsidy originally meant for new ship construction."

It is not without significance that there have already been inquiries of the Australian Nation-

al Line for one of its Mount class bulkships of 13,710 dead-weight tons for conversion to an off-shore oil-drilling rig.

Both of ANL's Mount class vessels are currently fully employed in the bulk trades.

Commonwealth's \$9.5m for ODECO drilling rig

The Commonwealth Government will provide \$9.5 million for the construction in Western Australia of a semi-submersible offshore drilling rig.

Total cost of the rig will be \$21 million.

It will be built by the Western Australian organisation Transfield Pty Ltd for the Offshore Drilling and Exploration Company (ODECO).

The Minister for Shipping and Transport, Mr Nixon, last night announced the Government decision to provide 45 per cent of the cost of constructing the rig.

Mr Nixon said: "ODECO awarded the construction to Transfield following the calling of Australia-wide tenders earlier this year.

"From the commencement on construction, the rig will take about 15 months to build and Transfield will employ about 450 men.

"In addition subcontractors will need to employ further skilled and other staff to meet their commitments."

Transfield Pty Ltd has had previous experience in building rigs overseas.

It built all the platforms for the Bass Strait oil fields and was the major subcontractor to BHP in the construction of "Ocean Digger," ODECO's first Australian-built rig.

Transfield is investigating the building of a dry dock adjacent to the BHP north jetty at Kwinana for this project. Transfield's present thinking is to build a dry dock about 528 feet long and 328 feet wide and this should also create additional employment in Western Australia.

The new rig will be of 9,123 tons gross, based on 4 submersible pontoons on which would be constructed 16 columns supporting the deck-work.

It will be 344 feet long by 263.5 feet wide and contain about 9,000 tons of steel.

It will be able to hold itself steady in heavy weather by sophisticated mooring and ballasting systems and be capable of drilling to depths of 25,000 feet.

Concessions on ANL ships

The Minister for Shipping and Transport, Mr Nixon, yesterday announced a 50 per cent concession on fares for all aged, widowed and invalid pensioners travelling on the Australian National Line's passenger ships.

The concession also is available to totally and permanently disabled ex-servicemen, limbless ex-servicemen, blind soldiers and blind civilians.

Fares talks by airlines

Delegates from 31 airlines which operate scheduled services on North Atlantic and Mid-Atlantic routes have begun a three-day policy meeting in Montreal which may lead to scheduling of a full-scale fares conference.

The carriers, all members of the International Air Transport Association (IATA) are operating under a fares agreement which expires on March 31 next.

Much of present session is expected to be devoted to talks on the competitive challenge of chartered flights.

An IATA spokesman said that among the topics that could come up for preliminary discussion at the meeting are the possibility of new scheduled fares roughly comparable to present charter rates, how many aircraft should be used for charter service, and the size of sales forces for charter flight promotion.

The meeting will also probably discuss the concept of split charters, which allows more than one group to charter an aircraft, and part charters, which provides for both scheduled and charter passengers on a single aircraft.

Another item that might come up is a possible reduction in the number of different types of fares, the spokesman added.

—AP-DJ

Tourist boost to Echuca

The Victorian Government will sponsor a major tourist project at Echuca, 128 miles from Melbourne.

Minister for Tourism, Mr Murray Byrne, said yesterday that the project would cost "in excess of \$340,000" as the first phase of a redevelopment plan and that the Government would make a contribution of \$228,000 on a two-for-one basis.

The restoration of the port area at Echuca, the closest Murray River city to Melbourne, would include paddle-steamer, a Customs office and port equipment, including cranes.

Fast Soviet praise for Nixon

With surprising speed, the Soviet Union has signalled its clear satisfaction with President Nixon's landslide election victory, and has offered the prospect of further improvements in Soviet-American relations during his second term.

President Podgorny sent Mr Nixon a warmly worded congratulatory telegram, noting with satisfaction the "solid foundation" achieved in the "reconstruction" of Soviet-American relations during meetings with Mr Nixon and his aides during this year.

"We should like to express the confidence," he went on, "that in the coming period, Soviet-American relations will be further favourably developed in the interests of the Soviet and American peoples, in the interest of ensuring international security, and in strengthening world peace."

Through a separate dispatch on Tass, the Soviet press agency, Moscow also gave indications that it accepts at face value White House statements on the eve of the elections that the draft peace agreement for Vietnam will be signed as soon as final details can be resolved.

Although Soviet officialdom and media often take several days to react publicly to major international news developments, the quick reaction in this case was seen as an effort by Moscow to maintain maximum goodwill with the President in his first flush of victory. — Lea Fitzgerald in New York.

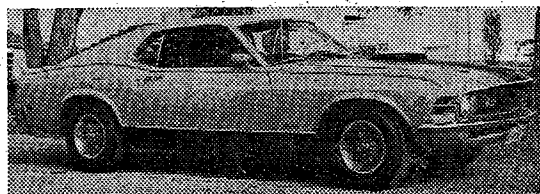
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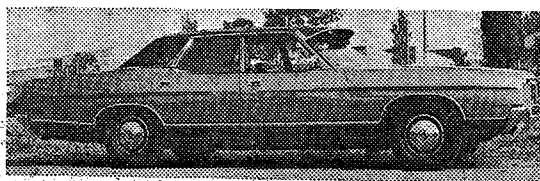
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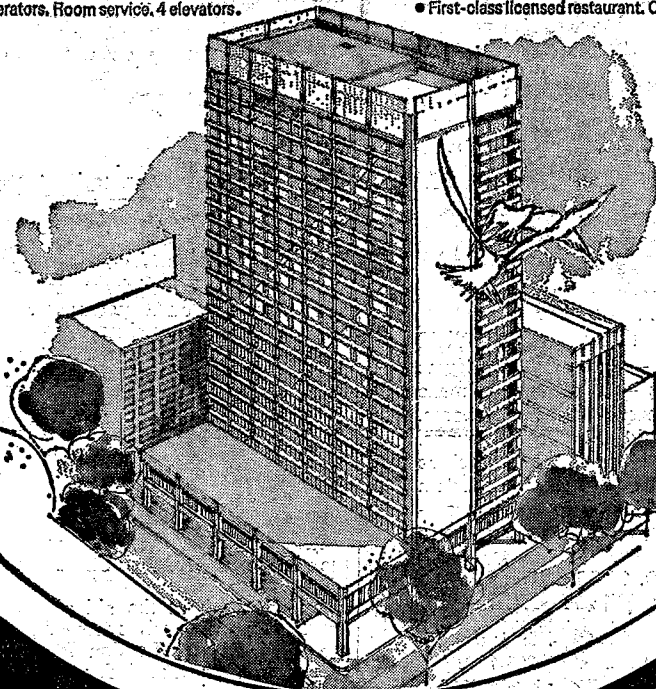
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big-city public transport

tram systems in Melbourne and Sydney in particular, the list of necessary improvements is so long that merely to list them all would require a couple of articles.

In both Melbourne and Sydney one urgent need is for triplication and quadruplication of particular suburban lines, to deal with particular bottlenecks and to permit the scheduling of express trains on long-distance journeys.

If a train is stopping every mile or so at a suburban station, the average speed it can maintain is limited by the frequent acceleration and deceleration, and waiting times at stations. High cruising speeds are costly in terms of power, require heavy braking and don't have much effect because they cannot be sustained for long.

However, once the urban sprawl has extended out as far as the Dandenongs, say, in Melbourne, or Penrith and Campbelltown in Sydney, then it is quite feasible to have a train which stops at a series of outer suburban stations and then races non-stop into the central business district — provided there is at least a third, passing line to let it flash past suburban trains which are stopping at every station in the inner areas.

The NSW Railways would like a third line between Tempe and Erskineville, and quadruplication of existing double lines between Strathfield and Epping, where earthworks are already available, between Granville and Westmead for four miles (most of the land is available) and from Seven Hills to Penrith as well as from North Sydney to Gordon (all the land is available for both of these last projects).

One of the most valuable suggestions for a new line (and one which should figure prominently in the election programs of both the Liberal Party and the Federal ALP, if they know what they're doing) is the completion of the East Hills to Glenfield line.

This is a line running diagonally south-west from the Sydney city area, and the building of the final 4½ miles (postponed originally because the then Government couldn't afford a bridge over Georges River) would provide a much shorter link with the main line to Melbourne.

Since the continuation would pass just south of an extensive army area, it would be extremely valuable from a defence point of view.

The present link from the main Melbourne-Sydney line into the defence area is in very poor condition, causing serious logistic difficulties and the new link would improve defence logistics noticeably.

It would also provide a much shorter route to Melbourne for goods trains, important because most interstate goods traffic originates in the eastern part of Sydney, from the Alexandria and Cooks River terminals which are near the East Hills line.

By allowing interstate and country passenger trains a shorter exit path from Central Railway Station, it would get them off the crowded western line, where there is serious congestion particularly around Homebush, thus improving suburban services from the western suburbs as well as considerably shortening travel times for the expresses.

It would also make possible the scheduling of expresses from the south-western satellite city of Campbelltown, expected eventually to house 500,000 people, giving them a much quicker rail run into the city.

That by no means exhausts the list of high priority Sydney rail projects and Melbourne also runs to an extensive list.

The Victorian railways have plans for installation of a third track on a number of suburban

lines, a process which would be facilitated by the fact that the land has already been reserved and no resumptions would be needed.

Having put in three or four lines on sections of the city to Box Hill corridor, nine miles out, the railways want another six miles of triplication out to Ringwood. Then there is 10 miles of triplication from Caulfield to Mordialloc, four miles from Caulfield to Huntingdale, three miles from Footscray to Newport, three miles from Kensington to Essendon and 2½ miles from Princes Bridge to Victoria Park.

The cost would come to roughly one million dollars a mile, the exact amount depend-

ing on the amount of bridgework and station alteration required.

An outstandingly necessary project is the quadruplication of the two mile stretch between South Kensington and Footscray. All the trains going to Bendigo, Ballarat, Geelong and beyond move on four tracks out to South Kensington, then are switched on to just two tracks for the two miles to South Kensington, and then back to four lines thereafter.

Victorian Railway executives profess themselves at a loss to understand why the bottleneck was ever left there, since it holds up a lot of suburban, country and inter-system trains, and the total cost of removing it is just \$5 million.

"We have operating in our

peak period up to 70 trains, some of which were built before the turn of the century and most of the rest were built just after World War I," says the chairman of the Victorian Railway Commissioners, Mr G. F. Brown.

"The main problem is the fact that the Victorian Railways' loan allocation has remained almost constant for 20 years, while in real purchasing power it has fallen to less than half of the 1951 values.

We've got money to replace rolling stock at the rate of five trains a year. We've ordered 50 trains of six cars each, equivalent to our existing seven car trains. It's a 10-year program — we would like to halve the delivery period".

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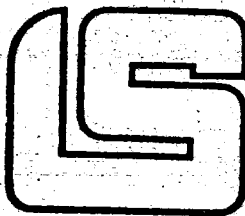
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HIGHLIGHTS FROM THE ADDRESS BY THE CHAIRMAN, SIR NORMAN GILES, O.B.E., TO SHAREHOLDERS

The Group's consolidated profit (before tax) of \$7.095m. in 1970-71 increased by more than 50 per cent to \$11.396m. in the 1971-72 year, while the consolidated net profit (after tax) increased over the same period by \$1.46m. (36.5 p.c.) to \$5.46m.

The Group's turnover, which in our industry represents the total volume of business handled (largely our Pastoral House agency business), reached a record \$590m.

The foregoing shows that our net profit, after tax, represented less than 1 p.c. on the enormous volume of business transacted to make possible even a reasonable return on Shareholders' funds.

The continued strong demand and good prices for cattle, improved wool prices in the second half of the year, their reflection in the increased demand for sheep and rural property and the return of confidence which they engendered, all played a big part in the recovery in our trading and earning results.

In the 1970-71 year, the serious conditions prevailing in the rural industries necessitated a heavy writing-off of bad debts and substantial addition to the provision for doubtful debts.

The improved situation and outlook as at June 30, 1972, enabled us to make quite substantial recoveries from provisions, while bad debts written off and new provisions required were significantly lower than in the previous year.

STRONGER POSITION

The further expansion of the operations of Elders Finance has automatically been reflected in the substantial increases in both the Group's Current Liabilities and its Current Assets.

The Group's always strong financial position has been even further strengthened, and was not in any way impaired during the year by the absorption of the several businesses acquired, and those expanded.

Last year concern was expressed as to the final outcome of the then existing international monetary crisis. It was realised that the outcome could have considerable impact on us according to how the solutions affected Australia's international trading partners in their dealings for our exports.

At the time, the uncertainties were clearly having a serious effect on the world textile industries in general, and on wool in particular.

It is an unpleasantly strange fact that now — just one year later — international monetary problems have recurred, despite the major changes in the exchange relationships of the principal world currencies which emerged from last year's dilemma, when one system of rigidities was replaced by a new system of rigidities.

Recently there has been considerable pressure in favour of up-valuation of the Australian dollar, as the result of the considerable inflow of overseas capital into Australia during 1971-72 much of which could flow out as fast as it flowed in.

NEED TO REVALUE

It is difficult to accept that the record level of our overseas reserves has reached such a point that we should be seriously concerned about it. Nor is it considered that in our present circumstance, revaluation would assist us with our present internal economic problems. Rather it could possibly add to them. It would certainly add to the problems of industries facing competition in world markets, whether as exporters, or in competition with imports. In both cases employment could be adversely affected.

The result of the floating of Sterling has brought about an effective devaluation with the consequent effect of up-valuing the Australian dollar against Sterling with automatic adverse effect on our exports to Britain.

It is gratifying, therefore, to see that the Government considers that revaluation is "not on," to quote words of the Prime Minister as reported in the Press — a view which is also clearly held by the Deputy Prime Minister and, it would appear, by a majority of those in the Opposition.

Although nowadays, rural sector exports do not represent the same high percentage of total exports as used to be the case, it should be realised, nevertheless, that their net percentage addition to Australia's external income is really higher, because most of the proceeds return to, and remain in, the country. There is not the same degree of offsetting outflow by way of dividends and debt repayment as applies to most of our mining exports and a sizable slice of even our manufactured exports. We should not overlook the fact that it was only in 1971-72 that our surplus of exports over imports was sufficient to offset the outflow of "invisibles."

COSTS

A year ago we were very concerned at the rate of escalation in our costs, affected as they were — not only by spiralling salaries and wages, but also by the part that Governments themselves had played in both the 1970 and 1971 Federal Budgets and, also, in the State and Local Government spheres.

Fortunately, and wisely, the 1972 Federal Budget has aimed to improve the position. It was a good and well-thought-out budget, which is already bringing about clear signs of improvement in our internal economic position.

In our organisation, a great deal has been accomplished with rationalisation, elimination, mechanisation, procedural streamlining and simplification of internal and operational methods and practices wherever they can improve cost control and improve profitability.

The nation is suffering from a frightening and unprecedented rate of inflation — much higher even than in 1951-52 — and it is of little comfort to those who watch the purchasing power of the dollar continue to deteriorate to know that other advanced and industrialised countries are having the same unhappy experience.

Without doubt the major responsibility of all our Governments (Federal and State) is to have the political courage to tackle the control of inflation as their first duty and task.

One wonders just how this can be done when the competition for votes plays such a big part in the decision as to which party or parties will be given the chance to govern, and the life of any Parliament is then so short as to make it difficult for the necessary steps in the right direction to be taken effectively.

RURAL CREDIT

In 1971-72 the Group's total of "Advances and Trade Debtors" came down to \$112m from the previous year's total of \$123.8m in spite of a further substantial increase in Trade Debtors, largely as the result of expansion of the Steel and Metals distribution business and the effect of other acquired businesses.

Rural Debtors certainly reduced, but this did not represent any deliberate withdrawal of rural support on our part. Rather did it represent the widespread effort of individual growers to control and cut their own expenditures, in view of the problems they faced when wool, sheep and land values reached such a low level in the first half of the 1971-72 year.

The experience of all Pastoral Houses was similar, as is revealed in the Reserve Bank figures as at June 30. On that date, the Rural Debtors of all Pastoral Houses were \$291.9m — i.e. some \$39m lower than the \$330.9m on the same date in 1971.

Our own position, and approach, is made clear by the fact that at June 30, 1972, our percentage of the all Pastoral Houses' Rural Debtors was 1 per cent higher than it was a year earlier.



Sir Norman Giles, O.B.E.

PROSPECTS

The current 1972-73 year is already clearly a very challenging one and we hope to be able, at least, to maintain the good 1971-72 result.

This year conditions are very different from last year. Firstly, there are too many important areas in which drought or near drought, prevails.

Secondly, there are also too many areas which experienced sub-normal Autumn and Winter rains and therefore became heavily dependent on at least normal Spring rains to ensure reasonable grain yields and sufficient pasture growth for carry on into the Summer and Autumn months. Unfortunately, a lean September and insufficient recordings in many districts during October have had adverse effects on harvest and pasture prospects, and for many it is now too late.

In the summer rainfall areas, many districts in Central Eastern and Northern Australia are already very dependent on the early incidence of opening Summer rains from now onwards, and the earlier the better.

WHEAT FOR CHINA

It is clear that the wheat harvest will fall significantly below what could reasonably have been expected, and this, unfortunately, in a year when we could have sold every bushel in our storage silos and bins and at higher prices. Clearly, the important long-awaited purchase by China will mean that some of our customers will have to go without, or at best reduced.

Of course, wool prices are still at a much higher level than a year ago and look as though they will maintain a very satisfactory level in the months ahead despite the levelling-off setback in late October. The sheep population is very greatly reduced. Fewer numbers and the effects of seasonal conditions on the cut per head, inevitably mean a much reduced total wool clip, as a significant cause of and financial offset to the higher prices.

Cattle numbers are up and both sheep and cattle prices are higher than they were a year ago. Whereas only a very few years ago our livestock monetary turnover would have been derived 70 per cent or more from sheep, and 30 per cent or less from cattle, today the figures are just about reversed.

THE WOOL INDUSTRY

It is still not clear, at time of writing, what is going to happen in the wool politics of the Industry and the Government.

Whereas the conspicuous success of the Australian Wool Commission in its market operations should have given the Government considerable confidence in resolving its problems in arriving at the decisions it must finally reach, there is still too much delay.

The AWC led the way in showing that by firm and consistent support buying in times of unduly depressed prices (and with full and wise Government support), together with the stockpile ability to feed the market during a dangerous time of a too sharp rise of price rise to too high a level, the world wool trade gained confidence, which, in turn, played its part in restoring demand.

It is one of the tragedies of this great industry that there never seems to be a period of calm or stability. Nearly always, or so it seems, there is a clamour for change of one sort or another, and nearly always the change that is urged is one which boils down to wanting to "have a cake and eat it too."

For years there has been an almost Australia-wide grower "anti" to "acquisition." Now there is a widespread demand for the Government to introduce it, as was decided in South Africa and, initially, New Zealand.

N.Z. EXAMPLE

In New Zealand, after achieving Government support for acquisition, subsequent grower pressure caused the New Zealand Government to defer action until maybe 1974, and, perhaps, then conduct a referendum before going ahead with any acquisition scheme.

Acquisition could take place in many forms, but few seem to have thought through the type of acquisition that they want, or which may be desirable and practical.

It does seem though, that too many want "acquisition" combined with destructive let-outs, including the greatest menace of all — private buying/selling.

"Acquisition," and maintenance of the price-setting value of the auction system, are advocated by most of the important and best-informed of industry leaders, but too many growers demand continuance of the alternatives as well. Presumably they do so on the basis that

acquisition plus auction is the right thing for the Industry as the "cake" for others, so long as each individual grower can maintain the right to have his cake and eat it too. In other words, the well-known Australian "Jack" system still prevails in the wool industry.

The Government acted wisely in treating the Industry's submission last year as being too vague and generalised to justify the Government committing itself to a scheme that could fall heavily on the bulk of the Australian taxpayers who would have to pay the piper, but without any part in calling the tune.

FIRST SERIOUS TASK

It will be interesting to see what the newly authorised corporation will recommend to the Government, for this is the first serious task which faces it.

Surely there can only be one fair form of acquisition, and that is total acquisition associated with both the auction and a continued market underpinning of the type conducted by the AWC.

There should be no reason why the proposed combining of the AWC and the Australian Wool Board could not allow the new proposed corporation to operate in the same successful and profitable way as did the AWC.

In such a form, it would clearly be necessary to have a basic support price such as the AWC operated with and, as wool would be acquired at store door, when each clip would lose its grower-owner identity, it would be necessary for payment (in whole or in part) to be made to each grower at that point and time.

With payment and loss of identity, wool could be offered to meet fluctuation in demand by both type and quantity. There could be supply control of both in time of slack demand and falling prices, just as there could be stocks of acquired wool to feed on to the market if demand strengthened and prices tended to rise too steeply.

The world buying and processing industries could operate with confidence, all having equal auction access to all wool, and without fear of competitors buying more cheaply in the country.

PRIVATE BUYING

As the acting chairman of the AWC has himself said, there is, as yet, no way of assessing fair market value without the aid of price formation in the auction system.

It has often been said that there is insufficient evidence to support the claim that private buying/selling is injurious to price formation, but experience and association with wool merchants and buyers over many years in the industry have shown private buying — both started, and grew, from the belief that wool could be purchased more cheaply by private country buying than at auction.

That this has been so for many years is borne out by the ability that "private buyers" have had, as "forward sellers," to undersell those who believed that the "auction" was best for the industry, and therefore supported it.

Gradually these latter operators were also forced into private buying because those who were buying more cheaply in the country were able to undersell them in offers to overseas users.

Forward selling obviously necessitates underpricing a competitor to obtain orders or sales, and as the early months of 1971-72 showed, this under-selling of one's competitor, during a period of weakness in the market, meant that the downward pressure on a slippery slope forced prices down faster and further, and had it not been for the AWC, heaven only knows just how low prices would have gone.

MARKETING COSTS

There can be no denying the fact that costs from and including entry into the shearing shed, right through those of shearing, crutching, transport, store-handling and selling, delivery and sea freight plus port to destination movement on the other side of the world, are all too high when related to the control that artificial fibres will exercise in ensuring that there will always be a "ceiling" on wool prices.

Maybe there will be a "floor" too, but what we have to endeavour to ensure is that the floor will not be in the bottom basement.

Selling by objective measurement prospectively offers one of the most promising warehousing and selling cost reductions. But the progress being made with it is far too slow.

At present, testing costs mean that it is only economical for large "lots" of wool, so that owners of small clips can only benefit by the recommended "Lot Building" Plan until and unless less costly methods, acceptable to the international wool textile organisations, can be devised.

SALE CONDITIONS

Any and each change from present systems should be evolutionary and carefully thought through. But when we do get to where "Objective Measurement" in its full sense provides all that most buyers and end users should really need, then, surely, we should lay down the conditions under which wool is sold, just as the vendor's agent can do, and does, in the auction selling of virtually everything else — i.e., where the buyer operates under the vendor's laid down "Conditions of Sale."

A year ago, there was a fairly generally held view that Australia had too many sheep, was producing too much wool, and production controls might have to be introduced. Today we find ourselves regretting that there has been such a heavy decline in our sheep population and wishing that more, not less wool, would be available in the months ahead.

Another relevant and important industry aspect is that of promotion. The IWS has lived for three years on an unchanged, certainly not an increased, budget. During these years all costs have risen more steeply in most end-user countries than in any other three-year period in memory.

Surely this has to be rectified at someone's cost, or are we to leave the promotion field entirely to the synthetic fibre people? Continuance of the present position is too silly to be allowed to go on, unless we aim to put ourselves out of business.

RURAL RECONSTRUCTION

It has been good to see a year of action in rural reconstruction. A year ago we were deploring the lack of it and expressing a fear that on the signs as they were then, the scheme looked like being a costly "flop."

During the past year all State authorities have been active, encouraged by the additional availability of finance resulting from Federal realisation that inadequacy of funds for worthwhile achievement would have resulted in just the "flop" that we had feared could result.

The size of the problem is evident from the difference between the number of hopeful applicants and the number of actual approvals.

Even with improved wool and sheep prices there are still many over-committed growers whose prospects are so dismal that their departure from rural industry seems inevitable.

The number will be lessened if anything realistic results from the present thought that is being given to the provision of long term rural finance; finance which, by spreading considerably the period over which loans must be repaid, will lessen the commitment to be met from each year's income. The length of term of borrowing repayments is more important than the interest rate.

It is far from clear at time of writing, as to whether full use will be made of such of the different existing rural lending institutions as really have the necessary experience and trained expertise to handle this difficult aspect of rural finance.

Obviously the official Farm Development Loan and Term Loan Funds in the terms of their originally-defined availability, would not meet the need, but the terms could, of course, be appropriately altered

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