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The myth of the affluent urban workers' changing political affiliations 1950-1972

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A thesis submitted in fulfilment of the requirements for the award of the degree

Doctor of Philosophy

from

UNIVERSITY OF WOLLONGONG

by

Patricia-Mary Ward B.A. Hons (ANU)
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Finally, with affection, my special thanks to my family.
PREFACE
This thesis criticizes the theory of the embourgeoisement of the Australian urban workers in the period from 1950 to 1972 and its apparent effect upon their political affiliations. The period was marked by sustained economic growth, a burgeoning population and the consolidation of Australia as a small industrialised country. The promise of full employment and improved wages and salaries attracted urban workers into the new industries and away from their old communities. The traditional bonds of work, home and political affiliations were displaced by home ownership and the acquisition of previously unattainable consumer goods.

This thesis argues that in this environment new communities of affluent workers emerged united by their aims to maintain their prosperity and achieve a better quality of life. Of the number of Australian cities which expanded in this period Wollongong and Canberra have been chosen to illustrate two different kinds of communities. Wollongong was and is a working class city; Canberra middle class. Wollongong, an industrial city in the State of New South Wales, grew largely as a consequence of the investment in the BHP steel works. Canberra, in contrast, is the seat of the Federal Government and the centre for the Commonwealth Administration with its growth heavily dependent on Federal Government funding.

In Wollongong the South Coast Labour Council was committed to the support of workers and their families and the improvement of the urban environment, providing experienced leadership in the art of popular protest. In Canberra the emerging middle-class community was represented in their pursuit of a new community life by the whole-hearted endeavours of James Fraser, the Labor Member of the House of Representatives for the Australian Capital Territory who saw himself as both “State Member and Local Councillor”.

Preface Page v
In Wollongong, many workers' homes were located along unmade streets where the sullage flowed from primitive sewerage systems. The city lacked adequate schools, hospitals and recreation areas and any improvement was frustrated for many years by the limitations of Local Government and the ongoing conflict between the State and Federal Governments. Although Canberra escaped the worst of these urban disasters its development was slow, dogged by political infighting and administrative incompetence and the failure of the 1948 Development Programme. Following the recommendations of the Select Committee on the Development of Canberra, the National Capital Development Commission was established in 1957. By the 1960s Canberra was seen as the model for comprehensive urban planning. But as the Federal Capital emerged from a small county town into Australia's largest inland city the supply of land ran out and consequently there was a major price rise. Moreover the dissatisfaction of the people reached new heights when there was a significant increase in land rent on re-valued land. Consequently in the late 1960s these urban problems became politically important and the creation of new alliances between different social groups lent respectability to public protest.

This thesis challenges the widely held view that affluence led urban workers to desert their affiliation to the Labor Party. In Wollongong and Canberra by 1960 affluent workers who saw themselves as homeowners increased their support for their local representatives of the Federal Labor Party. For the State and Federal Governments' commitment to building a new industrial complex in Wollongong and the development of the National Capital extinguished any interest they had in the quality of life of the people. And they were joined by other groups who came to reject a jaded Federal Coalition lacking initiative in dealing with the urban problems. E G Whitlam and the Federal Labor Party of 1970 offered a new concept of Australian Government and policies which appealed to a confident and empowered electorate.
The introduction to this thesis will review the changing urban process in western industrialised nations after the Second World War. It will touch upon the movement of people from country to cities and from Europe to the New World. Governments were concerned to maintain economic growth and avoid at all costs a return to the economic instability of the pre-war years. Consequently full employment brought a new and sustained affluence to urban workers. The growth of bureaucracies, world organisations and the effect of changing industrial procedures and higher education provided new opportunities for the working class. In the United Kingdom and some European countries large scale plans were made to house the changing population in an expanding suburbia. Many theories which were developed during this period argued that a new elitism emerged with the growth of suburbia because the traditional working class mores were transformed by home ownership, access to consumer goods, cars and an adoption of middle class "consumerist" values. However, the well-known American sociologists Gans and Berger considered that affluence and a house in the suburbs did not alter the commitment of the blue collar workers to their old political affiliations. This view was supported in England by Willmott who maintained that the changes to political affiliations were minimal.

In this context of rapidly and radically changing western societies Australia is unique in being a highly urbanised society with the larger part of its population living in the major cities. As early as 1840 thirty percent of Australians lived in towns of more than 2500 inhabitants. The continuing expansion of the cities was due to immigration rather than the drift of population from the country. But, as in other westernized countries, by the 1960s the structure of the workforce had changed with a significant rise in the employment of women and an increase in the number of professional and technical workers. Wollongong and Canberra grew rapidly into new cities with residential areas dominated by family dwellings with their own gardens. This changing structure of the
workforce and the growth of suburbia influenced scholarly opinion. It was argued by many that affluence reduced the influence of the Australian Labor Party and the emphasis on homeownership promoted that of the Liberal Party.

This thesis reflects the changing face of urban Australia and the political consequences of the Federal Coalition's neglect of the needs of an articulate, affluent and confident urban working class. Part One describes the history of the growth of the new cities Wollongong and Canberra. Part Two discusses the problems associated with an inflexible Constitution and the financial relationship between the Federal, State and Local Governments. Part Three concentrates on the period from 1965 to 1972 when political parties were in transition and the consequences of population and economic growth became electorally important.

The introduction to Part One - Australia's New Cities - provides a background to Australia's post World War II transition into a small industrialized country. It focuses on the changes in trade, foreign and immigration policies. It highlights the problems of urban development in Wollongong and Canberra. Chapter One - Wollongong - Red Belt - concentrates on the history of the working class, the old mining communities and the growth of the union movement and organisation within Wollongong. It shows that despite the vicissitudes of the coal industry and the economic and social disaster of the Depression, the union movement survived and eventually flourished in the 1950s and 1960s. More importantly, a concern for the social as well as the industrial needs of its members remained part of the philosophy of the movement.

Chapter Two - Wollongong Boom Town - describes the growth of Wollongong as an important industrial town dominated by the steel works and to a lesser extent by the mining industry. To illustrate the strength of the labour movement in this town the history of the South Coast Labour Council is described with emphasis on the 1950s when it defeated the Industrial Groupers for control of the Council. The 1960s witnessed
the emergence of a well-organised Council concerned with the poor urban environment of the city and the new community of affluent workers who were homeowners and the consolidation of the allegiance of the workers to socialism and the Labor Party.

Chapter Three - Canberra - Conflict City - outlines the development of Canberra, from an unattractive outpost of Commonwealth Administration to its blossoming, in the early 1960s, as the successful and flourishing National Capital. It describes the growth of the white collar public service union and the contribution made by J R (Jim) Fraser to the development of the new community of well-educated and affluent people. But central to the theme is the continuing conflict which dogged the city from its inception, first between politicians and then between the citizens and the political administration.

The Introduction to Part Two focuses on the problems which faced the new communities of Wollongong and Canberra as they strove to achieve a better quality of life. These problems were associated with the inflexibility of the Constitution and the financial imbalance between the three tiers of Government. It outlines the responsibilities of local government and semi-government bodies and the emergence of new forms of protest against the endemic indifference of State and Federal Governments to the needs of the affluent urban workers.

Chapter One - The Limitations of the Constitution - deals with the ongoing dissatisfaction of people with centralised State Government Administrations and the overall inability of these Governments to cope with their greater responsibilities. The unsuccessful attempts to change the Commonwealth Constitution and establishment of new states, decentralisation or regional organisations as solutions to the problems are discussed. For many years there were advocates within the Federal Labor Party for the introduction of a regional administrative structure which would reduce the power of the States. E G Whitlam began his campaign from the mid-1960s to promote the status and
influence of Local Government and use tied grants to overcome the intractability of the States.

Chapter Two - Financial Relations - describes the evolution of the relationship between the States and the Federal Government from Federation to the late 1960s. It shows how the Commonwealth gradually extended its fiscal control over the States by per capita Grants, the Financial Agreement 1927-42, the Uniform Taxation Reimbursement Acts 1942-59 and the Uniform Taxation Financial Assistance Acts of 1959. From the 1960s the Local Government Association, Ratepayers and Progress Associations and the South Coast Labour Council maintained a significant protest against the dominant fiscal power of the Federal Coalition. The long standing and acrimonious relationship between the State and Federal Governments was seen by some to have reached crisis proportions. At a Conference in Canberra in 1971, the Leader of the Federal Opposition, E G Whitlam, described Labor's answer to the difficulties by the establishment of a new Federation founded on consultation and co-operation.

Chapter Three - Local Government - traces the history of the rise of municipal and local councils in Sydney and Wollongong. It identifies the various attempts that were made to improve the efficiency of these councils and planning of the city and suburbs. It discusses the fiscal problems that were to emerge as the suburbs grew rapidly and outstripped the capacity of local government to meet the needs of its enlarged population. By the late 1960s it became obvious that the Federal Government alone had "the resources to meet the challenge of the cities".

The Introduction to Part Three - 1965 -1972 The Turbulent Years - describes the demise of the Federal Coalition and the emergence of the Federal Labor Party with its new leader, E G Whitlam and its new policies. The growth of the Illawarra is noted with its increasing urban and environmental problems and with the continuing dominance and
leadership of the South Coast Labour Council. The crisis in Canberra and the rising militancy of the people is described as Canberra emerged as Australia's largest inland city. At the same time the Coalition Government and its administration failed to meet the needs of the well-educated and articulate community.

Chapter One - Political Parties in Transition - is concerned with the changes that took place in the Coalition Government with the retirement of its long-time and powerful leader R G Menzies. The extraordinary success of the 1966 election for the Liberals soon lost its shine as the Government was shaken by internal conflict and external disappointments. The death of Holt threw the Liberal Party into greater turmoil and his successors were even less able to cope with the demands of a troubled electorate and the onslaught of a rejuvenated Federal Labor Party. Equally tempestuous was E G Whitlam's rise to the leadership of the Party but his organisational and parliamentary skills soon demonstrated that the Party had at last got the leader and the policies to win them government.

Chapter Two - Illawarra Militant - By the late 1960s the Illawarra with a population of about 180,000 had expanded so that the hills and valleys from Stanwell Park to Shellharbour were dotted with the homes of the affluent workers. But the problems of the urban environment had also increased as increased vehicular traffic and a rapidly expanding population made demands on a neglected and decaying urban system. The South Coast Labor Council increased its power and influence. Its relationship with the Trades and Labor Council of NSW, the local ALP representatives and the FIA improved so that they could concentrate on the solution of the many problems that beset their community. During this period the working class community of home owners continued their support for the Labor Party and happily greeted the demise of the Federal Coalition.
Chapter Three - Canberra in Crisis - In Canberra the opposition to the Federal Coalition continued to gain strength and was further enhanced by the dedication of the local Labor Party representatives J Fraser. The conflict between the people and the Government reached new heights with the shortage of land, lack of houses and the decision to increase the land rents. After Fraser's death the continuing success of the Labor Party at the polls proved that this middle-class, well-educated community was opposed to the Federal Coalition.

This thesis argues that affluence did not change the voting patterns of the urban workers. The ownership of property and better education made voting Labor respectable and increased the desire of workers for empowerment. The continuing pre-occupation with economic growth and the lack of interest of State and Federal Governments in the welfare of the people ensured that affluent urban workers increased their support of the Federal Labor Party.
This thesis is my own original work and has not been submitted for a higher degree to any other university or institution

Patricia-Mary Ward
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>ACOA</td>
<td>Australian Commonwealth Officers' Association</td>
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<tr>
<td>ACPSCA</td>
<td>Australian Commonwealth Public Servants Clerical Association</td>
</tr>
<tr>
<td>ACT</td>
<td>Australian Capital Territory</td>
</tr>
<tr>
<td>ACTU</td>
<td>Australian Council of Trade Unions</td>
</tr>
<tr>
<td>AFL</td>
<td>Australian Fertilisers Proprietary Limited</td>
</tr>
<tr>
<td>AIS</td>
<td>Australian Iron and Steel Proprietary Limited</td>
</tr>
<tr>
<td>ALP</td>
<td>Australian Labor Party</td>
</tr>
<tr>
<td>ANU</td>
<td>Australian National University</td>
</tr>
<tr>
<td>APOP</td>
<td>Australian Public Opinion Polls (Roy Morgan Research Centre)</td>
</tr>
<tr>
<td>ARU</td>
<td>Amalgamated Railways Union</td>
</tr>
<tr>
<td>AWU</td>
<td>Australian Workers' Union</td>
</tr>
<tr>
<td>BHP</td>
<td>Broken Hill Proprietary Limited</td>
</tr>
<tr>
<td>BWIU</td>
<td>Building Workers' Industrial Union of Australia</td>
</tr>
<tr>
<td>CPA</td>
<td>Communist Party of Australia</td>
</tr>
<tr>
<td>CPSCA</td>
<td>Commonwealth Public Servants' Clerical Association</td>
</tr>
<tr>
<td>CSIRO</td>
<td>Commonwealth Scientific and Industrial Research Association</td>
</tr>
<tr>
<td>DLP</td>
<td>Democratic Labor Party</td>
</tr>
<tr>
<td>ERS</td>
<td>Electrolytic Refining and Smelting Company</td>
</tr>
<tr>
<td>FIA</td>
<td>Federated Ironworkers' Association</td>
</tr>
<tr>
<td>FPLP</td>
<td>Federal Parliamentary Labor Party</td>
</tr>
<tr>
<td>GATT</td>
<td>General Agreement on Tariffs and Trade</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>IRO</td>
<td>International Refugee Organisation</td>
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<tr>
<td>IWW</td>
<td>Industrial Workers of the World</td>
</tr>
<tr>
<td>MLA</td>
<td>Member of the Legislative Assembly</td>
</tr>
<tr>
<td>MLC</td>
<td>Member of the Legislative Council</td>
</tr>
<tr>
<td>MM</td>
<td>Metal Manufacturer Proprietary Limited</td>
</tr>
<tr>
<td>MWU</td>
<td>Miscellaneous Workers' Union</td>
</tr>
<tr>
<td>NCDC</td>
<td>National Capital Development Commission</td>
</tr>
<tr>
<td>OBU</td>
<td>One Big Union</td>
</tr>
<tr>
<td>QANTAS</td>
<td>Queensland and Northern Territory Aerial Services Limited</td>
</tr>
<tr>
<td>SCLC</td>
<td>South Coast Labour Council</td>
</tr>
<tr>
<td>TAA</td>
<td>Trans-Australian Airlines</td>
</tr>
<tr>
<td>UK</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>USA</td>
<td>United States of America</td>
</tr>
<tr>
<td>WA</td>
<td>Western Australia</td>
</tr>
<tr>
<td>WIU of A</td>
<td>Workers' Industrial Union of Australia</td>
</tr>
</tbody>
</table>
INTRODUCTION
During the thirty years following World War II many modern industrial countries experienced a dramatic shift in the size, structure and nature of their urban environment. The demands of the War precipitated the recovery from the Depression and with renewed optimism industrial countries endorsed policies which promoted economic growth and full employment.\textsuperscript{1} The policies in turn attracted a major migration of people to and within these countries. In established cities where the birthrate was high, the population soared as workers deserted rural areas for the better work opportunities in the expanding industries.\textsuperscript{2} But the rapidly growing population could not be contained within the city and the population spilled over into the "surrounding countryside"\textsuperscript{3} accelerating the development of single family homes in the suburbs. Hall argued that by 1960

\begin{quote}
in every major modern city...the frontier of building has been pushed outwards; newer suburbs at the fringe show more rapid growth than the more densely populated inner districts.\textsuperscript{4}
\end{quote}

In Australia where the movement of people from the rural areas was minimal, the population was boosted by migrants\textsuperscript{5} from war-torn Europe who flocked to the major cities and the expanding industrial centres and suburbs.\textsuperscript{6} By 1970 most of Western European countries and Australia and the United States had an urban population between seventy and ninety percent.

\textsuperscript{1} Fox K, \textit{Metropolitan America}, London, Macmillan Publishers Ltd, 1985, p 47
\textsuperscript{3} Hall P, \textit{The World Cities}, London, Weidenfeld and Nicolson, 1977, p 29
\textsuperscript{4} Hall P, op cit, p 234
\textsuperscript{6} Fox K, op cit, p 65
Percentage of Urban Population in Selected European Countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>France</td>
<td>70%</td>
</tr>
<tr>
<td>West Germany</td>
<td>77%</td>
</tr>
<tr>
<td>Sweden</td>
<td>81%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>77%</td>
</tr>
<tr>
<td>Great Britain</td>
<td>78%</td>
</tr>
<tr>
<td>Belgium</td>
<td>87%</td>
</tr>
</tbody>
</table>

In Southern Europe the urban population was 51% in the same period, Eastern Europe was 55% and Australia 86%. The urban population for the United States in 1968 was 70%.

In Britain and the Netherlands efforts were made to restrict urban growth. The Town and Country Planning Act of 1947 in Britain was an attempt to control the use of every acre. New towns consisting of single family houses with gardens were built almost twenty miles from the City of London and a “maze of new speculatively built estates” invaded the countryside so that London became known as a “city of a thousand suburbs”. In contrast, Paris had no centralized planning system, but it absorbed more than 32% of the population increase between 1954 and 1962; the city became a “congestion of people, of jobs, of traffic and of physical equipment”. The area outside Paris housed six million people in villages and small towns with poor roads, inadequate water and sewerage systems and few schools and hospitals.

In America the move to suburbia was boosted by technology and government policies. Better highway construction, more roads and bridges and improved public and private

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7 Hall P and Hay D, op cit, p 2
8 Ibid, p 16
9 Ibid, p 2
10 Hall P, op cit, p 40
11 Ibid, p 52
12 Ibid, p 48
13 Ibid, p 59
14 Ibid, p 61
15 Ibid, p 80
16 Ibid, p 77
17 Ibid, p 68
transport extended the range of the commuter. The development of rural electrification, the electric pump and the septic tank enabled people to move onto the cheaper land with minimal services and fewer planning restrictions. Government policies, the expansion of mortgage credit, higher wages and the availability of cheaper housing encouraged home ownership and enticed city dwellers into the suburbs. In these suburbs new cultures and life-styles evolved for a home of one's own encouraged a sense of security and independence and a determination to protect new acquisitions. Associations were formed to ensure racial and social homogeneity as well as the improvement of the environment.

But by the 1960s the suburbs were seen to be in a “state of quiet, slowly building crisis”. Although they constituted the countries' greatest growth industry they had expanded in an uncontrolled fashion. In the worst cases there was a lack of community services, “paved streets and sewerage” and cheap public transport. Even in the best places with “green lawns, barbecue pits and two-car garages” there were serious financial problems, difficulties in the expansion of public services and an inadequate police force. Governments were forced to develop national urban policies and academics discussed the social, economic and political aspects of urban issues.

As Castells wrote:

The urban question and the problematic of the environment are in several ways at the forefront of the social and political scene of advanced capitalist societies. In the first instance, political conflicts and, in particular, electoral politics, which

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20 Fox K, op cit, p 60
23 Ibid, p 16
are at the heart of the decision making process of the liberal democratic state have been profoundly affected by these issues.24

In Paris the *Schema Directeur D'armenagement et l'Urbanisme de la Region de Paris* acknowledged that Paris must expand and the suburbs must be refurbished to meet employment, housing and other social needs. Land values in areas marked for development were frozen and the profits from their sale were directed to the planning departments. New motorways were designed to bind the new towns and the people to the old Paris.25 Ward and Dubois wrote about the radical plans of the British and Netherlands Governments to deal with the problems associated with their new towns as they failed to emerge as self-sufficient centres and became dormitories for major cities. Their discussion embraced the problems created by the unrestricted spill-over from the cities into the suburbs: the journey to work, ethnic and social barriers, profit taking by developers, the decline of the inner city associated with the loss of income as more rates and taxes are absorbed by the suburbs and the encroachment on the open country and the farm land. They reported that Governments and planners advocated a new way of thinking about cities, “of growth rather than size, of mobility and choices” rather than the old fixed structures of concentric circles.26 In America the *President's Task Force on Suburban Problems* reported that the Federal Government should assume “policy leadership and programmatic and financial responsibility...with respect to addressing the problems of suburbs and suburban dwellers”.27

Professor L Mumford, a Co-founder of the Regional Planning Association of America, saw these suburbs as the “slums of to-morrow”. He argued that the original purpose of

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25 Hall P, op cit, p 93
27 Report of the President's Task Force on Suburban Problems, op cit, p 13
the suburb was to be able to “withdraw like a hermit and live like a prince”.28 He described the new community

as a multitude of uniform, unidentifiable houses, lined up inflexibly, at uniform distances, on uniform roads, in a treeless communal waste inhabited by people of the same class, the same income, the same group, witnessing the same television performances conforming in every respect to a common mould manufactured in the central metropolis.29

Berger, who had undertaken a number of studies of a group of automobile assembly line workers who lived in a suburb in California, saw this as a “cultural critique unlike an economic or political one” in that it contained “no direct implications for agitation or concerted action”. In his view the discussion about suburbia “lies far deeper than mere residence in a suburb” as there are questions about “wealth, social status and corporate organisation” which have to be addressed.30 And it was this question of social status of the affluent urban worker which was to become the subject of much research.

One theory which enjoyed considerable popularity in the industrialised countries proclaimed that, with minor variations, the shift to home-ownership and life in the suburbs was a strong indicator of the change from working class to middle class status for workers. The theory gained further credence from the failure of Labour or the Social Democratic Parties to win Government.31 In 1960 the Gaullists dominated French politics, the Conservatives had just won the 1959 Election in Britain and Dwight Eisenhower was President of the United States. And the re-definition of class was central to the discussion and the main theoretical traditions of Marx and Weber were challenged. Marx analysed class in relation to the “ownership of capital and the means of production”. Weber divided the population into “classes according to economic

29 Ibid, pp 5-6
differences of market capacity that gave rise to different life-chances. Capital was seen as one source of market capacity but skill and education formed another. Fox in his examination of Metropolitan America considered that suburbia was very important as the "suburban development was revolutionary"; the class structure was changed through work and occupation and the escape of people from the cities. These white collar workers were determined to create a class for themselves between the business class and the working class.

This argument derived much from the work of C Wright Mills who rejected the definition of class based on the ownership of property and the means of production. He argued that class was re-defined by the shift in the economy from manufacturing to finance, management and symbols which were indicators of power, prestige and success. Power was symbolised by having your name on the office door and prestige was associated with occupation not family origins and wealth. Career success which was associated with better education was the foundation for "social prestige and status mobility". Whyte in his book Organisation Man enlarged Mills' picture of an American who believes in "mobility and success" and described the suburbs as the enclave of these upwardly mobile new professional classes. Life he contended was dominated by the new culture, television, the need to maintain a high standard in house and garden and the importance of education for the children.

Fox traced the emergence of this new class to the modernisation of factories and the reduction in the number of blue collar workers. New technologies nurtured during the war created a demand for more professional managers and technicians. Higher

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33 Fox K, op cit, p 50
34 Ibid, pp 55-56
35 Ibid, p 56
36 Ibid, p 57
37 Ibid, p 65
productivity and competition required better marketing and advertising skills to attract buyers to a wide range of domestic and other products. Returning servicemen were encouraged to take up Government funded tertiary studies and school leavers entered sales or clerical occupations. Governments expanded their fields of interest and their bureaucracies contributing to the growth of many white-collar occupations. There was a growing demand for managers in international institutes, financial organisations and public utilities.

Fox considered that this created a new white collar class of workers who were anxious to establish “a firm basis for defining their social status and pursuing upward advancement”. Enticed by new housing development and the availability of mortgage finance, they deserted the city and distanced themselves from their working class backgrounds and families. They wanted to create a new community in which “life style and income... displaced occupation as the principal determinant of social standing”. This new class was “primarily cultural” with “its foundations in the home and the residential community, especially the suburban communities”.

Berger, however, attacked this argument as a “myth of suburbia” perpetuated by Whyte whom he considered was extremely selective in his reporting. He argued that as factories moved out of the city the working class migrated into the suburbs. Auto workers living in a suburb of California still voted Democrat and had no desire to be upwardly mobile. Seventy percent of them still belonged to the union. They regarded “their new suburban homes not as a temporary resting place but as a paradise permanently gained”.

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38 Ibid, pp 59-60  
39 Hall P, op cit, p 27  
40 Fox K, op cit, p 52  
41 Ibid, p 53  
42 Ibid, p 69  
43 Berger B M, op cit, p 156  
44 Ibid, p 157
Berger concluded:

There are no grounds for believing that suburbia has created a distinctive style or a new social character for America.45

And Davis, in his history of the City of Los Angeles, City of Quartz, wrote about the Fontana workforce in the Kaiser Steel Works in the 1940s and 1950s. He noted that it was a working class community. Before the 1940s Fontana was a rural society of orchardists and chicken farmers which was submerged by the advent of the steel works and successive waves of migrants from the older steel works in Pennsylvania, Ohio and West Virginia. Fontana was a working class town dominated by the Union who worked in collaboration with management to provide an “extensive corporate recreation program”. Steelworkers played golf, tennis, joined toastmasters and drama societies. Davis argued that it was a society of workers that was “more egalitarian and open-minded than the old steel cultures of the Ohio Valley”.

Gans when he was on the staff of the Institute of Urban Studies of the Teachers College, Columbia University, lived for two years in Levittown, New Jersey. This was a large suburban development of 12,000 houses and Gans contended that suburban communities “do not differ much from neighbourhoods elsewhere”. In his preface to the Morningside Edition of his book Levittowners he wrote “What really affects them and their lives is obtaining a single family house and becoming home owners”.

Willmott was also interested in these apparently converging life-styles and published studies on Family and Class and the Evolution of a Community. He argued that “society has changed less than is commonly supposed”.48 There was still a clear distinction between the work situation of manual workers and others. Moreover he considered that

45 Ibid, p 171
46 Davis M, op cit, p 407
47 Gans, H, Levittowners,
the argument that there were major shifts from unskilled to skilled occupations and from manual to clerical has been largely overestimated. The thrust of his argument was that economic growth, more women in the workforce, the new light industries, better working conditions and the rise in living standards encouraged working class people to own or buy their own homes. He considered that as “more manual workers own homes and cars, peoples’ patterns of life will merge further” but the social structure will be the same because of the different attitudes to work and leisure.49 The middle class see their jobs as a “career ladder” but working class people recognise that economic progress can only be achieved by collective action and hold relatively traditional views on unions and politics.50 Berger supported this argument for he maintained that the “achievement of suburbia by the working class is a collective achievement made possible by prosperity and the labor movement”.51

Zweig had started his studies of the working class in the 1940s before as he puts it “the British working had emerged from his traditional mode of living”. Zweig wrote that the worker no longer wished to be identified with his job but rather as a consumer and more importantly as a “property owner with a house, car, life savings etc”.52 The worker no longer felt inferior as he now had “full equality of status and full citizenship”.53 Trade Union Movement have become more powerful54 with white collar unions making up at least one third of the members55 and industrial activity had been overtaken by political functions.56

49 Ibid, p 59
50 Ibid, p 61
51 Berger B M, op cit, p 161
53 Ibid, p 38
54 Ibid, p 84
55 Ibid, p 87
56 Ibid, p 90
This overall concern with economic, social and political aspects of urban issues is of particular importance in Australia for Australia is one of the most urbanised countries in the world dominated by Sydney and Melbourne with more than 40% of the total population. In the thirty years from 1947 to 1976 the population nearly doubled moving from 7.6 million to 13.9 million with immigration contributing almost 60% of the increase. Seventy-five percent of the population live in the suburbs or the suburban fringe on large blocks of land with low density housing. R Boyd like Mumford was critical of some aspects of this suburban development. However the late development of large scale manufacturing meant that the major cities of Australia had few large tracts of antiquated and obsolete industry in decaying residential areas. And unlike Canada and America the largest proportion of the migrant population moved to regional cities and towns and not the capital cities. Certainly Sydney and Melbourne grew in the post-war years by 15.5% but in the Illawarra the overseas-born population rose more rapidly than in any other urban area reaching 30% in 1971.

However with the exception of planned towns like Elizabeth and Canberra there was limited public housing and the development of the suburbs was uncontrolled with planning and other government activities divided among many authorities. Workers encouraged by Government policies promoting home ownership, build their own homes.

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61 Logan M I, Whitelaw J S and McKay J, op cit, p 3
62 Borrie W D, op cit, p 4
64 Brennan T, op cit, p 303
on land with limited public services on the fringe of the cities. Full employment, improved wage levels and access to easy finance ensured that by 1961 70% of private occupied houses were either owned or mortgaged. Logan writing in 1981 noted that “residential ownership is deeply seated in Australian society and is a very direct measure of success”.

And suburban growth accompanied the rapid development of the automobile and heavy manufacturing industries in the boom towns of Geelong, Newcastle and Wollongong. This development together with mechanisation of the farming industry and the expansion of administrative, management and communication functions in government and the service industries brought about a major change in structure of the workforce.

Scott argued that the working class declined rapidly after World War II when it was fragmented by changes in the composition of the workforce, the increase in the number of women in the service industries, the impact of immigrants employed in dangerous and low paid jobs, education, the advent of consumerism and the difference between workers who are buying a home and those who are renting. However he disagreed with Fox and C Wright Mills and argued against the concept that the “intrinsic class divisions of western capitalist nations has been diluted”. He considered that there had been a “geographical fragmentation of the working class”.

Davies and Encel considered that it was difficult to measure occupational trends and the composition of the workforce due to poor data. Despite this they agreed with Scott,

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65 Spearritt, P, op cit, p 112  
66 Logan M I, Whitelaw J S and McKay J, op cit, p 87  
67 Ibid, pp 36-41  
69 Ibid, p 7  
70 Ibid, p 14  
Willmott, Turner and Fox that there has been a significant rise in the number of women in the workforce and point to the increase in the number of professional and technical workers from 5.1% in 1947 to 8.4% in 1961 and the increase in the administrative, executive and technical positions from 5.4% to 7% in the same period. In particular the Commonwealth Public Service grew from 47,000 in 1939 to 176,000 in 1964 while CSIRO grew from 500 in 1939 to 5000 in 1964. In education in 1939 there were 1,178,000 and in 1964 2,360,000 and university enrolments grew from 14,200 in 1939 to 75,000 in 1964. These changes in the workforce are comparable with the changes in other western industrial countries but they do not show as Fox has argued, a transfer out of the manual occupations and in fact the number of blue collar bridegrooms in 1947 was 62%, and in 1967 was 60.7% which supports Willmott's argument that shifts from manual to clerical has been largely over-estimated.

Davies and Encel have also noted as Zweig had that from the 1950s white collar workers formed unions for industrial purposes. In 1960-61 the Association of Professional Engineers negotiated a work value case with the Commonwealth Arbitration Commission. The concept of work value which they advocated included “qualifications, informal and otherwise required for the performance of a function or appointment to a position”. The Arbitration Commission accepted that

the salaries and conditions under which professional engineers work have for the most part been determined on a basis appropriate for non-professional employees... it is necessary, in the interests of the profession and of the community as well as of individual engineers, that professional engineering employees should have their salaries determined on the basis of their common needs and interests as members of a learned profession.

Their success led to the formation of other white collar unions and the recognition that claims could be brought under the relevant section of the Conciliation and Arbitration

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72 Ibid, pp 25-27
73 Ibid, p 29
74 Ibid, p 3
Act by professional, semi-professional or craft organisations." Davies and Encel quoted C Wright Mills who considered that “white-collar workers accept unions as something to be used rather than as something to be believed in” and argued that joining a union does not mean that the “white collar worker is aligning himself with the interests and attitudes of the manual worker”.76

And this might well have been the case in Canberra in the late 1950s. Canberra was a late starter in the economic and population stakes and by 1958 consisted of only 39,000 people. Public servants were reluctant to exchange the comfort of Sydney and Melbourne for the stark suburbs of Canberra. There were complaints about working conditions, the cost of living, the scarcity of everyday goods and the long cold winters.77 They were eventually forced to migrate to Canberra when the Public Service Board abolished the positions of officers who would not transfer.78 Moreover their union, the Administrative and Clerical Officers Association, functioned as a staff association and it was not until the 1960s when the membership had reached 19,800 that they achieved the translation to a union. In the 1950s most of the officers working in Canberra were carrying out work of a planning and administrative nature and there were few base grade jobs.79 Jim Fraser who was the Labor Member for the Australian Capital Territory in the House of Representatives from 1951 and whose electoral majority increased each year considered, that his continuing success was in some part due to the support of these officers who could not be seen as regular Labor voters.80 It was argued that the

75 Ibid, pp 30-31
76 Ibid, p 41
77 Administrative and Clerical Officers' Association Journal, ANU Noel Butlin Archives Centre, E 182, 1957, p 23
80 Canberra Times, 24/11/98, p 1
unpopularity of the Minister of the Interior, Kent Hughes, was the reason for the success of the Labor Member.\(^8\)

Little attention was paid to this voting pattern in Canberra as there was considerable support for the view that affluence and mobility in the working class would lead to a “movement towards middle-class behaviour and values”. Crisp declared that the old working class after:

> two decades of prosperity and expansionist economic policies, extensive housing and rehousing programmes and more plentiful housing finance have taken their sons and daughters (if not actually themselves and their wives) to the newer outer suburbs where they lose something of the old identity and neighbourly solidarity of the inner suburbs which so often expressed itself in a solid ALP vote.\(^2\)

And Davies and Encel pointed to the APOP 1961 poll which showed that working class people living in “superior housing” classed themselves as middle class. They argued that this class view followed through into the voting pattern which shows that four/fifths of those classified as working class voted ALP and just over half of the middle class voted Liberal.\(^3\) Kemp agreed as he contended that the general affluence and the move to the new suburbs had introduced a middle-classing process which he called the “suburban effect”.\(^4\) He maintained that this had directly affected mass voting patterns. He supported this argument with the analysis of the percentage vote of the ALP in the Federal election for House of Representatives held in November 1966. He argued that in every case where there were more than fifty manual workers there was a lower ALP vote than expected. He attributed this to the fact that the skilled workers are associated with a lower ALP vote.\(^5\)

\(^{81}\) Sparke, op cit, p 51
\(^{83}\) Davies A F and Encel S, op cit, p 37
\(^{85}\) Ibid, pp 125-135
But Aitkin challenged “any analysis of the nature of party politics which relied heavily on class”\(^8\). He contended that

more realistic is a simple interest model of party choice, in which the great majority of citizens support the party that seems most likely better for their lot and their lot is generally, though not always, defined in economic and material terms.\(^7\)

And Overacker concluded that the “old alignment of the major [political] groups dividing along class lines [had] broken down. It could not survive in a society in which much of the labour force no long identified with a working class movement”.\(^8\) However Goldthorpe wrote that working class affluence “may turn out to have political consequences the reverse of those usually attributed to it”.\(^9\)

But as Berger would argue these views have been developed from “extremely selective” data and have “no direct implications for agitation or concerted action”. There was no attempt to examine the effect of affluence on the workers in Australia’s heartland of industrial development. In particular Wollongong was transformed from a collection of mining villages, fishing hamlets and dairy farms into Australia’s leading steel town.\(^9\) Waves of immigrants supplied the labour needs of the burgeoning industry and as their socio-economic status improved moved from hostels and Housing Commission homes into their own suburban homes.\(^9\) However Wollongong remained a working class town

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\(^8\) Aitkin D, *Stability and Change in Australian Politics*, Canberra, Australian University Press, 1977, p 119
\(^7\) Ibid, p 136
with a strong commitment to workers, leagues and sporting clubs. Although the workforce was diluted by the very large number of immigrants the trade unions and the South Coast Labour Council expanded in numbers and influence for as Willmott wrote "working class people recognized that economic progress can only achieved by collective action".

Galbraith argued that people who are experiencing this prosperous life style will eventually come to realize they have "something to protect". And this was to become important to the affluent workers in Wollongong and Canberra as their rates increased and their new life style was threatened. Galbraith reasoned that in the past the possibility that they could become unemployed or lose any income loomed as a real threat. He considered that the current sense of insecurity has nothing to do with the Depression or the "hazards of modern economic life" but rather the effect of moving from one state in life where one possessed little to one where they had possessions to protect. Not only do people realize they have "something to protect" but they also come to realize that any "future social progress (increase in equity) will probably have to be implemented by the public sector to a greater extent than was the case with past social progress".

In the same vein Tawney argued that

> It is not till it is discovered that high individual incomes will not purchase for the mass of mankind immunity from cholera, typhus and ignorance still less secure them the positive advantages of educational opportunity and economic security so that slowly and reluctantly...society begins to make collective provision for needs which no ordinary individual, even if he works overtime all his life, can provide for himself.\(^9\)

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\(^{92}\) Wilson M G A, op cit, p 8

\(^{93}\) Willmott P, op cit, p 61


\(^{95}\) Ibid

\(^{96}\) Ibid, p 86

\(^{97}\) Ibid, p 85

And in a more elaborate discussion of the limits of economic growth Hirsch argued that there had been a pre-occupation in modern economics with the Keynesian view of stabilization of the economy, “avoiding mass unemployment and runaway inflation”. Economic growth was seen as a more effective way of achieving economic equality than distribution.99

In his discussion he suggested that sustained economic growth gives a larger section of the population the income to acquire material goods which in the past would have been beyond their means. However he argued while the growth process continues it creates “social scarcity”100 and it is only a successful substitute for income re-distribution in its early stages.

He further argued that the desire for positional goods increases with the use of material goods and demand for positional goods will increase merely to service additional availability of material goods. His discussion focussed on the demand for leisure, land, better suburbs and leadership jobs.101 However this argument could be extended to show that an increase in car ownership will increase the demand for more and better roads; the increase in home ownership will increase the demand for better water and sewerage services and the increase in leisure will lead to the demand for more libraries, swimming pools and recreation areas. These are collective services required by everyone and shared by everyone. They cannot be met by the increased production or by individuals alone.

And Galbraith argued that to achieve social balance the “production of goods within the private economy” must bear a close relationship to the production of other kinds of products.102 He illustrated this problem by arguing that an “increase in the consumption

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100 Ibid, p 175
101 Ibid, pp 32-41
102 Ibid, p 187
of cars requires a facilitating supply of streets, highways, traffic control and parking” as well as “police and highway patrols and hospitals”. He argued that “motion pictures, television, cars... and other goods which advance the gross national product are not a substitute for a “well-run and well-regulated community” where public services and private production have kept pace together. However to achieve this the question had to be asked who is going to pay for the public service?

He wrote of the fiscal position in the United States which echoed the situation in Australia to some extent. Government revenues benefitted from increased taxes from economic growth, but all governments do not benefit at the same rate. The Federal Government obtains the largest portion of the revenues but a substantial proportion is directed to defence. State and Local Governments do not benefit at the same rate and are not able to underwrite their own loans. The argument concerning this imbalance persisted while “the question of social balance is lost in the debate over equality and social equity”. He proposed that the revenue of the Federal Government, now expended on defence, should be made available “for the service of social balance” which would quickly be restored.

By the 1960s the affluent workers of Wollongong and Canberra had come to realize, as Galbraith noted, that “they had something to protect”. Progress associations led by trade union leaders organised protests against the increase in rates and the South Coast Labour Council took up the cause. As Davis commented homeowners associations were most effective when banded together against an external threat. This interest in

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103 Ibid, p 198
104 Ibid, pp 199-200
105 Ibid, p 204
106 Ibid, p 205
107 Ibid, p 204
108 Galbraith J K, op cit, p 84
109 Davis M, op cit, p 161

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Introduction
political activity occurred because the workers realised that any improvement in their collective needs could only be achieved by Federal Government commitment. The spectacular population growth of the Illawarra and the failure of State and Federal Governments to address the environmental, welfare and education needs of the town had by the 1960s created a “suburban crisis”.

And throughout the 1960s the South Coast Labour Council maintained its drive for the provision of social capital and as Castells argued formed new alliances with other social groups which had “a much broader objective basis than that of the specific interests of the proletariat”. As Berger wrote “the achievement of suburbia by the working class is a collective achievement made possible by prosperity and the labor movement”.

In Canberra by 1968 the population had expanded to 108,000. The composition of the workforce was substantially changed from that of the 1950s with the addition of younger professionals and more women workers. New settlers were attracted by the adequate employment opportunities in a good quality environment. They were prepared to use the resources both public and private to build a successful community in which they could make their homes and raise their children. In Berger’s eloquent description “the new suburban homes were not a temporary resting place but a paradise permanently gained”. In this they were supported by their committed and resourceful Labor Member in the House of Representatives. But with the growth of the city old problems took on a new urgency. Paradise was tainted by the arrogance of successive Ministers of the Interior and the deteriorating quality of the management of the city. The lack of

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10 Castells M, op cit, p 36
11 Berger B M, op cit, p161
13 Ibid, p 549
14 Berger, op cit, p 157
local representation in the decision making process led to the rise of popular protest for as in Wollongong the affluent urban workers now had something to protect.\textsuperscript{115} And as Castells writes

\begin{quote}
The worker movement has become more powerful, that new forms of public protest have emerged which are supported by large sections of the population who belong to different social groups.\textsuperscript{116}
\end{quote}

But intrinsic to the evolution of the affluent workers' public protest was the consequence of the fiscal imbalance between the Federal, State and Local Governments. As Galbraith wrote about this relationship in the United States, Federal Government revenues increased from taxes and from economic growth. In Australia the Federal Coalition was able through its steadily increasing revenue to fund the development of Canberra from 1957 to 1965. But, as in the United States, State and Local Government "did not benefit at the same rate".\textsuperscript{117} In Australia, for twenty years, the fiscal relationship between the three tiers of Government was blighted by an ongoing antagonism and the Federal Coalition displayed little aptitude for the development of new policies targeted to overcome the long-standing imbalance. Both State and Federal Governments were concerned with maintaining economic growth and were oblivious to its consequences. Their continuing lack of concern for the needs of the people provided the incentive for organised protest and increasing support for the Federal Labor Party.

Very late in the day, for a Federal election was looming, the Coalition transferred the Payroll Tax to the States.\textsuperscript{118} But it was too late for the Federal Labor Party responded to the protests of the urban workers with policies which would address the urban crisis and restore Canberra to its position as the model for regional development.

\textsuperscript{115} Sparke, op cit, p 245
\textsuperscript{116} Castells, op cit, p 17
\textsuperscript{117} Galbraith, op cit, p 204
As a contribution to the debate this thesis criticizes the theory of the embourgeoisement of the Australian urban workers from 1950 to 1972. It will show that affluence, home ownership and the acquisition of consumer goods did not change or weaken the urban worker's traditional voting patterns and allegiance to the Labor Party. It will be argued that in towns like Wollongong the failure of the Federal Coalition to address the problems of the urban environment consolidated the Federal Labor vote. In the City of Canberra the citizens were disillusioned with political activities over which they had little control and which threatened their lifestyle. Consequently in a town of a politically aware and well-educated middle class the drift away from the Federal Coalition continued and the popularity of the Whitlam-led Labor Government and the will of the affluent urban workers was demonstrated electorally in December 1972.
PART 1
AUSTRALIA’S NEW CITIES
Australia's first period of sustained economic growth began in 1861 and lasted for nearly thirty years. The second was triggered by the steady improvement in the manufacturing sector from 1920. During World II this sector expanded rapidly replacing primary exports as the major component of economic activity. The shortage of imports boosted production and the demand for home-produced goods and reduced unemployment.¹ For the countries east of the Suez Australia assumed a new importance, supplanting Britain as the supplier of goods.² Thus began Australia's attempted transition from an outpost of the British Empire into a modern industrial state. Political, economic and social policies initiated during the war gathered momentum transforming the whole gamut of Australian life and creating a “a quality of life in a society that [was] going places”.³

The new cities of Wollongong and Canberra, reflecting the boom in the manufacturing and tertiary industries, grew from small communities into specialised centres.⁴ In Wollongong, the focus of a rejuvenated steel industry, the population increased from 68,333 in 1947 to 203,110 in 1970.⁵ The concentration of political and administrative facilities in Canberra attracted more than 122,000 additional residents in the twenty years from 1950 to 1970.⁶ As the population increased and the workers acquired a new

affluence the suburbs of Wollongong and Canberra expanded, illustrating a pattern of high urbanisation which is a unique aspect of Australia's development since the 1840s.

In that period 30 percent of Australians lived in towns of 2500 and over, by comparison with the United States which had only 11 percent. By 1861 with the commencement of the long period of economic growth the urban population of both NSW and Victoria had risen to over 41 percent and Brisbane to more than 30 percent of the total population. By 1901 70 percent of this population was concentrated in the six capital cities. Butlin argues that this urban development does not fit the pattern of other Western countries where urban societies resulted from the exodus of a surplus rural population into the developing industrial and commercial fields. He contends that in Australia the "trend towards a highly urbanized society was well advanced before the relative stagnation of the rural industries". From 1871 in NSW and Victoria the urban population growth exceeded the rural so that by 1901 the population was as follows;

Table 1.1

<table>
<thead>
<tr>
<th></th>
<th>Urban</th>
<th>Rural</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW</td>
<td>922,003</td>
<td>437,130</td>
</tr>
<tr>
<td>Victoria</td>
<td>775,062</td>
<td>426,279</td>
</tr>
<tr>
<td>Queensland</td>
<td>261,752</td>
<td>241,514</td>
</tr>
</tbody>
</table>

Source: Butlin p 184

Butlin's argument is further supported by the increase in the numbers of workers in occupations which are particular to urban societies in the four States of Victoria, South Australia, NSW and Queensland for 1881 and 1891.

7 Logan, op cit, pp 18-19
9 Ibid, p 195
10 Ibid, p 194
Table 1.2

Industrial Classifications for NSW, VIC, SA and Q’land at two census dates

<table>
<thead>
<tr>
<th></th>
<th>1881</th>
<th>1891</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government and professional</td>
<td>42,424</td>
<td>71,917</td>
</tr>
<tr>
<td>Commerce, manufacturing, transport and construction</td>
<td>404,438</td>
<td>671,408</td>
</tr>
<tr>
<td>Agricultural and pastoral</td>
<td>278,824</td>
<td>351,822</td>
</tr>
</tbody>
</table>

Source: Butlin p 194

Manufacturing grew from 3.9% in 1861 to 10.5% in 1891 of gross domestic product. The building boom was sustained by high employment and easy credit conditions and consequently investment in housing was a stimulus for industrial and commercial growth. Agriculture, however, showed a slow rate of growth. Butlin considered that the arrival of migrants in large numbers during the late 1870s and mid 1880s, the formation of families and the demand for durable homes further influenced urban growth. In these years the pattern of housing which was to carry into the twentieth century was established. Building societies provided most of the housing finance for “owners or would-be-owners (instalment purchasers) of detached dwellings sprawling in their own separate grounds over vast areas”.

However the effects of the depression of the 1890s and the drought of 1895-1903 slowed economic growth until 1910. New manufacturing processes were developed from this time to meet the demands of a larger domestic market created by Federation tariff changes, different primary producers and export industries. For the increased export of the new strains of wheat and refrigerated butter, meat and fruit resulted in the expansion of manufacturing for agricultural machinery, refrigeration equipment and

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11 Ibid, p 211
12 Ibid, p 208
13 Ibid, p 212
food processing. Increased migration supplied the labour for the construction of railways and irrigation works financed by Governments borrowing overseas.14

Table 1.3

<table>
<thead>
<tr>
<th>Period</th>
<th>Migration (thousands)</th>
<th>Capital (million pounds)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1901-1905</td>
<td>-3.3</td>
<td>1.2</td>
</tr>
<tr>
<td>1906-1910</td>
<td>11.4</td>
<td>-7.7</td>
</tr>
<tr>
<td>1911-1914</td>
<td>47.6</td>
<td>7.0</td>
</tr>
</tbody>
</table>

Source: Sinclair P 170

This period of economic expansion diminished as migration and the supply of investment funds almost ceased with World War I.15 Nevertheless the isolation created by the War provided an impetus to the domestic manufacture of import replacements. Moreover the slow resurgence of demand for Australian primary products in the early 1920s was offset by progress in the development of more complex manufacturing processes such as steel, steel products, rubber and chemicals assisted by direct investment of capital, equipment and technology from British firms. Butlin considered that

Undoubtedly, a gradual evolutionary advance was occurring in the interwar years. Educational standards were rising steadily; provisions for technical training were widening; public company organization was replacing private firms; entrepreneurial and managerial skills developed.16

15 Ibid, p 172
However this prosperity was short-lived and was dashed by the balance of payments crisis in 1929 followed by the severe depression of the 1930s when migration and capital inflow were low.\(^{17}\)

But it was the effects of the second World War which was to accelerate the growth of Australia into “a small rich industrial country”\(^{18}\) with new cities, extended urban development and a reduced dependence on “unstable world markets for a few rural products”.\(^{19}\)

Table 1.4

<table>
<thead>
<tr>
<th>Years</th>
<th>Agriculture, Forestry Fishing</th>
<th>Manufacturing Construction</th>
</tr>
</thead>
<tbody>
<tr>
<td>1928-29</td>
<td>21.4</td>
<td>25.2</td>
</tr>
<tr>
<td>1938-39</td>
<td>19.7</td>
<td>25.0</td>
</tr>
<tr>
<td>1948-49</td>
<td>21.3</td>
<td>32.2</td>
</tr>
</tbody>
</table>

Source: Boehm p.8

Unlike many European countries where the War took its toll on their productive capacity Australia was to benefit from the extension of the conflict into the Pacific when the establishment of an American base in Australia gave an even wider impetus to the economy. New technology which included large earth-moving equipment was used in the construction of roads and airfields in Northern Australia.\(^{20}\) The demands for munitions, chemicals and textiles ensured the expansion of, and investment, in the nascent industries of the 1920s. Moreover the imposition of wartime controls by the Commonwealth Government “whose constitutional authority was consolidated by the

\(^{17}\) Boehm, op cit, pp 38-39  
\(^{18}\) Arndt, op cit, p 3  
\(^{19}\) Arndt, op cit, p 9  
War increased the rate of output through the mobilisation of resources and labour where emphasis was placed on the development of a skilled workforce. Further Commonwealth Government initiatives included the setting up of a new air carrier TAA; Qantas which had started in 1934 was nationalised and radar was developed for non-military purposes; work commenced on the Snowy River power and irrigation scheme. As part of the plan to meet the welfare needs of the people the Commonwealth Government greatly expanded its social service schemes with the introduction of Family Allowances (1941), Widows' Pensions (1942), Unemployment, Sickness and Funeral Benefits (1945) and the extension of Maternity and Hospital Benefits (1946).

The whole diversification of industry, the acquisition of new skills and knowledge and the Federal Governments' commitment to post-war full employment contributed to a mood of confidence in future industrial growth. H C Coombs, the Director-General of Post-War Reconstruction, in 1944 spelt out the Commonwealth Government's position:

There can be no doubt that in the minds of the mass of people a job is the first requirement of a reconstructed world...[and the second requirement is for] ...a generally higher standard of living not merely for the well-to-do but for the whole bulk of the population.

But full employment also meant increased productivity and expanded industrialisation and the opportunity to increase exports. As Arndt argues “For almost a hundred years industrialisation has been an objective of national economic policy”. It was deemed

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21 Sinclair, op cit, p 222
22 Bolton, op cit, p 478
23 Macintyre S, Winners and Losers, Sydney, Allen & Unwin Australia Pty Ltd, 1988, p 83
24 Boehm, op cit, p 348
25 Ibid, p 187
26 Arndt, op cit, P 4
27 Coombs H C, The Special Problems of Planning, Melbourne, Melbourne University Press, 1944, p 78
28 Ibid, p 80

The Transformation of Post-War Australia
necessary to escape from dependence on world commodity markets by re-structuring the
economy around heavy industries.²⁹

In the Commonwealth Government’s eyes this meant moving away from the traditional
markets in the United Kingdom for as Coombs wrote “The difficulties which the United
Kingdom will experience [in the post-war period] because of her lower overseas income
may adversely affect her capacity to buy our products”.³⁰ Therefore the Commonwealth
Government ventured independently into the world of foreign policy, trade and
international finance. In 1944 an agreement was signed with the New Zealand
Government which guaranteed the right of both countries to be consulted on matters
affecting the South-West Pacific. The aim of the agreement was to prevent the United
States from assuming sovereignty over islands on which they maintained bases.³¹ In
1945 the Australian Foreign Minister, H V Evatt, was an active worker in the United
Nations' movement which produced the San Francisco Charter advocating “higher
standards of living, full employment and conditions of economic and social progress and
development”.³² Evatt also persuaded other members of the United Nations to limit the
power of veto of the major nations. However it was Australia's support for both the
Indonesians during the two years of civil war with the Dutch and the Indians as they
sought independence from Britain, that was to earn its reputation as a friend of nations
to the North ³³ and to clearly establish that Australia was no longer closely aligned with
the old colonial powers.

But the real opportunities lay with the rapid expansion of world trade which gave
Australia the chance to extend its own trade beyond the constraints of the old Empire by

²⁹ Arndt, op cit, p 9
³⁰ Coombs, op cit, p 27
³¹ Coombs, op cit, p 27
³² Arndt, op cit, p 32
³³ Bolton, op cit, pp 472-473
participation in new international commodity agreements. In January 1948 Australia became a founding signatory country of the General Agreement on Tariffs and Trade (GATT) which allowed the participating countries to trade without discrimination and guaranteed most-favoured nation tariff status. The decline in the long standing trading relationship between the United Kingdom and Australia resulting from the new trade agreement signed in 1956. By 1957 Australia had decreased its preference margins with this principal trader and in the succeeding years the United States and Japan overtook the United Kingdom as major trading partners.

Table 1.5

Shift in Australian Exports 1947-1975 (% of total)

<table>
<thead>
<tr>
<th>Period</th>
<th>UK</th>
<th>Japan</th>
<th>USA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1947/48 - 1952/53</td>
<td>37.2</td>
<td>4.9</td>
<td>9.4</td>
</tr>
<tr>
<td>1953/54 - 1958/59</td>
<td>32.3</td>
<td>10.9</td>
<td>6.8</td>
</tr>
<tr>
<td>1959/60 - 1964/65</td>
<td>20.5</td>
<td>16.6</td>
<td>9.8</td>
</tr>
<tr>
<td>1965/66 - 1969/70</td>
<td>13.6</td>
<td>21.8</td>
<td>13.1</td>
</tr>
<tr>
<td>1970/71 - 1974/75</td>
<td>8.0</td>
<td>29.1</td>
<td>11.2</td>
</tr>
</tbody>
</table>

Source: Boehm p 124

Equally important in this period was the level of foreign investment for Australia was a significant borrower of overseas capital from the nineteenth century when Governments borrowed through loans issues. From 1940 onwards the levels remained high because Australia was seen as country with political stability and a relatively diversified industrial structure with tariff protection.

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34 Boehm, op cit, p 115
35 Ibid, p 116
36 Ibid, p 113
37 Arndt, op cit, p 22
### Table 1.6
Overseas Investment in Companies as a percentage of Net Private Investment

<table>
<thead>
<tr>
<th>Year</th>
<th>Overseas Investment (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1948-49</td>
<td>25</td>
</tr>
<tr>
<td>1952-53</td>
<td>11</td>
</tr>
<tr>
<td>1956-57</td>
<td>19</td>
</tr>
<tr>
<td>1960-61</td>
<td>27</td>
</tr>
<tr>
<td>1964-65</td>
<td>25</td>
</tr>
<tr>
<td>1968-69</td>
<td>35</td>
</tr>
</tbody>
</table>

Source: Jackson and McConnell p 707

The postwar investments took the form of direct investment by overseas companies in branches or subsidiaries. The State Governments competed with each other to attract investors by providing the necessary infrastructure and favourable terms. Initially the major contributor to company investment was the United Kingdom. While some of these investments were in agriculture, mining or oil the largest part was in manufacturing. Foreign investment also brought other advantages as it raised the total of investment in Australia "above domestically feasible levels" and brought with it "managerial and technical know-how". Australian firms benefitted from the new techniques and the competition stimulated improvements in training, research and development. Above all it provided the investment to sustain a greater inflow of migrants which added versatility and mobility to the workforce.

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39 Arndt, op cit, p 22  
40 Logan, op cit, p 38  
41 Jackson & McConnell, op cit, p 709  
42 Arndt, op cit, p 22  
43 Jackson & McConnell, op cit, p 713  
44 Arndt, op cit, p 26  
45 Jackson & McConnell, op cit, p 713
The other fundamental component of economic growth was a sustainable migration policy. The need for an increase in population became more evident after the second World War when the low birthrate of the 1930s underlined the shortage of young people to join the workforce. In the early years of World War II Arthur Calwell argued that in a few years the population would have been so reduced that countries to the north would be able to just "walk in and take over". By 1942 he was calling for an increase in population to twenty or thirty millions as "industrial development and migration were related". He was supported by the Liberal Senator John Latham who emphasised "the importance from a defence point of view of populating the country with virile people".46

When Chifley created a Department of Immigration in 1945 Calwell was made the first Minister. Reflecting the general support for increased immigration H V Evatt, the Foreign Minister, argued that a strong Australia would enhance national independence.47 In Calwell's first statement to the Parliament he called for an increase of two percent in the migrant intake each year while the natural increase was one percent. This highlighted significant changes from the old immigration policies. Migrants were to be recruited for already settled areas and not to fill the open spaces. Furthermore, they would be drawn from Europe as well as the United Kingdom. However the greatest problem was to overcome the resistance of the Trade Unions who were committed to the White Australia Policy.48 Although this Policy was aimed primarily at keeping out cheap Asian labour and maintaining the purity of the Australian race Castles argued that the "philosophy ...had implications for all non-British immigrants".49

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46 Kunz E F, Displaced Persons, Canberra, Australian National University Press, 1988, p 12
47 Ibid, p 13
48 Bolton, op cit, p 482
However Calwell enthusiastically embarked on a campaign to win sympathy for the refugees and promoted the contributions that they could make to the country. He involved the Trade Unions in the task and Albert Monk, a leading Trade Unionist and President of the ACTU, supported the proposals and became a member of the 1945 Immigration Advisory Committee. But by November 1945 it was obvious that the target of 70,000 migrants per year would not be met due to lack of shipping and migrants from Britain. When Australia became a signatory to the International Refugee Organisation (IRO) in May 1947 there was still too few migrants willing to come to Australia. The problem was resolved when the IRO offered to provide the Australian Government with transport at $10.00 per head and the re-settlement of displaced persons in Australia took off. By 1954 more than 170,000 displaced persons had migrated to Australia.

From 1949 the Federal Coalition Government continued to support the immigration program and succeeded in negotiating new agreements with Italy, Greece, Holland, Yugoslavia, Germany and Poland. Between January 1947 and December 1956 1,133,683 persons arrived in Australia of whom 603,903 were assisted and 530,290 unassisted migrants. In the seven years from 1947 the population increased by 1,407,172 of which 46.2% were immigrants with the largest number aged between 15 and 64 years of age. This was much greater than the number in the same age range in the Australian population: there was a higher proportion of totally dependant people in the Australian community due to longer life expectancy and the post-war increase in birth-rate. The migrant population had fewer elderly people and children. This meant

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50 Kunz, op cit, p 25
51 Ibid, p 16
52 Ibid, p 43
54 Woolmington E R, “Post-War Immigration and Industrial Development in Australia” in The Australian Quarterly, March 1958, p 77
55 Ibid, p 78
that by 1954 there were more people of suitable age to join the workforce and thus provide the basis for post-war reconstruction and industrial expansion. Moreover the Government's commitment to an ongoing migration program encouraged investment in manufacturing and other industries. Between 1947 and 1954 the workforce increased by 505,591 persons with the additional workers distributed over the following categories.

Table 1.7

Changes to the Australian Workforce between 1947 and 1954

<table>
<thead>
<tr>
<th>Category</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Production</td>
<td>- 4,743</td>
</tr>
<tr>
<td>Mining</td>
<td>+ 6,980</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>205,207</td>
</tr>
<tr>
<td>Utilities</td>
<td>18,955</td>
</tr>
<tr>
<td>Building</td>
<td>123,619</td>
</tr>
<tr>
<td>Transport</td>
<td>48,993</td>
</tr>
<tr>
<td>Communications</td>
<td>22,758</td>
</tr>
<tr>
<td>Finance</td>
<td>24,933</td>
</tr>
<tr>
<td>Commerce</td>
<td>154,777</td>
</tr>
<tr>
<td>Public Authority</td>
<td>98,038</td>
</tr>
<tr>
<td>Amusement</td>
<td>1,204</td>
</tr>
</tbody>
</table>

Source: Woolmington p 82

Woolmington argued that from the limited statistics available there was a concentration of immigrants in basic industries. He was supported by evidence from the Department of Labour survey which only covers non-British migrants and shows that “the Continental Europeans were responsible for the expansion of the basic industries”. Woolmington cited the Port Kembla Steelworks where the number of workers born in Britain amounted to only 5.6% of the workforce. He considered that “only through immigration has Australia been able to maintain since the war a high rate of economic expansion”.

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56 Ibid, p 87
57 Ibid, p 88
But increased overseas trade, foreign investment and immigration were not without problems. Australia was still dependent on overseas markets for its primary exports and was subject to minor recessions as commodity prices fluctuated and competition from makers of synthetic fibres increased. And the encouragement of overseas investment meant that the balance of payments was affected by the payment of profits to foreign owners. Immigration increased the need for capital to meet the demand for new factories, shops and machinery to service the expanding workforce. This high level of expenditure was to contribute to creeping inflation which was to become a long term problem of the post-war years. Prices were also affected by the desires of a more affluent workforce for housing, televisions, cars and white goods that were previously unavailable.

Table 1.8

<table>
<thead>
<tr>
<th>Year</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>1951</td>
<td>66</td>
</tr>
<tr>
<td>1954</td>
<td>82</td>
</tr>
<tr>
<td>1961</td>
<td>100</td>
</tr>
<tr>
<td>1964</td>
<td>102</td>
</tr>
<tr>
<td>1968</td>
<td>116</td>
</tr>
</tbody>
</table>

Source: Sinclair p 240

However the enthusiasm of the State and Federal Governments for high levels of employment and economic growth did not extend to the solution of the rapidly emerging urban problems of cities like Wollongong where the population had grown from 68,333 in 1947 to 150,387 in 1961. This expansion was as a direct result of BHP's decision to increase investment in its Port Kembla site and exploit the available hard coking coal

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58 Arndt, op cit, p 5
59 Boehm, op cit, p150
60 Ibid, p 19
61 Sinclair, op cit, p 237
62 Logan M I, Whitelaw J S and McKay J, op cit, p 74
increase investment in its Port Kembla site and exploit the available hard coking coal resources. In the ten years between 1948 and 1958 over sixty million pounds was spent on new blast furnaces, re-organisation of the collieries, modifications to the power station and the installation of the wide hot strip mill. The enlarged harbour and its new facilities attracted a number of other industries and thousands of migrants to the region so that by 1960, fifty percent of the fifteen thousand workers employed by BHP were migrants.63

While industry boomed the homes of the workers were built in unmade streets with no footpaths and were not connected to the sewer system.64 Governments failed to make provision for adequate schools, hospitals, roads and recreation facilities to meet the needs of the burgeoning population.65

As Firth has argued

> Whichever political party was in government the close co-operation between the State and private capital characterised the industrialisation of Port Kembla.66 The Federal Government provided immigration, fiscal and monetary policies while the State provided water and electricity67... [There was] a one-sided flow of public money to create facilities and services for the Port Kembla Industries.68

R S Parker was of the opinion that the

> Labor Party [in New South Wales] has controlled Parliament for ten years without thinking of anything more exciting to do than patch up industrial laws and public utility services and broadcast jobs to its supporters ... In public health, transport, education and social welfare...New South Wales... is no longer in the vanguard of experiment and invention.69

63 BHP - 75 Years, University of Wollongong, Archives, Box A499
64 Sally Bowen, formerly of the Amalgamated Miners' Association Women's Auxiliary, interviewed 14/10/94
66 Firth B M, “The Industrialisation of Wollongong with special reference to the AIS, 1926-1976, PhD, Macquarie University, 1986, p 165
67 Ibid, p 248
68 Ibid, p 165
69 MacKenzie J, Australian Paradox, Melbourne, F W Cheshire Pty Ltd, p 29
Sally Bowen, a long-time Wollongong resident, reflected that, in Wollongong after the War, there were "bitter disappointments" as the promises that "there would be a new order in society" were not fulfilled.70

But the solutions to the problems of the cities were constrained by the constant and enduring conflict between the State and Federal Government on the question of who should pay. And at the same time the question of who should pay and develop Canberra was also subject to the antagonisms between various political forces. Despite the expansion of the Public Service and the difficulties of maintaining an efficient Commonwealth Administration spread over three cities there was a lack of political will to concentrate the service in Canberra.71 The 1948 Inter-Departmental Committee charged with this task, spent four million pounds and made little progress. While other cities forged ahead the Public Service Board reported failure in its attempts to move more Departments to Canberra.72 By the 1960s the concerted efforts of the Federal Coalition and the National Capital Development Commission with the support of Prime Minister Menzies bore fruit.73 The City expanded with housing, roads, sewerage, schools and playing fields attracting white collar workers to this apparent urban paradise.74 But it was a flawed paradise as the population had no effective State or Local government.75 As Canberra changed from a small country town to the largest inland city in Australia popular discontent and dissatisfaction with arrogant Ministers and bungling bureaucrats boiled over.

70 Bowen, op cit
71 Report from the Select Committee appointed to inquire into and report upon the Development of Canberra, The Parliament of the Commonwealth of Australia, The Senate, September, 1955, para 88
72 Wigmore L, Canberra, ACT, Dalton Publishing Company, 1971, p 143
74 Ibid, pp 88-90
75 Ibid, p 271
In the following chapters the development of communities in these cities is told. Chapter One is the story of the development of the Illawarra from fairly isolated mining communities to a city which rivalled Newcastle in size and as an industrial complex. It illustrates how the mining communities grew, bonded by work, home and the social and supportive role of the local institute where radical and socialist ideas were honed. Concomitant with this growth was the evolution of the trade union movement engaged in an ongoing class war. Through the triumphs and disasters of this war the trade union movement dallied with the Industrial Workers of the World, supported the Labor Party and finally achieved registration with the Arbitration Court. This Chapter will demonstrate the resilience of the mining community and the capacity of the trade union movement to survive the difficult inter-war years. More importantly it will show that during the Depression the union mastered the art of public protest as they developed their interest and activities within the framework of the workers social and economic needs. The organising and leadership capabilities honed in this time were to provide the foundation for the development of a strong and militant South Coast Labour Council in the affluent years ahead.

Chapter Two is the story of the Illawarra as the industrial core was established and the mining industry declined in importance. This chapter focuses upon the changing face of the community, through the after-math of the Depression and World War II to the affluence of the 1950s and 1960s. It traces the decline of the close-knit mining community and the emergence of suburban life in industrial Illawarra. The strong sense of community which was to support the unemployed and their families was borne again in the South Coast Labor Council. With the defeat of the Industrial Groupers and the resolution of the major industrial problems the Council supported and melded the new community. A community of homeowners bonded by their dismay at the failure of governments to improve the urban environment and provide them with a better quality
of life. The organisation and leadership qualities were directed to the political resolution of these serious shortcomings on the part of the Federal and State Governments. Although they failed to wholeheartedly support the NSW Labor Government in 1965 the influence of R F X Connor, the Federal Labor MHR ensured that the working class community continued to support the Federal Labor Party.

Chapter Three describes the slow and haphazard development of Canberra dogged by conflict between the most powerful States Victoria and New South Wales and the various political parties. This conflict was to persist through the years nurtured by the attitude of arrogant Government ministers and the lack of true democratic representation. In the midst of this uncertainty Jim Fraser the Federal ALP member provided leadership and commitment to the building of this infant community. Spurred on by declining working conditions and salaries and the threat to their professional status the Administrative and Clerical Officers Association changed from a staff association to a union. By the middle of the 1960s the Canberra community of well-educated and prosperous middle class continued to confirm its allegiance to the Labor Party and the pursuit of a better quality of life.
By the beginning of the 1960s Wollongong was *en route* to becoming a significant industrial centre. The resurgence of the steel industry, the continuing development of the Port Kembla harbour, the establishment of ancillary branches of manufacturing and guaranteed employment ensured a new level of prosperity in the town and growing affluence for the workers. Despite this new found abundance Wollongong remained a centre of industrial and political militancy ensuring its reputation as the Red Belt.¹ For many years the conflict between workers and employers was ongoing and compounded by the indifference of Governments and the antagonism of the Industrial Groups within the trade unions. This militancy had its roots in the struggles of the miners which began in the late nineteenth century for a fair and reasonable standard of living and where worker and community solidarity was built in a "more or less veiled civil war"² with hostile mine owners and managers. The bitterness and antagonism festered during the years of the Depression fed by the alienation created on the Hill at Cringila where the unemployed spent long, dreary, anxious hours and days hoping that the BHP supervisors would offer them some work.³

The resentment of forced labor which smouldered during the Second World War inflamed as Governments failed to meet the war-time promises of a better life for workers. The sense of injustice was handed down through the generations and was not diminished by full employment and advantageous credit facilities which ensured that workers were able to acquire some of the accoutrements of the middle class. They did not abandon their long held affiliation with the Labour Movement for Governments continued to be closely associated with private capital while making few if any attempts

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¹ Interview with Tom Malcolm, Past Secretary of the Port Kembla Branch of the Federated Ironworkers' Association, 1950 -1965
³ Interview with Ted Harvey, Past Secretary of the South Coast Labour Council
to provide the necessary public goods for a rapidly expanding population. So by the
1960s the militancy which had ensured survival and industrial success in the past and
the view that the union's role went beyond the work place was re-directed to address
deficient Government policies. Campaigns calling for schools, housing, roads, hospitals
and sewerage were supported by affluent workers from diverse backgrounds.

The following story will illustrate how a militant community spirit was born and
matured in the Illawarra in the deprivations of the coal-face and the industrial conflict
engendered within a modern steel industry. The development of the Illawarra was slow
until 1850 when the mines and the surrounding villages which were to become its
central focus were established. The lack of access from the sea and good sheltered
harbours in addition to the difficulties of descent from the escarpment meant that
settlement along the Illawarra Coastal plain was much slower than north of Sydney.
Although coal was discovered at Coal Cliff by George Bass in 1791 it was the
Newcastle mines which were first developed from 1804 using convict labour.¹ Until the
drought years from 1825 to 1830 when more cattle, horses and people ventured into the
Illawarra the district was sparsely inhabited by cedar cutters and a few pastoralists.³
Moreover the development of the coal fields was constrained by the influence of the
Australian Agricultural Company. The Company which was formed in England in 1824
had been granted a monopoly over coal mining by the Government of New South
Wales.⁴ Although there was considerable opposition to this Company's monopoly it was
1847 before it finally gave up its control over the development of the coal mines.⁷

Consequently commercial operations were started by Osborne Wallsend Company at Mt

¹ Ross E, A History of the Miners' Federation of Australia, Sydney, The Australasian
Coal and Shale Employees' Federation, 1970, p 6
³ Barwick K, Berkley and Surrounding Districts, Illawarra Historical Society,
Wollongong Council Library Archives, 1978, p 322
⁴ Gollan R, The Coalminers of New South Wales, Melbourne, Melbourne University
Press, 1963, p 9
⁷ Ibid, p 10
Keira in 1849 and over the next twenty years mines operated at Bellambi (1857), Mount Pleasant (1860), South Bulli (1862), Coalcliff (1878), Mount Kembla (1882), South Clifton and Corrimal (1883) and Helensburgh (1888).  

In a feature article published in the *Sydney Mail* in October 1873 the Bulli Mine was described as prosperous operation as the owners, the James Schoobert Company, had shipped 377,146 tons of coal for the year ended June 1873. The Bulli coal was used by the ocean steamers and 800 tons per month were exported to the Rolling Mill Company in San Francisco. The Company employed 82 miners, 40 labourers and 13 boys. The boys who were aged between 14 and 20 received 3 to 4 shillings a day while miners received 17 1/2 pence per 11 cwt of screened coal. According to the *Sydney Mail* these miners had little cause for complaint, for much is done by the company for their convenience. The seam is easily worked, and he should indeed be but a merry pickman that could not earn excellent wages at the present rates of payment.  

And the *Illawarra Mercury* reporting in 1878 on *Prosperity at Bulli*, declared that Bulli has already reached a position scarcely second in importance to the towns of Wollongong and Kiama as regards population, industrial pursuits and commercial enterprise. Indeed in some respects including the activity and vigorous life of its people Bulli surpasses either of the towns mentioned.  

However these glowing reports failed to acknowledge the working conditions of the miners. They were faced with the dangers of the occupation and the hostility of the owners many of whom were absentee "as companies were formed by investors in the City of London and by wealthy shipping firms".

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1 Ross, op cit, p 7  
9 Sydney Mail, October 1873, p 498  
10 Illawarra Mercury, 29 March 1878, p 1
W Parkinson, the General President of the Miners' Federation, at the opening of the new South Coast Labor Council offices in August 1962 described the life of miners in 1870 when they had to get up at 4 in the morning, walk to work along dangerous paths. [There were] no baths or showers. Wages were low and work intermittent. They lived in company huts or slab huts from which they were evicted if they went on strike.11

Early attempts to improve these conditions by forming a union covering the whole district were modest and met with varying success and it was not until 1915 that a meeting of representatives of the three New South Wales Districts, Queensland, Victoria and Tasmania achieved the formation of the Australasian Coal and Shale Employees' Federation, the Miners Federation. The knowledge that division meant failure and the rise of a new militancy and the leadership of A C Mills and J Baddeley achieved this turning point in the miners' organisation.12 Many earlier attempts were frustrated by the lack of common purpose among the miners and the weakness of their position in the Illawarra. Work depended on the number of ships which were able to reach the primitive harbours. Rough seas, wrecks and the destruction of coal loading jetties delayed shipping resulting in a loss of work for the miners and reinforcing the position of the owners who cut rates and threatened the unionists who protested with reprisals.13

The threats from owners or managers ensured that the Mount Keira miners did not join with unionists from Bulli, Mount Pleasant and Coalcliff in the formation of the Illawarra Miners' Protective Association in 1878. This short lived venture collapsed the following year when an attempted strike failed "due to lack of support". Mr Lahiff of the Mount Pleasant mine declared his company was determined to crush the union and at Bulli the

11 Parkinson W, General President of the Miners' Federation, History of the Federation issued 18 August 1962
12 Fox L, South Coast Coal, The Birth of a Union, in Common Cause, Wollongong, 1962, p 58
management were considering taking on non-union labor." As Pelling commented on the trade unionism in Great Britain "The greatest obstacle to the development of trade unionism arose from the hostility of the employers of labor". And Svensen argued that "the hostile behaviour of managers to workers was the means by which they could impress their masters; such behaviours were indeed often reinforced by financial rewards". Furthermore local government, in the form of the Central Illawarra Council was composed of "commercial and landed families" who were not interested in normal social contact with the miners and were primarily concerned with the development of roads. The NSW Government was dominated by political parties who were opposed to legislation which "was an attempt to enter into the individual life and liberty of men". Nevertheless the 1880s saw some progress in the revival of the Illawarra Association and its affiliation with the Maritime Council and the Amalgamated Miners' Association. A new solidarity emerged as the Illawarra miners supported the Newcastle strikers during the battles of the 1880s. And as a counter to the owners' and Government associations the owners of small businesses which were centred around the mining villages were on the side of the miners. As a correspondent to the Illawarra Mercury wrote in April 1890 "When the coal trade is slack the miners and the business people suffer and when it is brisk both participants benefit". And community spirit was further fostered by organisations like the Bulli and Bellambi Benefit Society who levied a small sum from each worker and provided cash benefits for miners and their families in time

14 Ibid, p 35
16 Svensen S, Industrial War, Wollongong, Ram Press, 1995, p 32
17 What's On, Vol 1, No 19, June 30, 1978
18 Central Illawarra Council, Minute Books, 28/8/1843
19 Gollan, op cit, p 102
20 Ross, op cit, p 55
21 Ward W, The Miners of the Southern District, A History of the Union to 1900, p 93
22 Illawarra Mercury, April 1890, p 1
of sickness and want. The Illawarra Mercury printed Edward Bellamy's Looking Backward, an influential book which encouraged people to “become aware of the irrationality and brutality of capitalism” and to look for “a new social order”. Later in 1890 William Lane editor of The Worker encouraged unionists to “become educated” and under the pseudonym John Miller wrote

Clearly then, the only political action which organised labour can take, is to directly attack the competitive system and openly commence a campaign that will not cease until capitalism, that is the private holding by a few of the means whereby all must live, is no more.

At the emerging School of Arts and Mechanics Institutes radical and socialist ideas were debated among the rank and file and as early as 1886 the Sydney Morning Herald wrote that “men who were pioneering trade unionism in the Illawarra district were preaching a gospel which is composed of crudely developed ideas with a socialistic tendency”. A belief that was supported by the bellicose Mr Lahiff, who may have been concerned that the working class movement was being organised on an international scale, when he denounced “unionism of the miners in Illawarra as Socialism or Communism, nothing better than what led to the disturbances and bloodshed in Paris at the time of the Commune”. However the skirmish in January 1887 between the miners and their families on the one side and the blacklegs and police for the owners could hardly be compared with the violence and terrorism of the Paris Commune. This skirmish resulted from a decision of the management of the Mount Pleasant and Mount

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24 Gollan, op cit, p 84
26 Ibid, p 166
27 Ibid, p 22
28 Sydney Morning Herald, January, 1886
30 Ross, op cit, p 54
31 Ibid, p 59
Kembla collieries to sack union representatives for collecting subscriptions. By December when 800 workers were idle the Southern Colliery Defence Association decided to bring in non-unionists from Sydney. As the Illawarra Mercury reported it “The Red Flag hoisted; The Battle of the Blacklegs; Bulli women to the front...75 blacklegs were to arrive by the Bulli Co’s steamer...400-500 persons including 150 women confronted the blacklegs with cries from the men of No Surrender and from the women Up and at um’.

Despite this militancy the unionists' attitude was conciliatory rather than revolutionary as their aim was “to preserve amiable relations and understanding between master and men”. In this vein J B Nicholson, the Secretary of the Illawarra Association was opposed to industrial action or collaboration with other mining unions. He was elected as the first Labor Member of Parliament for the Illawarra in 1891 and the union supported his decision not to sign the Labor Pledge. In 1904 when the union became more involved with the Labor Party and the fight for an eight hour day and arbitration he joined the Labor Party. This move away from conciliation to the formation by the Trade Unions of a political party to directly represent the workers' needs was precipitated by the Maritime Strike of 1890 when the “comfortable theory of identity of interest between master and men was challenged”.

For the events which occurred during the strike crystallized for many the gulf between the workers and the capitalists, the consequent debilitating effect of this almost continuous “civil war” on the economy and the need to find a means of avoiding future problems.

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32 Ibid, p 32  
33 Illawarra Mercury, 18 January 1887, p 1  
34 Mitchell, op cit, p 79  
36 Ibid, p 9  
37 Ibid, p 55
widespread disasters.\textsuperscript{38} The unions involved were distinguished from the old craft unions in that their members were semi-skilled and unskilled men, “the most distinctively proletarian elements of the working class”\textsuperscript{39} and were organised by industry rather than by shop and on a national rather than local basis. The strike involved transport workers, shearsers and miners from New South Wales, Victoria, South Australia and New Zealand and covered some 50,000 workers who stopped work from periods ranging from fourteen to sixty days.\textsuperscript{40} The employers' organizations were determined on a direct challenge to the unions as the South Australian Attorney-General, Charles Kingston stated at the Royal Commission on Strikes “the strike had been provoked and continued by employers”.\textsuperscript{41} The Commission's Report recorded that “The industrial community is... being organised into two vast camps, jealous and suspicious of each other and preparing for a possible conflict, which, in a few months may destroy the savings of many years”\textsuperscript{42}

While the Sydney Defence Committee argued for a new approach when “Trade-unionists must use the Parliamentary machinery that has in the past used them”\textsuperscript{43} in the Illawarra the conflict raged. On the one side owners or managers fined strikers or stopped their wages and imported scabs to maintain production. On the other side the miners held frequent meetings with processions to colliery offices. Five women from Mount Pleasant were jailed for their aggressive attitude to scabs. In an incident at Helensburgh the strikers and wives were confronted by soldiers armed with carbines, swords, two Gatling guns and a Nordenfelts, a type of machine gun. Violence was only avoided by the intervention of a hundred women who petitioned to interview the scabs.\textsuperscript{44} Five men who were arrested for alleged damage to the mine were eventually released.

\textsuperscript{38} Svensen, op cit, p 11  
\textsuperscript{39} Ebbels, op cit, p 15  
\textsuperscript{40} Gollan R, \textit{Radical and Working Class Politics}, Melbourne, Melbourne University Press, 1960, p 129  
\textsuperscript{41} Svensen, op cit, p 12  
\textsuperscript{42} Ebbels, op cit, p 133  
\textsuperscript{43} Ibid, p 151  
\textsuperscript{44} Hagan/Turner, op cit, p 9
The *Illawarra Mercury* lauded the “unity and staunch loyalty of the strikers” but it deplored “the great loss sustained... throughout the general community” through the “loss of money value ...wages...and consequent business depression”.

And the strike-breakers were full of complaints about the food and “sleeping apartments” and some declared “they were off as they had only one suit of clothes and had had them on for a fortnight”.

By the end of October the strike was over but work did not resume on the Illawarra until January 1891. The antagonism between worker and employer persisted. The union was reconstituted and new attempts were made to obtain better wages and conditions. They were supported with financial contributions from the Defence Council in Sydney and organisations in Victoria and England. Faced with increasing trade losses the employers agreed to a new sliding scale. However the miners were hard hit by the depression of the 1890s and Woonona, which had been depressed since the closure of the colliery, became known as Poverty Bay. It was 1896 before full-time work was available. A new and more militant union secretary George Henderson found it difficult to organise a depleted union of impoverished miners.

However by 1895 “it had become an article of faith of the political labour parties and acceptable to most of the trade unions that the state should act as an arbitrator between employers and employees”.

Moreover during this period of troubled peace the NSW Government at last passed the Coal Mines Regulation Act. The Bulli disaster of 1887 which claimed the lives of 81 miners gave impetus to the introduction of the amendments to the 1876 which aimed at tightening up the safety regulations in

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45 *Illawarra Mercury*, 6 January 1891
46 Ibid, 25 October 1890
47 Ross, *op cit*, p 71
48 *Illawarra Mercury* 28 October 1890, p 2
49 Ross, *op cit*, p 83
50 Gollan, 1960, *op cit*, p 183
mines. The Bill outlined new regulations covering stricter inspections, increases in the width of pillars and the required amount of air, special conditions for mining under the ocean and the appointment of special officials to issue safety lamps. It was passed in the Assembly but stopped in the Legislative Council. The Bill also included a clause which called for a limit of eight hours to be spent underground by the miners and the weighing of all coal. The Bill was opposed by Parkes and the violently anti-Labour McMillan who had financial reasons for supporting the mine owners. The Bill lapsed with the resignation of the Parkes Government and in the face of the opposition of the owners' surrogate supporters was not made law until 1896. The Reid Government supported by the Labor Party argued that the Bill constituted a special case where a “body of workers ...were at a particular disadvantage in securing their own welfare by their own unassisted efforts”.

The eight hour clause was deleted and the provision of a minimum of 150 cubic feet of air reduced but the important weighing clause which stated that all coal must be weighed was adopted. The incensed owners challenged the latter in court but were defeated when the court declared that all coal must be weighed. Moreover in the continuing battle the Mt Kembla Coal and Coke Company was fined and despite further resistance by 1899 the Australian Agricultural Company was weighing all coal.

In the following year 1900 the Coal Miners' Accident Relief Act was passed. The Daily Telegraph reported at length on this event quoting the contributions which were to be made by the miner, the mine owner and the State as 4 1/2 pence per week for miners and 19 shillings per worker per year for the employer and the State. Widows were to receive 5 shillings a week and dependant mothers and fathers received 6 shillings a week while children under 14 years of age received 2 shilling and sixpence. Among the series of Bills “which in one way or another began to bring mining more effectively under the

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51 Gollan, 1963, op cit, p 101
52 Ibid, p 106
53 Daily Telegraph, 2 August 1902, Article on the Miners' Relief Fund
law" was the Industrial Arbitration Act of 1901; a direct result of the recommendations of the Garran Commission. It was an attempt to introduce a more civilised relationship between miners and miner owners. Macintyre argued "that wage regulation by arbitration is ...distinctive to this country...With unusual clarity it reveals the meaning given to social justice in circumstances where one class controls the labour of another".55

And these changes at the political level held "promises of a rosy future" for the Southern miners56 and for the Illawarra as the NSW Government started work on the expansion of the Port Kembla Harbour. By 1908 the Electrolytic Refining and Smelting Company (ERS) had established a large generating plant for its refining processes.57 Charles Hoskins who had taken over William Sandford's steel making company at Lithgow in 1908,58 set up a coke works near the harbour and in the next ten years a power station was built which supplied the Water Board pumps at Cordeaux.59 New factories were established by Metal Manufacturers, Australian Fertilizers and Newbold Silica and Firebricks.60 Metal Manufacturers used the refined copper products from the ERS to fabricate brass wire, telephone cabling, tubes, plates and alloys.61 Australian Fertilisers (AFL) processed the sulphuric acid from the excess sulphur supplied by the ERS.62 For

54 Gollan, 1963, op cit, p 106
55 Macintyre S, Winners and Losers, Sydney, Allen & Unwin Australia Pty Ltd, 1988, p 42
56 Fox, op cit, p 1
57 History and Development of Port Kembla, a speech given by Hon E S Spooner, MLA, 1938, p 10
59 As I Remember, An Aural History of Port Kembla, p 62
60 History of Port Kembla, op cit, p 13
61 Mitchell W, op cit, p 11
most of these companies part of the capital and equipment to start up the plant was supplied by British Companies.63

By 1911 the population of the Illawarra District had increased from 19,111 in 1901 to 26,452.64 The Illawarra branches of unions now covered teachers, cokeworkers, meat industry workers, carpenters, bread carters and wharf labourers. There were also branches of the Amalgamated Society of Engineers, Municipal Employees, the Australian Railways Union and the Federated Engine Drivers' and Firemans' Association were established at Port Kembla. Most of these unions joined the new Labour Council the formation of which was initiated by the Mt Pleasant Miners' Lodge at a meeting at O'Brien's Hotel in Thirroul in January 1914.65

While many of the unions who joined the local council were branches of unions that were affiliated with the Sydney Labor Council the miners operated within their own local organisation the Illawarra Colliery Employees Association which was registered with the Arbitration Court. Between 1902 and 1908 the Association had about 20 cases before the Court which as George Ramsey, a Southern miner who survived the Mount Keira disaster, commented "got us nowhere".66 This lack of success stimulated more interest by the miners in the Industrial Workers of the World (IWW) who preached unity and militancy and the ideals of socialism for they "distrusted political organisations";67 and were opposed to the old craft unions. When the 1901 Act was replaced in 1908 by the Industrial Disputes Act which denied employees representation on the new Wages Boards and favoured imprisonment for breaches of awards it was

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63 Metal Manufacturing 50th Anniversary Report, 1967, p 1
65 Nixon S, The Illawarra Trades and Labour Council in Depression, Recovery and War 1926-1943, BA(Hons), University of Wollongong, 1984, p 7
66 Fox, op cit, p 68
seen as a betrayal of workers and signalled the start of a new campaign of “direct action” by the miners. In a move towards greater unity the Southern, Northern and Western Miners came together in a new body called the Federated Coal and Shale Workers' Union and in November 1909 began a strike “to win justice, to protest against their low wages, unsafe conditions, lack of amenities, victimisation and attacks on unionism”.

It was to be a test of the IWW policy of “direct action” against the power of the government and the policy was defeated when W M Hughes, Secretary of the Wharf Labourers’ Union, refused to support the strike. Moreover the miners were faced with a familiar and formidable foe who was determined to win for the owners believed that “the only way to settle our differences is a fight to the finish”. Even Hughes considered that “There are agents of provocation in the ranks of the employers”.

The strike and the Federation collapsed; the miners' leaders were arrested; the arrest achieving notoriety when these leaders were put in leg-irons. However there was an upsurge of political success for the Labor Party in the following years. At the Federal level Labor defeated the Deakin/Cook Government in April 1910 and in the following October Labor won the NSW election and Bowling, Lewis, Burns and Gray, the shackled miners were released. After 1910 the union engaged in a vigorous recruiting campaign which included surface workers and membership soared to 3500. A full-time President was appointed and an office provided for the Secretary and regular meetings of the Delegate Board were held. A Benefit fund was started for dead or injured miners. Nonetheless there were still stoppages over the employers’ demand that they held the

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68 Gollan, 1963, op cit, p 126
69 Fox, op cit, p 1
70 Hagan/Turner, op cit, pp 53-54
71 Gollan, 1963, op cit, p 129
72 Ibid, p 130
73 Fox, op cit, p 62
74 Ross, op cit, p 217
“right to hire or fire”, typified by the statement of the manager at South Bulli who declared that “I am supreme in these matters and I am not going to have actions reviewed by the courts". Moreover the victimisation of union officials was still a problem and in 1913 the miners struck when James Russell was refused re-instatement by the Mt Kembla management. During the six weeks strike the miners' financial support was organised by the Sydney Labor Council. More importantly at a meeting with the Premier the South Coast Miners were supported by representatives from the Northern Miners, the Newcastle Coal humpers, the Sydney Wharf Labourers and the Seamen's Union. Consequently, as the dark memory of 1890 haunted the Government and the owners, the matter of victimisation was settled and the Government promised that an inquiry would be held into the “causes of industrial unrest in the industry”.

But as Gollan argues “It was a militant unionism that sought agreement by peaceful methods, but if they failed it was prepared and sometimes anxious to fight”. And the miners demonstrated their capacity to do this for between 1913 and 1917 there were 729 disputes in the coal industry. For the miners had thrown off their narrow sectarian views and in the face of the intractable hostility of the owners and managers emerged with a new class consciousness.” And on the South Coast a more powerful leader A C Willis took the southern miners into the long planned unity with the miners from the Northern and Western Coalfields to form what was to become the most powerful of the unions in the Illawarra, the Federated Coal and Shale Workers Association. The Barrier metal workers and the Cokeworkers also joined the Association and with a determined purpose engaged in a wave of strikes during 1916 and “easily” won a 20 percent increase in rates and eight hours bank to bank. Cain argues, however, that these

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75 Ibid, p 219
76 Markey, op cit, p 112
77 Ross, op cit, p 220
78 Gollan, 1963, op cit, p 104
79 Common Cause, 16/8/62, p 1
80 Ibid
victories could not be attributed to the success of “direct action”. “The demands were granted because the prices for coal and metals had risen steeply as the result of the war, and companies, under some pressure from Prime Minister Hughes, were prepared to meet the cost of these improved conditions”.  

But more successful and more obviously from the influence of the IWW was the defeat of the 1916 Conscription referendum against which the trade unions had conducted a vigorous campaign in the face of highly publicised appeals for the “YES” vote from the Government. During August and September of 1916 as many as 20,000 people in Melbourne and 80,000 in Sydney gathered to hear “the anti-conscription speeches of labour and trade union leaders”. This success was tainted by the arrest and imprisonment of twelve of the IWW members. By 1917 over a hundred members of the IWW had been arrested as Hughes had proscribed the organisation. The inevitable split in the Labor Party which followed was the culmination of the dissatisfaction of the Labour Movement with their elected politicians who failed to meet the promises made to the workers. In September 1916 Holman, the NSW Leader and most of his cabinet lost their Party endorsement and left the Government to form the National Party. At the Federal level Hughes and others were expelled from the Party. With the exclusion of all its old leaders the Labour Movement moved to the Left.  

But the last of the good days were gone. Inflation and unemployment, pegged wages and the shocking war toll nurtured discontent among the workers. Miners drifted into other jobs as the war had virtually terminated the export trade and as in the past the industry was plagued by unemployment and intermittency. By 1917 there was significant

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82 Ibid, p 63
83 Gollan, 1963, p 148
84 Ibid, p 144
85 Ibid, p 137
industrial unease throughout NSW and when the engineering employees at the Randwick Tramway Workshops came out on strike they were joined, within twenty-four hours, by other transport unions, coal miners and others.\textsuperscript{86} But it was a strike which inflicted a catastrophic defeat on the unions as the Government was determined to win. Strike leaders were arrested, the Sydney Labor Council documents and monies were seized inflicting irreparable damage to the strike leadership and organisation.\textsuperscript{87} The Coal Mines Act was amended to allow inexperienced strike breakers to work the mines.\textsuperscript{88} Tom Silcocks of the Southern Miners reported that brass bands used to play the Dead March outside the blacklegs homes and women attacked these men with hatpins.\textsuperscript{89} Although the Miners' Federation was not among the twenty-seven unions who were de-registered many miners were without work for years.\textsuperscript{90} The coal industry was depressed until 1928 when an even greater depression set in. The Davidson Royal Commission showed in 1928 that 2 1/2 percent of all miners earned less than the basic wage while the average number of working days was 175 out of 274.\textsuperscript{91}

In the face of declining numbers and funds the Federation set aside their pursuit of better pay and working conditions and considered again the proposal for One Big Union (OBU). They were looking for a better way to achieve "working class solidarity"; the prevention of "internal friction and strife"\textsuperscript{92} and an organisation which was committed to both political and industrial action, with the machinery which would run a socialized economy.\textsuperscript{93} New impetus was given to radical policies by the events in Russia and at the

\textsuperscript{87} Markey, op cit, p 106
\textsuperscript{88} Ross, op cit, p 291
\textsuperscript{89} Common Cause, op cit
\textsuperscript{90} Ross, op cit, p 244
\textsuperscript{91} Common Cause, op cit
\textsuperscript{92} Markey, op cit, p 87
\textsuperscript{93} Gollan, 1963, op cit, p 163
Annual Conference of the Labor Party in New South Wales in 1922 A C Willis voted in “favour of accepting affiliation from the Communist Party”.

Despite the lack of support from the Waterside Workers Federation and the Trolley and Draymans union the Miners’ Federation held a ballot on the question of the OBU 15,000 miners voted and the result favoured the adoption of the new organisation by a 2 to 1 majority. From 1921 the Federation was now known as the Workers’ Industrial Union of Australia (WIUA) Mining Division and was supported by the All-Australian Trade Union Congress of June 1921. However at the Commonwealth Conference of the ALP in Brisbane the idea was vehemently rejected by the AWU who already saw itself as the one big union as it had incorporated a number of small unions under its aegis. When registration was sought at the Registrar of Commonwealth Arbitration in May 1924 it was opposed by eight employer organisations and twenty-four unions who considered that the new union “sought to occupy areas of potential membership which they already had”.

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But while the OBU failed other forms of organisation of workers and trade unions went forward. The State Labor Councils were involved in the formation of a national central union body. Although the mining industry was in decline the Miners’ Federation survived. For its close knit community was built around the Methodist Church, small businesses and self-help societies which enabled the miners and their families to survive the almost constant civil war with Governments and employers and the vicissitudes of an industry where employment was marked by intermittency and danger. Moreover it

* Ross, op cit, p 309
* Cain, op cit, p 58
* Gollan, 1975, op cit, p 12
* Markey, op cit, p 196
was this Federation and its members who were to provide a bulwark for the working class in the Illawarra during the bitter years of Depression which were still to come. For Governments, Federal, State and Local were unwilling and unable to deal with the social and economic problems which emerged as the minor boom diminished and unemployment surged.

Macintyre wrote that “Throughout the 1920s the workless constituted between six and twelve percent of the workforce...The failure to do more [for the unemployed] is so striking as to cast doubt on the degree to which Australian Governments had ever accepted the new doctrine of responsibility of which their advisers had spoken”. Macintyre argued that there was “much resistance to the national scheme”, first proposed in 1910, for unemployment insurance.” And there was much resistance from the workers for the “dole” as the Secretary of the Newcastle Ironworkers declaimed “my organisation and the mineworkers were equally hostile to the idea of charity for the unemployed”. As Macintyre continued “there was a pronounced hostility to dependence upon the state, reinforced by resentment of the degradation associated with the labour exchanges and their outlying agencies, the police station and the municipal office”. And Richardson argued that this hostility in the Illawarra translated into a “class war” as the Depression deepened.

Moreover militancy was endemic among the Lithgow workers who moved to Port Kembla when, in 1927, Cecil Hoskins, in partnership with Baldwins and Dorman Long and Company and Howard Smith started construction of the new Australian Iron and Steel company (AIS). Tom Malcolm, who in 1950 became Secretary of the Federated

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99 Macintyre, op cit, p 63
100 Ibid, p 65
101 Ibid, p 66
102 Richardson, op cit, p 42
103 Hughes, op cit, p 104
Ironworkers' Association (FIA), commented “that the area was looked upon as the Communist Party of Australia's Red Belt” as workers fought for “a better way of life”. For the hostility towards trade unions that Hoskins brought with him was well established in Lithgow where “working conditions were uniformly bad and the works had a reputation as a bloodhouse”.

With the transfer of the Lithgow operation to Port Kembla the district manufacturing in the Illawarra enjoyed a minor and well-publicised boom. The Commonwealth Tariff Act of 1921 provided higher protection for local industries while public investment in the advancing urban environment brought new prosperity to the nascent manufacturing plants. The ERS which recorded a low 44,634 pounds value in gold, silver and copper production in 1922 suddenly increased processing value to 101,037 pounds in 1923 and a further 90,428 in 1924. Metal Manufacturing increased its output between 1918 and 1925 by 23,000 tons of wire of various types to service the increase to nearly 6,500 in new telephone exchanges in Australia in this period. From 1924 the manufacturing plant was continually upgraded to meet the demands for home electrical appliances. The Illawarra had begun the painful transition from its rural and coal mining villages to an industrial city. And to a future where eventually the old mining communities would give way to the new communities of affluent homeowners who were determined to improve the quality of their lives.

Strangely prosperity and full employment failed to produce militancy or even growth in trade union activities in these expanding industries despite working conditions which were considered injurious to the workers' health. At the ERS it was reported that the

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104 Tom Malcolm, op cit
105 Richardson, op cit, p 41
107 Mitchell, op cit, p 46
108 Metal Manufacturers, op cit, p 21
109 Mitchell, op cit, p 112
quality of air was poor; it was very hot and copper, dust and dirt affected the operators' hair and teeth and burns from the heat and acid were commonplace. Special protective clothing and medical attention was not available.110 And at AFL Bob West, who was born in Dapto in 1922, recalled being required to carry 80 kilo bags of fertilizer and at the end of five days "his nose was bleeding, my eyes were half closed and I could hardly breath and all the skin rubbed off my shoulders".111 Mitchell argued that the workers of Port Kembla were prepared to pay the price of bad working conditions just to have a job. They accepted the environment as normal whether they came from other industrial/mining towns or the country. Moreover he contends that “Between 1900 and 1947 the executive staff of ERS dominated Port Kembla’s community organisation; recreation and sporting groups; cultural and educational institutions; and civic and political bodies...the ERS infused its ideology into its employees and the residents”.112

Important as these reasons are it is argued that the isolation of Port Kembla113 for many years and the clannishness of the powerful Miners' Federation contributed to the exclusion of these industrial workers from the mainstream trade union activity. The Miners' Federation was the only trade union in the Illawarra with a well-developed administration. Other local unions were weak with small sub-branches, no paid officials and were only occasionally visited by union organisers from Sydney.114 Moreover the AWU who represented the unskilled workers in the copper industries declined in numbers and influence in the 1920s after the discovery of financial irregularities and other discrepancies on the part John Bailey, the once all-powerful official of the union.115 Nixon argued that “The reluctance shown by workers at the FIA's first attempts to form

110 Ibid, p 118
111 As I Remember, op cit, p 93
112 Mitchell, op cit, p 95
113 Metal Manufacturers, op cit, p 50
114 Richardson, op cit, p 39
115 Markey, op cit, pp 245-247
a union at Port Kembla was said to be based upon their observations of how the AWU failed to help its members".116

With the considerable publicity associated with the new steel works workers flooded into the Illawarra and the Wollongong Labor Party Branch decided it was in the best interest of all the workers to re-form the Illawarra Labour Council. Nixon writes that the "Labor Party people believed that through the voice of the unions could the best decisions affecting the lives of workers be made".117 However the Miners' Federation who was somewhat ambivalent about the Labor Party was slow to support the proposed venture. Nevertheless the Miners' leadership, with its long and bitter experience, must have realised that an influx of perhaps unemployed non-unionists created a serious threat to the miners, seamen and waterside workers' "right to strike " as these transients were a potent strike-breaking weapon in the hands of Governments and employers. This was particularly true as the threats of the Bruce/Page Government's policies targeting industrial unrest became more apparent.118

Despite a number of minor problems by February 1928 the Miners' Federation, the AWU, ARU, Waterside Workers Federation, carpenters, colliery mechanics, United Labourers, Meatworkers and Municipal Employees were affiliated to the Illawarra Trades and Labour Council.119 It was a shaky start for the new organisation and the problems facing it over the next few years were mammoth. By the end of 1929 the unemployment rate in NSW had risen to 12.4%.120 This was due indirectly to the low prices obtained for primary products. In turn this caused a cessation in overseas borrowing and a decline of twenty percent in the national income. There was less

116 Nixon, op cit, p 35
117 Ibid, p 17
119 Nixon, op cit, p 22
120 Bland F A, “Unemployment Relief in Australia” in Roe J (ed), Social Policy in Australia, Sydney, Cassells Australia, 1976, p 167
money available for the Government’s projects which had provided some relief work and from which the out of work miners of the early 1920s had benefitted. In the Illawarra where the number of itinerants seeking employment grew rapidly the Mayor W L Howarth refused relief to these transients declaring “they were the responsibility of the State and Federal Governments”. Moreover the Illawarra Council, cushioned by years of conservative hegemony and few challenges to its competence, was alarmed by the appearance of a full Labor ticket at the local government elections in 1928. Although unsuccessful it was the beginning of a push by the Labor Movement which was eventually to dislodge the old conservative leadership. More importantly this essay into local government politics was nearly forty years ahead of the official NSW Labor Party’s decision “to play a dominant role in local government”.

The Illawarra Trades and Labour Council barely survived the effect of declining union membership as unemployment rose and unions were unable to pay their affiliation fees. This fragile organisation endured through the commitment by an out of work miner who was the only paid official, Steve Best and the President of the Southern miners, Fred Lowden for they were steeped in a tradition of maintaining a union organisation in times of adversity and they were well supported by their community. And a new militancy grew among the unemployed who waited on the hill at Cringila each day and who lived in the tents and shacks that festooned Flinders Street at Port Kembla.

Apart from the problems created by this humpy city, Port Kembla was an outstanding example of the neglect by Governments and local councils of the urban environment. This neglect was to haunt the Illawarra for many years and to become the subject of

111 Ibid, p 168
112 Richardson, op cit, p 43
113 Conference of the Australian Council of Local Government, August 1962
114 Nixon, op cit, p 29
115 Ibid, p 53
almost continuous protest by the South Coast Labour Council during the 1960s. For despite the long establishment of the ERS Port Kembla in 1917 was a dusty village “flanked by sparse and bleak looking houses and shops”.¹²⁶ Land was cheap and houses were built from secondhand material and this was a practice that Tom Malcolm said continued into the 1950s when migrant workers smuggled second-hand bricks past the security guards on the gates at BHP.¹²⁷

By the 1920s Port Kembla’s streets consisted of gravel with no gutters only large drains. There were little bridges for crossings and heavy rain caused a lot of damage by flooding shops, hotel and homes. Some houses were built for the employees of the Public Works, and ERS but these were scattered and few were close to the main street but they did occupy the higher better drained land. In this unsalubrious and often unhealthy environment the primitive town of humpies grew. These humpies were made “with wooden frames, corn bag sides with whitewash or lime” and anything to hand for a roof. They had “dirt floors and no drains and a little creek that ran through the town carried away the waste water”.¹²⁸ As Bob West remembered the “hill” at the steelworks (as it was referred to in those days) was just outside the main gate of the AIS opposite Cringila railway station and on the hill on any day or evening would be up to 200 unemployed men seeking employment whether it be for a day or anything offering. “Some men would even sleep there under the stars, so they would be there next morning when the employment officer would come out to select men for jobs offering, quite often there would no pick ups for days or weeks but there was always a crowd of men and boys looking for jobs”.¹²⁹

¹²⁶ Metal Manufacturers, op cit, p 21
¹²⁷ Tom Malcolm, op cit
¹²⁸ As I Remember, op cit, p 97
¹²⁹ Ibid, p 93
Future leaders of what was to emerge as the powerful South Coast Labour Council acquired an appetite for militant trade unionism on the hill at Cringila. George Murray, who later became the Assistant Secretary of the Waterside Workers Federation and came to Port Kembla by a circuitous route from Cessnock, remembered the pleasure of acquiring a humpy from a departing American¹³⁰ and Ted Harvey who later became the Secretary of the SCLC during the turmoil of the 1950s recalled the weatherboard house where the AIS industrial officer exercised his authority.¹³¹ And as the number of unemployed increased the humpy villages extended beyond Coniston into the northern suburbs of the Illawarra. Irene Arrowsmith, daughter in law of the activist, Ted Arrowsmith, said Corrimal was known as “Happy Valley”.¹³²

By 1933 32.8 percent of the male population and 30.7 percent of female were out of work in the Illawarra.¹³³ The AIS production of pig iron fell from 121,000 tons in 1930 to 47,000 in 1931 and another ten thousand in 1932.¹³⁴ These deteriorating conditions put great stress on the small nucleus of FIA members at the AIS continuously threatened by a hostile employer and the ever present workless crowd on the hill.¹³⁵ And from 1930 to 1933 the Labour Council, meeting only once a month, concentrated on the problems of the unemployed and the question of freedom of speech.¹³⁶ For the decision of Mayor Howarth and the Illawarra Council to prohibit the march of the Kurri Kurri Pipe band through Wollongong City brought the Councillors into open conflict with the Illawarra Trades and Labour Council and the Miners' Federation. The question of the Band marching was emotion charged because of the death, at the hands of the police, of

¹³⁰ George Murray, Past Assistant Secretary of the Waterside Workers Federation, Personal Interview
¹³¹ Ted Harvey, Past Secretary of the South Coast Labor Council, Personal Interview
¹³² Irene Arrowsmith, Personal Interview
¹³⁴ Markey, op cit, p 49
¹³⁵ Nixon, op cit, p 34
¹³⁶ Illawarra Mercury, 30 May 1930
Norman Brown during a demonstration of miners at Rothbury on December 16 1929. Miners considered that the deed “was cold-blooded murder by the police and the Bavin Government”. In the counter attack on the council Lowden threatened to stop the May Day Festival which would have been a serious blow to the shop-keepers. Although the band marched through Wollongong led by Best and Lowden the Council declared that processions were a “deliberate breach of the law and transgressors would be prosecuted”.

And so the stage was set for the war between the classes. During 1931 and 1932 as a result of constant conflict with the Council new organisations rose to defend and assert their authority among the workless. The Militant Minority Movement, a communist faction within the trade union movement made common cause with the Unemployed Workers’ Movement, the Miners' Federation and the Illawarra Trades and Labour Council. In the Illawarra they were involved in resisting evictions, denouncing new dole regulations and violent clashes with the New Guard. They led deputations seeking improvements for the humpy dwellers, set up soup kitchens and organized the scavenging of coal from the old Bellambi jetty. Above all they ran a campaign for Free Speech for eighteen months. Every Friday street meetings were held on the corner of Crown and Church Streets in defiance of the Illawarra Council’s prohibition.

In these years the members of the Illawarra Trades and Labour Council’s skill at public protest and their commitment to the social as well as industrial and political life of the Illawarra was established. In this way a new community spirit was fostered between the miners and the migrants creating a network of self-help and militant politics. Nixon argued that the campaign “forged new organising skills in men who had prior experience only in union affairs; it had brought to leadership and to wider experiences

137 Illawarra Mercury, 26 February 1930
138 Illawarra Mercury, 30 February 1930
139 Richardson, op cit, p 53
and social relationships some members of the Unemployed Workers’ Movement who had previously only worked in their own suburbs of Corrimal, Fairy Meadow, Bulli or Port Kembla”.

Richardson agreed that new leaders were “thrown up by the protest movement [who] were to develop a view of the union’s role which went beyond the work place”. Under this leadership, he continued, public protest became an integral part of union strategy. The form of later protests over housing, social conditions and fascist aggression in Europe was shaped by the experience gained during the confrontations of the Depression years.

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Just as important as these skills of public protest and extended community involvement was the leadership provided by the Labor Party and the Communist Party members. This leadership enabled the union movement to survive the 1930s and the war years and to prosper in the affluent 1950s and 1960s. Although the Communist Party itself was to decline it left a legacy of organisational and administrative skills which it had nurtured in those early years and which were to be honed in the battle between the South Coast Labour Council and the Industrial Groupers. More importantly the class warfare left an indelible mark on the culture of the Illawarra so that even affluence sustained a powerful union movement opposed to the policies of a conservative Government.

But during the recovery the problems of poor housing and an unattractive urban environment persisted and continuing unemployment remained endemic in the Illawarra. For as the industries recovered from the Depression so more unemployed moved into the area in the restless hunt for work. The manufacturers business was undoubtedly improving. Metal Manufacturers increased production from the low 1,700 tons per year

140 Nixon, op cit, pp 41-45
141 Richardson, op cit, p 57
output experienced from 1931\textsuperscript{142} and the production value at ERS nearly doubled in the six years from 1931 to 95,427 pounds.\textsuperscript{143} But the most sustained growth occurred after BHP had taken over the AIS plant and in the following decade Port Kembla became “an important steel centre”.\textsuperscript{144} After the disaster of 1929 when Hoskins found himself with “an empty order book” for his new steel works matters did not improve. Through the years 1932 to 1934 Hoskins, in the face of the price-cutting war with BHP, was unable to raise the funds to complete the construction of the open hearth installations at Port Kembla. And he was further embarrassed when the NSW Government sued the company for failure to carry 100,000 tons of freight on the specially constructed railway to Moss Vale. In late 1934 the AIS became a subsidiary of BHP. It was a plum ripe for the picking. The acquisition provided BHP with better harbour facilities, land for development and suitable coal resources in the Illawarra and ore leases at Yampi Sound. In addition there were steel fabricating shops in Sydney and Melbourne, machine and maintenance shops and a spun pipe plant. In the hands of Essington Lewis who became general manager after the retirement of Delprat in 1925, the potential of the industry was developed and led to the revival of the manufacturing sector.\textsuperscript{145}

But it was a one-sided recovery for the rural industries failed to take off and the “mining industry was still in a very bad way”\textsuperscript{146} and consequently the standard of living of most workers did not improve. During the five years from 1931 the purchasing power of an average wage “steadily declined”. In 1936 thousands of men had been unemployed for more than three years.\textsuperscript{147} With the defeat of the Lang Government the Stevens Government of 1932 introduced the Emergency Relief Works Bill. Under this

\textsuperscript{142} Metal Manufacturers, op cit, p 29
\textsuperscript{143} Mitchell, op cit, p 46
\textsuperscript{145} Hughes, op cit, pp 115-116
\textsuperscript{146} Gollan, 1963, op cit, p 201
\textsuperscript{147} Robertson, op cit, p 441
system wages for men employed by local councils were provided out of the Relief Fund and this reduced the number of men on the dole by 54,392 and increased the number on relief work by 41,419. To get relief work a man had to be out of work for fourteen days and registered at a Labour Exchange for seven days. However under the Permissible Incomes Regulation many families could not get the dole if their income exceeded one pound a week. This was very low indeed as the basic wage in NSW in 1933 for a man, his wife and child was three pounds eight shillings and sixpence.¹⁴⁸ The Illawarra Trades and Labour Council was quick to identify the serious danger to the trade unions and the undermining of awards which these regulations created.¹⁴⁹ This was very evident when the Arbitration Court ruled that “once any work was declared relief work then the award no long applied”.¹⁵⁰

Unlike many unionists “who avoided the unemployed like the plague”¹⁵¹ the Illawarra Trades and Labour Council supported the relief workers. It fought for the re-instatement of workers who were sacked under the Permissible Incomes Regulations.¹⁵² Seventy Bellambi relief workers went out on strike against their working conditions and the speed-up tactics of the Public Works Department. The Bellambi Strike Committee organised mass meetings along the Illawarra with relief committees supported by the recently established Miners' Womens' Auxiliaries who assisted the strikers with food and funds. After three weeks the strikers' demands were granted.¹⁵³

In the following year the Labour Council, the local Council for the Unemployed and the South Coast Relief Committee met with the then Prime Minister J A Lyons to discuss the serious housing shortage with some “2,700 people still living in humpies” and the

¹⁴⁸ Wheatley N, “NSW Relief Workers” Struggles, 1933-6 in Roe J (ed), Social Policy in Australia, Sydney, Cassell Australia Ltd, 1976, p 198
¹⁴⁹ Nixon, op cit, p 65
¹⁵⁰ Wheatley, op cit, p 198
¹⁵¹ Gollan, 1960, op cit, p 31
¹⁵² Nixon, op cit, p 66
¹⁵³ Wheatley, op cit, p 199
proposed remote Cambewarra Camp for young men which was seen as a deterrent to their chances of obtaining employment. Protest meetings were held in all the major centres and were well supported by the unions.\textsuperscript{154} BHP's determination not to provide housing for workers was condemned by the Labour Council who set up a Housing Committee and an unemployed workers' Housing Trust which built about twenty cheap houses.\textsuperscript{155} In 1938 the Housing Committee persuaded the NSW Government to build workers' houses. These became known as Spoonerville and were of a very poor standard and were seen as a monument to "socially biased minds".\textsuperscript{156}

However Turner considered that the 1930s were "relatively quiet years in trade union history".\textsuperscript{157} But in the Illawarra the experience of the Depression years and its aftermath kept alive the capacity for political protest and the determination to address by resolute action the inequities in the community. Moreover the resurgence of the trade union movement owed much to the leadership of members of the Communist Party who brought "a new and more aggressive quality"\textsuperscript{158} to the movement. Some of them like the new president and secretary of the Miners' Federation W Orr and C Nelson were active in the Depression years as leaders of the Militant Minority Movement. Their strategy was organisation and propaganda\textsuperscript{159} and their policy was "united front action with other workers and unionists".\textsuperscript{160} Domestically they were against "monopoly capitalism" and internationally against "fascism". By 1935 J Healy led the Waterside Workers, E Thornton the Ironworkers and E V Elliott the Seamen.\textsuperscript{161} In September 1935 the Illawarra Trades and Labour Council was revitalized with F Lowden President and S Best Secretary and Pat McHenry who had been a mobilizing force for the unemployed

\textsuperscript{154} Nixon, op cit, p 55
\textsuperscript{155} Ibid, p 54
\textsuperscript{156} Ibid, p 73
\textsuperscript{157} Turner, \textit{In Union Strength}, Sydney, Thomas Nelson & Sons Ltd, 1976, p 90
\textsuperscript{158} Gollan, 1963, op cit, p 200
\textsuperscript{159} Ibid, p 200
\textsuperscript{160} Nixon, op cit, p 56
\textsuperscript{161} Turner, op cit, p 88
became Secretary of the Port Kembla Branch of the Federated Ironworkers'. Ted Roach became the local branch Secretary of the Waterside Workers' Federation.\(^{162}\)

And returning to its old role of militant leadership the Miners' Federation in June 1937 presented a log of claims to the owners. Stop work meetings to promote unity and purpose among the rank and file were held in the three districts and the NSW Labor Council and the ACTU pledged support. Despite the opposition of BHP a compromise was reached whereby "wage-cuts were restored; contract rates were increased by 10 percent and off-hand labor by 5 percent".\(^{163}\) By May 1938 a full log of claims was served on the Commonwealth and State Governments and all coal owners. This log called for a thirty hour working week; a minimum wage for contract work, special compensation for miners, pensions; 14 days annual holiday and weekly payments of wages. Similar claims were served by the Federated Engine Drivers' and Firemens' Association of Australasia, Amalgamated Engineering Union, Mining Mechanics Association and the Blacksmiths' Society. A six weeks national coal strike failed to produce an early settlement\(^{164}\) and most claims were not met until October 1940. Judge Drake-Brockman echoing the thoughts of his predecessors in other disputes in the coal mining industry said

The history of the coal mining industry in Australia from its very inception may be described as an unbridled and unregulated contest between employers and employees without restraint and actuated only by the rules of the jungle.\(^{165}\)

While a retired miner claimed that "we brought up the working conditions not only of miners but of the whole of Australia".\(^{166}\) Gollan argued "in 1940 [both leaders and rank

\(^{162}\) Gollan, 1960, op cit, pp 77-78
\(^{163}\) Gollan, 1963, op cit, pp 209-210
\(^{164}\) Ibid, p 213
\(^{165}\) Ibid, p 214
\(^{166}\) Nixon, op cit, p 68
and file believed that] any advance for the workers was only a step in the march towards a society controlled for the workers, to be achieved by continuing struggle”.¹⁶⁷

And the next struggle was with monopoly capitalism embodied in BHP's control of the steel industry. BHP employed its workers on two shifts per 24 hours with many men working consistently high overtime and even though this was deplored by Justice Brown of the Arbitration Court BHP maintained that it “led to low costs and efficiency”. The Union maintained that work should be done in three shifts to give those waiting at the gate a chance of employment.¹⁶⁸ When an employee named Annabel refused overtime and was dismissed a general strike was called in favour of abolishing all overtime. Eventually after the de-registration of the FIA overtime was reduced but it continued to be a source of unrest in the company.¹⁶⁹

The next dispute demonstrated the unity among the unions and the leadership provided by the Illawarra Labour Council's Disputes Committee. It related to the sale of pig iron to Japan, a generally unpopular move by the Federal Government as many people were concerned about the aggression of the Japan on China and the flood of cheap Japanese goods on to the Australian market. In 1938 the Port Kembla Wharfies led by the redoubtable Roach and supported by the steelworkers refused to load the SS Dalfram with pig iron. This refusal, according to Jim Healy's recollection of the affair, brought blood curdling threats from the Federal Government against the waterside workers and BHP sacked 2000 men. Healy who had fashioned the Federation into a fighting union eventually brought Menzies to Port Kembla and the matter was resolved by the Government agreeing not to allow further exports of pig iron to take place.¹⁷⁰

¹⁶⁷ Gollan, 1960, p 219
¹⁶⁸ Tom Malcolm, op cit
¹⁶⁹ Hughes, op cit, pp 124-125
¹⁷⁰ Williams V, The Years of Big Jim, Western Australia, Lone Hand Press, 1975, p 41
From 1938 the FIA challenged the AWU's representation of unskilled workers at ERS and MM and set up a joint disputes committee. At long last the hegemony of the ERS management was broken and during the 1940s the Industrial Conciliation and Arbitration Committee established a number of awards covering working conditions for the steel and copper processing unions.\(^{171}\)

But the support for militant industrial action did not translate into enthusiasm for World War II. Workers distrusted Menzies who passed laws outlawing the CPA, the National Security Act and regulations which "restricted the movement of workers engaged in the war effort".\(^{172}\) Menzies was considered by many to be pro-fascist in that he was identified with the policy of appeasement with Nazi Germany.\(^{173}\) Nevertheless this Manpower Act became a boon to workers for it stopped employers from suspending union officials. Moreover full employment absorbed those who had waited so long outside the gate.\(^{174}\) By 1944 the Illawarra Trades and Labour Council had 30 affiliated unions with 10,494 members.\(^{175}\)

However poor and deteriorating labour relationships continued through 1940 and 1941 when more days were lost in dispute than in any other period since 1929-30.\(^{176}\) But there was a change of heart when in June 1941 Germany invaded Russia and in the following October the Curtin Labor Government came to power with a promise of firm resolve to win the war and a vision of a post-war industrial society. But peaceful labour relations were short-lived and between 1943 and 1945 the Illawarra Trades and Labour Council was involved in a number of disputes as the coal and steel dominated the industrial life of the Illawarra. In the coal industry nationally, stoppages were up to 326,231 day in

\(^{171}\) Mitchell, op cit, p 125
\(^{172}\) Turner, op cit, p 92
\(^{173}\) Nixon, op cit, p 80
\(^{174}\) Ibid, p 88
\(^{175}\) Ibid, p 90
\(^{176}\) Hughes, op cit, p 139
1943 and over 300,000 day since 1944. In discussions with the Miners' leaders the Trades and Labour Council did not waiver from their long held commitment to the welfare of the mining community. They declared that

This Council views with concern the continued refusal of the Labor Government to face up to the real causes of declining production in the coal-mining industry. We advise the Government of our complete unity with the Miners in support of their proposals to put the industry on such an organised basis that it can carry the strain of extra war production without further hardship and injustice to the workers in the industry.

As the War edged to its close the Labour Council pursued an active policy to support the demands of the workers. There was a widespread feeling of resentment at continuing shortages, wage pegging, inadequate housing and the perceived failure of the Federal Labor Government to deliver a bright new world. This resentment was reflected in the speed at which the Parker dispute spread at the BHP works at Port Kembla. This dispute centred around a question of seniority of an FIA union member, Parker. It eventually involved 6,000 workers in the Illawarra. By October they were joined by 7,000 in Newcastle. Sheridan, in an exhaustive study of the strike calculated that by mid-December 600,000 workers were affected nationally. The strike lasted until January 1946 and despite the effect on many people the strikers were well supported throughout the community because “people hated BHP”.

Much discussion has centred around the long held hostility between the Communist leaders and BHP; the role of Judge Cantor and the demarcation disputes between the AWU and the FIA. More important however were the long term effects of the dispute within the Labour Movement and created a schism between the Illawarra Trades and

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177 Gollan, 1963, op cit, p 225
178 Nixon, op cit, p 93
Labour Council and the NSW Labor Council and perpetuated a feeling of distrust among many unionists in the Illawarra for the NSW Labor Government. Nixon argued that

the State Labor Council tried to squash the locals out but the locals were determined in this dispute because they firmly believed that there was a deliberate attempt by BHP to smash unionism in the steel industry. Their own local interests were threatened and the Illawarra workers felt confident that their mutual interests with Newcastle could give them the strength to win the fight.¹⁸¹

But Markey saw this dispute as a conflict of interests between the militants in the Illawarra and the moderates in the NSW Labor Council who were concerned about the negative effects of the strike on the Labor Party. Further he argued the “CPA felt that the Labor Council and AWU had deliberately sabotaged the strike under Movement influence”.¹⁸² However the strike eventually ended in December 1945 when under the aegis of the ACTU’s President Clarey the Industrial Commission “rubber-stamped the agreement reinstating the dismissed job delegate and re-registering the FIA”.¹⁸³

This success encouraged the Miners' Federation to state their position in *Common Cause* in no uncertain terms. They declared there would be

No industrial peace, no increased production, no post-war reconstruction unless and until there are increased living standards, hours reduction, improved working conditions and real economic security.¹⁸⁴

And in an ill-judged and ill-timed strike those demands were seen as an attack on the Government by the Communists. The strike was weakened initially by the gaoling of the union leaders. Troops were sent in to work the open cut mines. Unlike the BHP/FIA

¹⁸¹ Nixon, op cit, pp 95-96
¹⁸² Markey, op cit, p 364
¹⁸³ Ibid, p 365
fracas the “public was against the miners”. The NSW Labor Council blamed the “CPA directed strikes for the defeat of the Federal ALP Government in the 1949 elections”.

Under this cloud the Illawarra community now faced a disinterested Federal Coalition Government, an antagonistic NSW Labor Council and Labor Government and locally aggression and hostility towards the trade unions from the Movement. Nevertheless the statement of the Miners' Federation was to echo throughout the successive years when economic growth and full employment brought new prosperity and affluence to the workers of the Illawarra. Their experience and struggle of the past ensured that as the industrial problems were overcome they would concentrate their many skills on achieving better living standards. For it was in this long period of unprecedented economic growth and urban expansion that they were to dispel the myth that their political affiliations would change.

Small towns and villages expanding with the influx of thousands of migrants coalesced into a city to rival in size Newcastle. Despite full employment and economic growth the urban conditions did not change. Affluence did not provide schools, hospitals and recreational areas. Houses, tents and sub-standard dwellings existed in streets with no gutting or sewerage installations. Pollution flourished while the expectations of the workers for better living conditions remained unfulfilled. Government indifference was almost total as they concentrated their efforts on supporting the industrial development.

In the face of these manifold demonstrations of neglect the old militancy was maintained. The former Illawarra Trades and Labour Council was incorporated into the new South Coast Labour Council. The old warriors and fighters of the Depression Years gave way to a new leadership which was intent on expanding its influence and ready to

185 Ibid, p 104
186 Markey, op cit, p 373
take on and win the battle with the Industrial Groupers. And the trade union movement
grew with it and brought to the problems of dynamic urban growth the capacity to
address the associated social and economic problems. It was to demonstrate an
understanding of the difficulties created by economic growth long before these
difficulties touched the consciousness of Federal and State Governments and powerful
political parties. In this they were supported by the survivors of the bitter years and the
new generation not only empowered by better education and opportunities but also by
the history of the struggle for a better quality of life by the workers of the Illawarra.
Through the years of full employment, growing affluence and changing culture they
continued to vote Labor “because they were workers”.187

187 Arrowsmith, op cit
The bitter years of the Depression, the prolonged second World War and the industrial turbulence of the late 1940s was succeeded by the affluent 1950s and 1960s. These years were described as years of “material progress” in which optimists considered that prosperity could go on forever.\(^1\) It was a period when the hegemony of the Liberal/Country Parties dominated the Federal political scene while economic stability and full employment seemed to offer everyone the opportunity to improve their standard of living. Life styles changed as the “lean battler”\(^2\) acquired a home in the suburbs, a car and other material possessions and it was argued by some academics that the urban working class had abandoned or weakened its political allegiance to socialism and the Labor Party. It was a break with the past; a move away from the view that Australia was an area of recent settlement \(^3\) and a transformation from “an essentially rural export society into a modern industrial state”.\(^4\) This transformation was achieved by Government immigration policies which `provided the necessary labour force, by the significant flow of overseas investment funds\(^5\) and by the technological changes which boosted the productivity of the rural, mining and manufacturing sectors.\(^6\)

The total Australian labour force grew from 3,702,000 in 1954 to 5,330,00 in 1971. The female participation rate increased from 24.9% in 1961 to 31.7% in 1971.\(^7\) The major

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\(^4\) Hudson, op cit, p 505

\(^5\) Sinclair, 1970, op cit, p 13


contributor to economic growth in the period was the investment in steel making, car
manufacturing, electrical and chemical industries, all attractive avenues for direct
British and American investment. This growth in manufacturing was further
stimulated, during the War in the Pacific, by the demands of the American and
Australian Armed Forces for munitions, chemicals and textiles. By the mid 1950s the
sector assumed more importance in the economy with an increase share of 12 percent
from the 16 percent share of the 1930s. British investment was dominant through the
1950 and 1960s. By the late 1960s British funds held 15% of BHP shares while the
American funds were 0.6%. However the development of a major new industry in oil
refining foreshadowed additional changes in investment and the composition of
manufacturing production.

Table 1

<table>
<thead>
<tr>
<th>Changed composition of Australian manufacturing production</th>
<th>(percentages of total manufacturing production)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1948/9</td>
</tr>
<tr>
<td>Food Drink and Tobacco</td>
<td>16.2</td>
</tr>
<tr>
<td>Clothing</td>
<td>9.4</td>
</tr>
<tr>
<td>Textiles</td>
<td>6.5</td>
</tr>
<tr>
<td>Total</td>
<td>32.1</td>
</tr>
<tr>
<td>Automobiles</td>
<td>6.2</td>
</tr>
<tr>
<td>Chemicals, oils, paint</td>
<td>6.1</td>
</tr>
<tr>
<td>Electrical and Electronic</td>
<td>4.1</td>
</tr>
<tr>
<td>Iron and Steel</td>
<td>4.4</td>
</tr>
<tr>
<td>Total</td>
<td>20.8</td>
</tr>
</tbody>
</table>

By 1958-59 Australia had developed a “range of industries appropriate to an advanced industrial nation”. A comparison with the value added in manufacturing in the United States for the period shows that Australia could be considered to be a “mature economy”.

Table 2

<table>
<thead>
<tr>
<th>Value Added in Manufacturing by Industrial Groups (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>----------</td>
</tr>
<tr>
<td>Food, Beverages and Tobacco</td>
</tr>
<tr>
<td>Textiles</td>
</tr>
<tr>
<td>Basic Metals</td>
</tr>
<tr>
<td>Metal Products</td>
</tr>
<tr>
<td>Chemicals</td>
</tr>
<tr>
<td>Miscellaneous</td>
</tr>
<tr>
<td>Total manufacturing</td>
</tr>
</tbody>
</table>

Source: Forster p 133

Moreover the steel industry which transformed the Illawarra during the 1950s was the “outstanding success in Australian industrialization” and it “symbolized the maturity of Australian manufacturing”. By 1953 Port Kembla had overtaken and surpassed Newcastle in the production of steel. In the ten years between 1948 and 1958 over sixty million pounds were spent on new blast furnaces, re-organisation of the collieries, modifications to the power station and the installation of the wide hot strip mill. The New South Wales Government dredged a new inner harbour and the BHP plant expanded onto what had been the Tom Thumb Lagoon. Between 1958 and 1960 a huge

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11 Forster, op cit, p 134
12 Ibid, p 158
13 BHP Report 75 Years, University of Wollongong Archives, A499
slab mill was installed and the biggest blast furnace, at that time in the world, was
blown in." The hot strip mill allowed BHP to achieve new economies of scale as rolling
was previously carried out by Lysaghts using a plant designed for a "small but diverse
market".16 Sinclair argued that

Once they become significant [economies of scale] provide the possibility of a
cumulative developmental process as [they] induce new investment which in
turn increases the scale of the economy.

Together with increased population they allow the tendency for economic development
to become a "continuous chain".17

Firth wrote that the expansion of BHP at Port Kembla "lured" other industries to
Flinders Street. The Commonwealth Oil Refineries Ltd which later became a subsidiary
of BHP, Vacuum Oil Ltd and Commonwealth Oxygen and Accessories Ltd acquired
land from BHP and the latter entered into contracts to supply gases to the nearby BHP
coke ovens.18 This enabled an important technical advance in the application of the
Basic Oxygen Steelmaking process to be made which put the Company well ahead of its
American and Japanese competitors.19

As the modern industrial centre emerged the population of the city grew rapidly with the
influx of migrants who were a necessary addition to the workforce to ensure the
continued growth of the steel industry and its subsidiaries. The 1954 census illustrates
the dominance of the foundry and engineering categories which employed 12,482
people out of a total workforce of 34,052. The other major categories of employment
were

15 Ibid, p 200
16 Forster, op cit, p 163
17 Sinclair W A, *The Process of Economic Development in Australia*, Melbourne,
Longman Cheshire Pty Ltd, 1976, p 218
18 Firth B M, "The Industrialisation of Wollongong with special reference to the AIS,
1926-1976", PhD, Macquarie University, 1986, p 454
19 Trengove, op cit, p 204
Table 3

Major Employment Categories

<table>
<thead>
<tr>
<th>Category</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining and Quarrying</td>
<td>3564</td>
</tr>
<tr>
<td>Building and Construction</td>
<td>3341</td>
</tr>
<tr>
<td>Commerce</td>
<td>4286</td>
</tr>
<tr>
<td>Professional, Public Authorities</td>
<td>2419</td>
</tr>
<tr>
<td>Amusement and Hotels</td>
<td>1726</td>
</tr>
</tbody>
</table>

Source: Australian Bureau of Statistics, Census Data taken at 30 June 1954

The total population was drawn from twenty-one different nations outside of Australia with 11,715 migrants from the United Kingdom and 1,457 from Italy. The population of the city was 90,852 an increase of 27,892 from the 1947 total and it was to rise to 131,754 by 1961. And it was the combination of the growth of manufacturing industry in new industrial centres like the Illawarra and the influx of migrants that ensured the increase in home building and the expansion of the suburbs. This population was scattered along the narrow strip of land to the south of Sydney bounded by the escarpment and the towns of Robertson, Moss Vale and Bowral to the west, the National Park to the north and over-flowed past Lake Illawarra to the Municipality of Shellharbour to the south. At the end of the second World War there were ten major towns and thirty-six smaller villages with populations between 50 and 2,000. By 1947 these had been amalgamated into the City of Greater Wollongong and the land was dotted with rapidly expanding suburbs.

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20 Australian Bureau of Statistics, Census Data taken at 30 June 1954
21 Wilson, op cit, p 5
22 Sinclair, 1970, op cit, p 44
23 Robinson, op cit, p 15
24 Australian Bureau of Statistics, op cit,
As Robin Boyd was to write

He stands on the high points of the surrounding country, like Mount Keira above Wollongong, and sees the suburbs' stealthy crawl like dry rot eating into the forest edge. He sees more trees being bulldozed from the yellow clay of the housing development, as if the estate agents and builders are determined to make all the coast match the now-barren windswept sands of Botany Bay.25

Between 1945 and 1971 35,000 houses were built, a quarter by the Housing Commission, and 30,000 lots became available. Not all were dependent on the availability of services and in some cases homes were located in a poor urban environment.26 Until 1956 the Commonwealth/State policy on decentralisation of industry included priority housing for industrial workers.27 In August 1949 the South Coast Labour Council advised workers of its affiliated unions to apply for houses under the industrial ballot which would ensure them priority on the housing waiting list.28 In 1950 pre-fabricated houses were imported from overseas for areas like Wollongong to provide accommodation for workers engaged in essential industries like coal and steel. But these imports declined after 1956. In the same year the supply of public housing was effected by the new Housing Policy which diverted thirty percent of housing funds to a Home Builders' Fund.29 Consequently a report to the State Government in September 1959 on houses completed for the previous five years show a decline in public housing Wollongong and country districts.

28 South Coast Labor Council Minutes 10/5/49 University of Wollongong Archives, D169/1
29 Jones, op cit, p 95 and p 119
Table 4

Distribution of Housing Commission Dwellings Completed

<table>
<thead>
<tr>
<th></th>
<th>1955-56</th>
<th>1956-57</th>
<th>1957-58</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sydney Metropolitan</td>
<td>1917</td>
<td>2028</td>
<td>3011</td>
</tr>
<tr>
<td>Newcastle and District</td>
<td>123</td>
<td>135</td>
<td>140</td>
</tr>
<tr>
<td>Wollongong - Pt Kembla</td>
<td>330</td>
<td>124</td>
<td>131</td>
</tr>
<tr>
<td>Other Country Districts</td>
<td>1285</td>
<td>743</td>
<td>413</td>
</tr>
</tbody>
</table>

Source: New South Wales Parliamentary Debates, 22 September, 1959, p 939

By 1961 70 percent of private occupied houses in Australia were either owned or mortgaged. Logan and Jones, in separate discussions, considered that for Australians ownership of their home was a direct measure of material success.\(^{30}\) Apart from the push by Governments to ensure that investment in a home of their own was a feasible venture workers were encouraged by improved industrial conditions. As Sally Bowen commented “When people had the money they looked to put a roof over their heads”.\(^{31}\)

In NSW, where the Labor Party had been in power since 1939 and longer than the Coalition Federally, the strong liaison between the Labor Council of NSW and the Government had ensured that industrial legislation was “a pace-setter for the rest of Australia”.\(^{32}\) Very low rates of pay were eliminated and juvenile rates were increased.\(^{33}\)

In January 1959 the basic wage for women was set at seventy-five percent of the adult male rate. Provision was made for a five percent increase each year until 1963 when women whose work was the same as that of men would receive equal pay.\(^{34}\) In December 1959 skilled workers’ margins were increased to cover skills and


\(^{31}\) Sally Bowen, former Member of the Communist Party of Australia, Personal Interview

\(^{32}\) Hagan and Turner, op cit, p 166


\(^{34}\) New South Wales Government Year Book, No 56, 1959, p 259
responsibilities above those of unskilled workers. As early as 1947 the forty hour week was introduced. In 1955, the 1951 legislation which gave all workers under State awards long service leave, was extended to other workers. Four years later amendments to the health and safety compensation regulations had reached new standards. George Murray, retired Secretary of the Ports Committee of Waterfront Unions, recalled that during this period an agreement was reached with the owners that the Waterside Workers be provided with clothing for work, gloves, boots, overalls and winter clothing.

Fears of unemployment diminished and workers in Wollongong and across Australia took advantage of hire purchase companies' offers of instalment facilities. These companies were the fastest growing group in the finance sector with no controls over lending policies and interest rates. Workers borrowed to buy motor vehicles, household and personal items. The hire-purchase debt rose from a hundred million pounds in 1952 to four hundred million by 1959. A quarter of the debt was due to the purchase of washing machines, television sets, furniture and other items. A massive seventy percent was due on motor vehicles. Improved wages and working conditions, housing loans and hire purchase finance gave workers access to material benefits which had previously been denied them.

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35 Ibid, p 1016
36 Ibid, p 235
37 Ibid, p 249
38 Hagan & Turner, op cit, p 166
39 George Murray, personal interview
40 Boehm, op cit, p 245
41 Drohan N T and Day J H, Australian Economic Framework, Australia, Cassell, 1964, pp 165-166
In this environment the move to the suburbs and the growth of home ownership was viewed by some observers as a "movement towards middle class behaviour and values" where the Labor Party could not longer rely upon the urban working class and its traditional supporters within the trade union movement. Crisp contended "that fully employed under conditions in a prosperous, pluralistic and rich society" many workers were "likely to be passive unpoltical unionists". Among those who were politically active there were deep divisions resulting from the war between the Communists and the Industrial Groupers supported by the Movement. However Sheridan argued that as early as 1953 the fortunes of the Groupers had deteriorated.

Moreover other factors assumed a new importance and ensured that workers had not abandoned their commitment to the Labor Party. Irene and Eric Arrowsmith considered that better education and an expanding economy gave the children of the workers the opportunity to move into the professions and the service industries. They did not forget their working class ideologies and gave voting for the Australian Labor Party a new respectability. Moreover Stewart West, who later became the Federal Member for Wollongong, considered that the memories of the Depression years left a strong impression on the youth of Wollongong who had lived in garages and tents. Although they were to benefit from better education and job opportunities they did not lose their distrust of Prime Minister Menzies or the Conservative Parties. In addition he stated the union movement was bolstered by British migrants who had a long tradition in Labour politics. In the 1966 elections when the Federal Labor Party lost nine seats and its overall vote declined by 5.5 percent that the DLP vote also declined. Although this was

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44 Hudson, op cit, p 508
46 Irene and Eric Arrowsmith, daughter-in-law and son of a well-known CPA identity and former President of the South Coast Labour Council, E Arrowsmith, personal interviews
47 Stewart West, former Federal Member for Wollongong, personal interview
marginal it was part of the overall pattern that indicated that the Party was losing electoral support.48

There is no denying that most urban workers enthusiastically embraced those middle class material attributes which full employment and easy credit facilities made possible. But this so-called “middle-classing” effect also created heightened expectations among these workers; expectations which neither the State or Federal Governments were likely to meet. Although people owned or were paying off their homes their environment could hardly be called affluent. The Illawarra suffered for years from pollution and a lack of urban facilities, roads, water and sewerage, swimming pools and all the accoutrements of a modern well-run city.

Sinclair noted that in Australia in the 1950s Governments urban planning lagged well behind private investment. Although public capital was allocated for education building construction did not keep up with demand. Of the Commonwealth funds provided for road construction a proportion was ear-marked for rural areas which was a throw-back to the policies of the 1920s. Of equal importance was the failure to provide plans and capital for sewerage.49 In 1960 more than 500,000 people in Metropolitan Sydney and 376,000 in the outer suburbs were without sewerage.50 Moreover the lack of urban planning for a rapidly expanding population and the changes in public housing were to create an urban environment which in the Illawarra was only marginally better than that of the Depression.


**Sinclair, 1970, op cit, p 48**

Initially the push for better housing after the second World War which was generated by the long term housing shortage and the prevalence of slums such as those in Port Kembla known as Spoonerville, had petered out by the 1956. Jones reported that the attitude to public housing in the mid 1940s was that

Everyone was regarded as having the right to adequate housing within his capacity to pay and this could be achieved only through the provision of housing by governments, a task involving large financial losses.\(^{51}\)

Public housing authorities existed in NSW from 1942 and in 1945 the Commonwealth/State Housing Agreement was established by the Federal Labor Government. Under a Federal/State agreement, funds were provided for the construction of public housing. These houses were available to “deserving families” who could afford home ownership and for the alleviation of poverty.\(^{52}\) However public housing was seen as a temporary necessity to overcome the housing shortage. In addition under the War Service Homes Scheme about 265,000 houses were built between 1945 and 1970. Servicemen but not servicewomen were offered home finance at very low rates over a very long term and unlike Housing Commission homes there was a very short waiting time.\(^{53}\) In 1956 further emphasis was placed on home ownership when the new Federal/State Housing Agreement allocated 30 percent of all funds to co-operative societies for home mortgages. The previous Federal Labor Government did not favour selling Housing Commission homes as it was “not concerned with making workers little capitalists”. However Prime Minister Menzies was “opposed to seeing governments as universal landlords” and perhaps more importantly the State Governments sustained losses through the rental system.\(^{54}\)

\(^{51}\) Jones, op cit, p 4
\(^{52}\) Ibid
\(^{53}\) Ibid, p 2
\(^{54}\) Ibid, p 119
From 1949 British migrants were able to apply for public housing after waiting twelve months but non-British migrants were excluded from these allocations until 1953. From 1956 they were eligible for new housing if they had twelve months residence in Australia. They were only eligible for 1945 Agreement houses if they were naturalized. In Wollongong migrants were housed in corrugated iron hostels in the suburbs of Fairy Meadow, Berkeley, Cringila and Unanderra. The Karingal Hostel at Cringila, close to the steel works, was reserved for men only and their families had to live at Berkeley or Fairy Meadow. Hostel life was not easy and in June 1953 the migrants at the Balgownie Hostel protested against the cost, food and the communal way of life. Two families were evicted when one worker had been out of work for twelve weeks and another for seven. The South Coast Labour Council (SCLC) arranged temporary accommodation for them. A meeting was held at the Hostel and a crowd of 350 people marched into the town. It was reported that seventeen families with 105 children had been evicted from the hostel for doing their own cooking. Migrants who abandoned the discomfort of the hostels often paid seven or eight guineas for accommodation in a garage. In his Summary Report on Economic Activity in the Illawarra in 1961, J C Steinke compared the cost of housing in the Illawarra with Sydney and Newcastle. The average weekly rent per room was 8.1 percent higher than Sydney and 46.5 percent higher than Newcastle and the cost of living was higher than any other area in NSW.

Road construction could not keep pace with the increase in population or the number of vehicles. By 1959 the number of registered vehicles had increased to nearly thirty thousand from eight thousand in 1949. Unlike Sydney and Newcastle there were no

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55 Ibid, p 49
56 Barwick K, Berkley and Surrounding Districts, Illawarra Historical Society, Wollongong County Library Archives, 1978, p 183
57 South Coast Labour Council Minutes, 10/6/1953, University of Wollongong Archives, D169/1
58 Illawarra Regional Development Committee Annual Report, 1964, p IV, University of Wollongong Archives, D16 Box 106
59 Town Planners Annual Report, p 9, 1959, UWA D16 Box 114
public bus services and the southern suburbs of Oak Flats and Windang were “very poorly serviced by public utilities and transport”.

There was no Illawarra Region Water and Sewerage Authority and the district had to compete with Sydney for Metropolitan Water, Sewerage and Drainage Capital Funds. In 1958 the average amount per capita paid in water rates and charges in the City of Greater Wollongong was five pounds compared with less than four pounds in Sydney.

By 1960 fifty percent of the fifteen thousand workers employed by BHP were migrants.

Tom Malcolm, a previous Secretary of the Federated Ironworkers Association (FIA) and supporter of the Industrial Groups, recalled

Work in the steel industry was very hard, very hot and dangerous. Italian migrants were given the dirty jobs in the coke ovens. The Germans who were better educated and were often professional men who could not get recognition for their qualifications were disliked and there was considerable enmity between them and the Ukrainians. The migrants lived anywhere they could and it was a miserable life for shift workers in the hostels. The waiting time for a Housing Commission home was two to three years so they worked a lot of overtime so that they were able to build homes in Cringila with foundations made from the third class bricks from BHP. They smuggled these out in their lunch bags and other workers used to create a disturbance to distract the gate guards from these illicit activities. Two or three families would live in a house and then they would concentrate on building another house and so they all eventually had homes of their own.

Sally Bowen recalled that conditions were disgusting at Cringila, the suburb nearest to the steel works. There were not enough houses, no drainage or curb and guttering. The night soil collection was inadequate and there were problems with seepage. The roads were rough and the schools over crowded. A Greek family was reported as having

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60 Cardew, op cit, p 107
61 Illawarra Regional Development Committee, op cit, p VI
62 RFX Connor speaking in the NSW Parliamentary Debates, 12/8/1959, p 41
63 BHP 75 Years
64 Tom Malcolm, personal interview, Past Secretary of the Federated Ironworkers Association
65 Bowen, op cit
shared a former prawning factory with thirteen families and twelve bachelors. The rent was six pounds a fortnight which was half the family income. Sixty people shared two outside toilets, a laundry and a dining room and when it rained the shed flooded. Single men used to sleep in shifts using the same bed.66

And for ten years matters did not improve. The demand for land saw the median price of residential lot rise from $780 in 1956 to $1600 in 1961 and to continue to rise to reach $3950 in 1972. The lack of planning for this rapidly expanding population meant that the houses were built in unmade streets with no footpaths and were not connected to the sewer. In the southern suburbs which bore the brunt of the speculative land market development there were few shops, recreation areas, schools or health centres.67 Scarce and expensive rental accommodation forced workers onto camp-sites and into sub-standard accommodation. Warilla, which was sub-divided in 1956, had no water or electricity services but the German and Dutch migrants built there and lived in “sheds, garages and other improvised dwellings”.68

It is difficult to understand why these consequences of unparalleled economic growth and their effect upon the voting patterns of the working class were not considered by Davies and Encel. After all Galbraith had published *The Affluent Society* as early as 1958 and the equally well-known Tawney had argued that “slowly and reluctantly...society begins to make collective provision for needs for which no ordinary individual, even if he works overtime all his life, can provide for himself”.69 And there is even less excuse for Kemp because Sinclair was writing in 1970 and a survey conducted

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* Cardew, op cit, p 111
in 1967 showed that sixty-eight percent of people interviewed considered that
governments should spend more on social services.\textsuperscript{70}

Although State and Federal Governments and some academics closed their eyes to the
mounting problems of the urban environment and the consequent political effects of this
neglect the South Coast Labour Council, as in its past history of militant trade unionism
in the Illawarra, was to take up the social and economic problems of the people with the
same enthusiasm as they devoted to the resolution of industrial matters and "abolishing
the Menzies Government".\textsuperscript{71} And contrary to Overacker's expectations through the
1950s they were to become stronger and more influential. A direct result of full time
employment, the growth of the trade unions, the eventual decline of the Industrial
Groups and the capacity of the Council's leadership to build an effective network of
influence and dynamic organisation. As Goldthorpe has argued "that working class
affluence may turn out to have political consequences the reverse of those usually
attributed to it".\textsuperscript{72}

In 1949 when the old Illawarra Trades and Labour Council was incorporated into the
South Coast Labour Council one of the major task ahead was seen as

\begin{quote}
winning a better way of life for the people of Australia [which] depended on
action on the job, in the office, in the factories and in our trade unions.\textsuperscript{73}
\end{quote}

Through 1949-1953 they pursued their aim. They met with Progress Associations to
discuss poor roads and drainage and complained to authorities about increases in
doctor's fees and rates and the cost and scarcity of important food items such as butter,
eggs and potatoes. A Committee was set up in March 1950 to investigate the housing

\textsuperscript{70} Aitkin, "A sea-change in Tax Cuts" in \textit{The National Times}, 10-16 /2/1980, p 46
\textsuperscript{71} Stewart West, personal interview, Past Member of the House of Representatives for
the Federal Seat of Cunningham.
\textsuperscript{72} Davies and Encel, op cit, p 44
\textsuperscript{73} South Coast Labour Council Minutes, 28/9/49, University of Wollongong Archives,
D169/1
problem and the shoddy workmanship and inferior wood and bricks used in Housing Commission buildings. Consequently a deputation was sent to the Housing Minister, Clive Evatt. In the same year the City of Greater Wollongong Sewerage Advancement League was established although it was twenty years before most of its plans came to fruition.74

But throughout 1953 and 1954 the serious question of the representation of the Federated Ironworkers Association occupied many hours of discussion. The FIA was the largest union in the Illawarra with nearly 6,000 members in 1954 and was controlled by the Industrial Groups.75 Tom Malcolm who was Secretary of the FIA from 1950 reported in interview that he was asked by the leading Industrial Grouper, Laurie Short, to stand as Secretary of the Port Kembla Branch of the FIA. Tom was happy to do so as he was opposed to the CPA Executive of the Union and their political strikes. He was able to defeat them because, as he recalls, canvassers who were paid thirty shillings a week from funds supplied by the Movement called at the migrants' homes to ensure that they opened and marked their ballot papers appropriately. Tom supervised the returning officer's work and was able to check the results against the reports of his canvassers. Tom was Secretary until 1965 and never joined the Democratic Labor Party because he decided to "stay in and fight".76 This fight he took to the South Coast Labour Council. In personal interviews with members of the Council at that time it was considered that the FIA executive was determined to take over the Council or if they could not achieve this aim break it.77

In the minutes of September 1954 the FIA was accused of siding with the AIS and deliberately lowering the standard of living of the workers. It was reported that the FIA

74 Ibid, 1949-1953
75 Ibid, 17/2/54
76 Tom Malcolm, op cit
77 Betty Perry and Max Graham, past affiliates of the South Coast Labour Council, personal interviews
had advised its members to take as much work as possible from the craft unions.78 By November the Executive recommended to the Council that

Despite the efforts of the Council and its officers, particularly the Secretary, to rectify this deplorable situation the leadership of the Ironworkers continued in its contemptuous attitude to the rules of the Council and of their obligations to the Trade Union movement by its cessation of affiliation fees to the Council for its delegates. The FIA was given fourteen days to seek re-affiliation, pay all fees and observe the rules.79

On December 8 the FIA was dis-affiliated and stayed out of the Council for eleven years despite a number of attempts to resolve the dispute. At a Conference in March 1965 between the SCLC and the Executive of the FIA Tom Malcolm asked that the past be buried and with it all the long-standing debts. Ted Harvey, the Secretary of the Council outlined its position. The Council was prepared to let bygones be bygones but as the co-ordinating body of the Trade Union Movement it expected loyalty. Malcolm stated that the FIA did not want to take over the SCLC but wanted to go forward in unity on the matter of industrial issues.80

For Malcolm was no longer speaking from a position of power. In the previous December he and his executive were returned with a much reduced majority and in the following year it was reported that membership of the union had fallen to forty percent of the total workforce.81 The Union was under attack from the Rank and File and there was considerable dissatisfaction with the leadership. It was a difficult situation as the FIA had no real day to day union organisation or control within the steel works as it did not use shop committees. The situation was complicated by the language and cultural differences of the workforce, major financial problems and the feeling of apathy towards

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78 South Coast Labour Council Minutes, op cit, 29/9/54
79 Ibid, 24/11/54
80 Ibid
81 Sydney Morning Herald, 13/8/66
the union. Harvey suggested that re-affiliation would provide the unity and strength needed to deal with these problems.82

This successful negotiation owed much to the style of Ted Harvey's leadership as Secretary of the SCLC. He was personally responsible for mending fences with the Labor Council of New South Wales and a major contributor to the growth and influence of the SCLC. And despite the dis-affiliation of the FIA by 1961 41 unions with 12,000 workers were affiliated with the Council83 and in 1963 the Council moved into the newly constructed Trade Union Centre in Railway Square Wollongong. Although he was one of two CPA members on the Council84 and the President, Eric Ramsay was a member of the ALP these ideological differences did not appear to affect the successful running of the Council.85 At the end of his first year as Secretary in 1955 Harvey wrote in the Annual Report

It is clear to me, that it we confine ourselves to so-called purely industrial matters, that we would be betraying the interests of the trade unionists in this district We must grow with the times and these times are such that a body such as ours, while maintaining a strictly non-party approach on all questions must have the courage to give a fearless lead in all questions of the day affecting the Trade Union Movement.86

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82 South Coast Labour Council Conference between the Executive and the Federated Ironworkers Association 2/3/1965
83 South Coast Labour Council Minutes, University of Wollongong Archives, D169/1
84 Haskell W, “Ted Harvey, South Coast Labour Leader”, Illawarra Mercury, Feature Article 1963, University of Wollongong Archives, D169/16/1
85 Eric Ramsay, Personal interview, Past President of the South Coast Labour Council and Labor Member of the NSW Parliament
86 South Coast Labour Council Annual Reports 16/2/56 University of Wollongong Archives, D160/19/1-73
And in 1962 while declaring that "we must continue to give full support for the home-

owning workers we represent" he added that

It must always be kept in mind that a large percentage of the workers in this
district are migrants and the importance of their assimilation into the Australian
Trade Union Movement cannot be overlooked. This assimilation is a task which
must be taken up on all levels and encouraged by all workers."

Betty Perry who was for some years a representative of her union on the SCLC and
active in the organisation considered that the Council acted as a facilitator on matters
that were raised by the delegates and which affected the lives of the workers and their
families. A wide network of organisations like Progress Associations, Ratepayers, Old-
Age Pensioners worked with the Council. It had an interest in such diverse issues as
Homes for the Aged, and the World Peace Council, pollution and the Housing
Commission tenants, the price of food and the doctor's monopoly. Public meetings were
held to address problems with the Mining Industry, Waterfall Sanatorium and Hospital,
the National Health Scheme and Building and Education Conferences. A day of
protest would attract unionists from all parts of the Illawarra and these protesters would
be bussed to Canberra to ensure that their message reached the Government. In 1963 the
Council appointed delegates to work in five groups, the Miscellaneous Trades, Building
Trades, Mining Trades, Metal Trades and the Transport Group to deal with the large
amount of Council work more efficiently.

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87 Ibid, 21/2/62
88 Ibid
89 Perry, op cit
90 South Coast Labour Council Minutes, University of Wollongong Archives, D169/1
91 South Coast Labour Council Annual Report University of Wollongong Archives,
D169/19/1-73 20/2/63
Before this re-organisation took place the worst fears of the workers were realized as
boom turned to bust. The Federal Government demonstrated that its indifference to
urban policy was matched by its inadequate management of the economy. Home
building declined as did the motor vehicle industry. There was a loss in orders for BHP
which resulted in two thousand workers being unemployed in Wollongong.92 The
property market deteriorated and between October 1960 and February 1961 savings
bank deposits fell by twenty million pounds.93

In the Illawarra rates had risen over three hundred percent in the ten years from 1948 to
1958, the Consumer Price Index rose by one hundred percent while wages rose one
hundred and twenty percent for the same period.94 Consequently home owners,
threatened by the erosion of their living standards and the fear of a return to the
Depression days created a storm of protest when the Wollongong City Council proposed
a further rise of twenty-nine percent in the rates for 1960. Ted Harvey at the meeting
held outside the Wollongong City Council Chambers in January 1960, voiced the
sentiments of many when he declared

I am speaking on behalf of the trade union movement, because it concerns the
hundreds of workers who are trying to pay off their homes and who belong to
unions.95

The furore about the rate increases demonstrated that the SCLC and the trade union
movement had not lost its capacity for popular protest which had been developed in the
bitter days of the Depression. And they were not alone for some members of the recently
formed Garden Hill Progress Association held strongly to the view that “as the State

92 Ibid, 21/2/61
93 Henderson R F, “Monetary Policy in Australia” in Economic Record, Sept 1961,
pp 298-300
94 R F X Connor, Unsorted Papers, University of Wollongong Archives, Box 6
95 Illawarra Mercury, 20/1/60, p 1
Government had jurisdiction over local government...it was responsible for the iniquitous rating system”.

However R F X Connor, the Wollongong-Kembla MLA, argued that the State Government had made a major contribution to the development of Wollongong as an “area of national importance with special local problems” while the Federal Government's contribution to this development “had been extremely small”. Hagan considered that Connor was a “formidable Parliamentary speaker and debater”. In Hagan's opinion

Connor's view was essentially of “socialism in one country”. He believed that the fifties were a critical decade which offered the opportunity of vastly expanding Australia's wealth. In this belief, his local responsibilities and national vision fused. The potentially huge expansion of the Australian economy rested on its reserves of metal-rich ore and magnificent coking coal; Australia's destiny depended largely on the maximum development of Wollongong, the city of coal and steel.

Connor continued to be involved in all the protest meetings organised by Wollongong Citizens' Ratepayers' Action Committee, an organisation which included Harvey, Smart, the President of the Miners' Federation and Sally Bowen representing the Communist Party. It was this Committee which led more than one hundred and thirty people to protest at the doors of Council Chamber on January 20. At a later protest meeting a motion was passed unanimously to

support the NSW Local Government Association in its efforts to establish a national body to review financing of various sections of Government...and the allocation of a substantial increase to local government from the Federal Government.

96 Ibid, 20/1/60, p 2  
97 Connor, ibid  
98 Hagan J, "R F X Connor as a State Parliamentarian" presented at the Connor Conference, University of Wollongong, 24/7/82, p 3  
99 Illawarra Mercury, 14/1/60, p 1  
100 Ibid, 18/1/60 p 4
The Waterside Workers Federation called on “the whole of the trade union movement to assist in this campaign”. 101 The Wollongong Branch of the Liberal Party asked that “the Local Government Act be varied to give a more realistic approach to general rating”. 102 While members of the ALP were exhorted to put a strong case before the State’s Conference in June for as Alderman Jackson declared “Governments can be moved by persistent agitation on the part of large groups of people”. 103

Connor summed up the situation for many people when he wrote in a paper entitled “Land Valuation, Zoning and Local Government Finance”

The final remedy to the present financial difficulties of Local Government must be a re-allocation of taxation revenue properly apportioned between Federal, State and Local Governments based on their respective needs. This can be achieved by a Federal Labor Government and implemented through the necessary constitutional and fiscal reforms. 104

However there was a major obstacle to the achievement of this aim, the opposition of the State Governments and this persisted when the Federal Labor Party came to power for the States were concerned to ensure that local government should not be given an opportunity to extend its power and influence. McPhail noted that “a resurgent and active local government provides a challenge in both political and administrative terms to the operation [of the State]”. 105

Nevertheless the push towards Federal finance for local government responsibilities did not languish Labor Forward declared that

The economy is stagnating under the Federal Government which controls the main sources of revenue. Its mismanagement of the economy results in

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101 Ibid, 10/1/60, p 2
102 South Coast Times, 25/8/60, p 8
103 Illawarra Mercury, 4/2/60, p 1
104 Connor, op cit
inadequate state budgets to meet the demands of development essential to a modern community—water, sewerage, local governments roads etc.\textsuperscript{106}

Although Harvey was disappointed with the results of the protest, for more than two years the Ratepayers' Committee actively pursued "the possibilities of Federal Aid for Local Government" in the form of ten percent of the Commonwealth Revenue.\textsuperscript{107} As Harvey argued

increased pressure [must be put on] the State and Federal Governments for relief...the vast development of the City of Canberra is subsidized by the Federal Government and if it can be done for Canberra, why not Wollongong.\textsuperscript{108}

The on-going protest was to gain momentum as the Illawarra Branch of the Communist Party of Australia pledged its support for "an improvement in living standards, the democratic rights of the people, the needs of local government, education, housing, social services and pensions".\textsuperscript{109}

And this robust interest occurred because the workers and the Trade Union movement came to realize that improvement in their collective needs could only be achieved by Federal Government commitment. In the Illawarra from the 1960s the South Coast Labour Council, well supported by Connor, pursued this quest for equity making major and persistent demands upon the State and Federal Governments. At the Rank and File Delegates Convention held in Pioneer Hall in September 1960 Guilfoyle of the Hospitals Employees Union declared that "Rates, hospital and ambulance payments are making serious inroads into the workers' income. Teaching is in a chaotic state, prices are rising and National Insurance is needed". There was a demand for equal pay and the white collar workers joined in unity with the other sections of the Trade Union Movement. Harvey in his address to the Convention cautioned, "There is nothing by

\textsuperscript{106} Labor Forward, Vol 12, No 7, 1/2/62
\textsuperscript{107} Illawarra Mercury, 21/1/60, p 1
\textsuperscript{108} Report of the Ratepayers' Protest Meeting 31/1/62, p 11
\textsuperscript{109} Communist Party of Australia Minutes, University of Wollongong Archives, D176/11, p 4
way of [Federal] grants to alleviate the crisis in education, local government, hospitalisation, housing and pensions".110

In December of that year the SCLC debated the report from the Housing Commission which highlighted the exploitation of people living in sub-standard housing and rented garages.110 In August 1961 reporting the results of a deputation to Canberra, Jim Steel of the Brickmakers Union declared “good homes make good citizens” and the Building Trades Group argued “that decent houses should be built for people and money should be made available through the Rural Bank at a low interest rate”.117 By November this Group had prepared a five-year plan for building in the Illawarra Region, covering “houses, hospitals, schools, public conveniences, water supply and public works”.113

However they were fighting against an unsympathetic Federal Coalition Government who despite the near defeat in the 1961 election still believed in minimalist government and “a dynamic free-enterprise economy” with its emphasis on defence in its foreign policies. Following the election the Federal Policy Research Group of the Liberal Party issued a pamphlet entitled The Importance of Being You where, among other things, they stated that the “Liberal Party rejects the idea of classes”. To illustrate their broad political appeal the pamphlet maintained that “many many thousands of skilled trade unionists are Liberal supporters because they are individualists; they believe in the right to decide their own way of life and living; they believe in opportunity [and] in reward for effort”.114 In contrast the NSW State Labor Government while promising much did very little.115

110 SCLC Minutes of the Rank and File Delegates Convention, Pioneer Hall, Wollongong University of Wollongong Archives, D169/19 Annual Report 7/9/60
111 SCLC Minutes University of Wollongong Archives, D169/19 14/12/60
112 Ibid, 16/8/61
113 SCLC Annual Reports, University of Wollongong Archives, D169/19/1-73 1/11/61
115 Hagan and Turner, op cit, p 189
These problems did not deter the SCLC from pursuing its policy of public protest against the ingrained practices of the major political parties. In July 1962 the recently formed Social Services Committee called a Conference of representatives from pensioner groups, local progress associations, churches, trade unionists and the local MLA Howard Fowles. In the discussion which ranged over pensions, unemployment and sickness benefits, child endowment, maternity allowances, medical and funeral benefits, Fowles protested that “the provision of social services is the responsibility of the Federal Government”\(^\text{116}\). The aid offered by the State is severely limited by the finances available to it by the Federal Government. And this was the nexus in which the working class and others were trapped; victims of the squabbles between State and Federal Governments made complacent by their long hegemony. For a deputation to the Federal Minister for Social Services was met with a rebuff despite the declaration of the Committee that they represented many concerned citizens in the Greater Wollongong region.\(^\text{117}\)

But of equally serious concern was the Water Board's neglect of the Wollongong Sewerage system.\(^\text{118}\) In late 1961 Fay Lindsay of the Wollongong Ratepayers' Association again called for an allocation from the Defence budget so that “sewerage could become a reality”.\(^\text{119}\) More disturbing was the City Health Inspector's report which gave no assurance that Corrimal, a northern suburb of Wollongong, would have sewerage within the next five years. At a public meeting at Lake Heights later that year the discussion centered around the pollution of Lake Illawarra. The Federal Government again rejected the request made by the Member for Cunningham, V Kearney, for financial assistance for the project which could cost sixteen million pounds, with the old answer that the Commonwealth could not make funds available for semi-government

\(^{116}\) SCLC University of Wollongong Archives, D160/31/2, 7/762  
\(^{117}\) Ibid, 20/8/62  
\(^{118}\) Sheldon, P, Maintaining Control, PhD Thesis, University of Wollongong, July 1989  
\(^{119}\) SCLC, University of Wollongong Archives, D169/2/1 - 4, 16/8/61
and local authority works. \(^{120}\) Sadly the problem was not resolved for years. The 1963 plan which was forced on the Greater Wollongong Council by pressure from the Health Department failed to mature due to lack of funds. The extension of the sewerage to the northern suburbs meant that development in other areas was placed in jeopardy. \(^{121}\) The failure of the Federal and State Governments to come to grips with the serious problem was illustrated by the fact that in Wollongong in 1971, with a population close to two hundred thousand, six homes in ten were unsewered. \(^{122}\)

The South Coast Labour Council continued to highlight these problems and others, the state of the roads, unsatisfactory transport services, air pollution and poor street lighting. Moreover these were matters comprised a significant part of the Labor Party Platform for the Municipal Council Elections of 1962. \(^{123}\) The shortage of doctors and the state of the hospitals continued to be a matter of growing concern. In 1963 L Boardman, chairman of the Coledale Hospital Board advised the SCLC that “all hospitals in NSW are insolvent. There was a need for direct government assistance and the real solution is a national health scheme”. \(^{124}\)

And although the Council continued to fight for a better standard of living for the workers and their families in the Illawarra by 1965 more serious political problems were looming. By November when the South Coast Labour Council had started its campaign to protect living standards the NSW Labor Government lost Government, lost the Wollongong/Kembla seat \(^{125}\) and control of the City of Greater Wollongong Council. In 1966 the Federal Labor Party suffered a major defeat in the Federal Election. In the

\(^{120}\) SCLC University of Wollongong Archives, D169/33/37,  
\(^{121}\) SCLC University of Wollongong Archives, D169/35/37, 20/9/66  
\(^{122}\) SCLC University of Wollongong Archives, D169/1 Annual Reports  
\(^{123}\) Flyers for City of Greater Wollongong Municipal Elections, December, 1962  
\(^{124}\) SCLC University of Wollongong Archives, D169/2/8 17/4/68  
\(^{125}\) Hagan and Turner, op cit, p 194
previous year The Canberra Times’ editorial reflected the views of many when it declared

Labor is a conservative, old-fashioned party with hopelessly out-dated organisation and sadly out of touch policies.126

Hagan and Turner, in considering the results of the NSW election, argued that “Labor became more vulnerable mainly because of its complacent and insensitive administration and insufficient attention to the political costs of its actions”.127 And McMullin wrote that the Federal Labor Party's disastrous election results of 1966 were due to “Calwell's conviction that strident attacks on Vietnam and conscription would pay political dividends”.128

In his discussion of party identification Aitkin supported this argument because the analysis of the voting patterns show a drift among Labor identifiers, those people who consistently identify themselves with a particular party, of some eight percent to the Liberal Party. Three years later however the Labor Party was picking up votes from identifiers with other parties.129

126 J Fraser's Private Papers, National Library of Australia, Manuscript Section, MS2802, Election Box 28, 26/11/64
127 Hagan and Turner, op cit, p 193
129 Aitkin, op cit, pp 39-40
Table 5

Party Identification and vote, 1966

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<td>0</td>
<td>3</td>
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</table>

* Less than 0.5 percent.

Source: Aitkin, p 39

Table 6

Party Identification and vote, 1969

<table>
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<tr>
<th>1969 Vote</th>
<th>Liberal</th>
<th>Country Party</th>
<th>DLP</th>
<th>Labor</th>
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<tr>
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<td>8</td>
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<tr>
<td>Other</td>
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<td>4</td>
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<td>3</td>
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</tbody>
</table>

Source: Aitkin p 40

Consideration of the figures for the two Illawarra electorates of Cunningham and Hughes show a significant increase in the Labor vote from 1961 and which was maintained through the 1963 and 1966 elections the last years of the Federal Coalition dominance. If we are to accept the view that the affluent urban workers changed their political allegiance away from the Labor Party then this is the period in which the results should reflect this because from 1960 onwards we observe clear statements that workers see themselves as home owners and are seriously concerned with their urban environment. But the voting pattern shows an increase in the Labor vote in the Illawarra which is sustained and increased over the next ten years (see below).
But the whole argument has been distorted by the prominence given to Prime Minister Menzies' domination of Federal politics and politicians from 1949 to 1965. Certainly his political skills enabled him to profit from the chaos in the ranks of the Federal Labor Party and his powerful personality controlled the factions in the Federal Coalition. Yet an examination of the percentage of formal votes for the House of Representatives during his period of office show that the Coalition was not always ahead. In 1954 the Labor Party had 50.03% of the vote as opposed to the Coalition's 47.07%. In 1961 the Labor Party won 47.90% as against the Coalitions 42.09%. In most years from 1955 the Coalition retained Government through the support of the Democratic Labor Party.¹³⁰

Hudson reflected this generally held view of the hegemony of the Coalition Government.

He argued that

The electorate generally was lulled by twenty years of relative economic stability, virtually full employment, an impression of continuing development, some opportunity for social mobility from the old working class, and probably the conservatism of the new immigrant working class.

This is a myth that ignores the impact of two Wars, Menzies' attempts to outlaw the Communist Party, the hardship caused by the Government's interventionist economic policies, the unrelenting friction between the State and Federal Governments and misrepresents the conservatism of the new immigrant working class. It is a myth that fails to register the change in community attitudes and the rise of organised popular protest which was to challenge the hegemony of the Federal Coalition.

Industrial unrest among the maritime unions was an almost immediate result of the outbreak of war in Korea when the unions refused to load supplies for South Korea.

Further unrest followed when Prime Minister Menzies introduced the Communist Party Dissolution Bill. Although this was disallowed by the High Court there was a general feeling of disquiet in the community, encouraged by Menzies, that the Korean War could expand to involve the rest of the Communist World. In the Illawarra the attacks upon the Communist Party were interpreted by many sympathizers as further evidence that Menzies could not be trusted.

However it was the war in Vietnam which was to cause the greatest unrest. Conscription was introduced in 1964 to provide military troops for Vietnam. This decision was the

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131 Hudson, op cit, p 506
132 McMullin, op cit, p 253
134 Hudson, op cit, p 528
catalyst which changed the attitudes of many to the participation of Australians in overseas conflicts. A mass political protest developed which was as great as those of the 1930s\textsuperscript{135} and involved people from all walks of life and across the States. Pictures of the struggle in Vietnam invaded the living rooms of Australians far removed from the conflict and raised questions about the moral issues of the War.\textsuperscript{136} In the late 1960s there was a melding together of disparate social groups. People marched for peace and against selective conscription and the destruction of the environment. Women called for equal pay and opportunity. There were signs of organised political leadership amongst the Aborigines.

Of equal importance to workers was the Federal Coalition’s inability to manage the economy and failure to control inflation which grew from 6\% in 1947-48 to 23\% in 1951-2.\textsuperscript{137} It was to remain a problem throughout the 1960s. Although it contributed to the Federal coffers considerable hardship was caused for those on fixed incomes in a country which had limited price control regulations. Throughout the 1950s and early 1960s economic management by the Menzies’ Government was by “short-term checks and spurts of stop-go policies”.\textsuperscript{138} In 1960-61 the social mobility of the old working class was threatened by unemployment as thousands lost their jobs in the manufacturing industries.\textsuperscript{139} The Federal Council of the Liberal Party was dissatisfied with the Government’s overall economic performance\textsuperscript{140} and for a short time John McEwen, the Leader of the Country Party, was seen as an alternative Prime Minister.\textsuperscript{141}

\textsuperscript{135} Hagan and Turner, op cit, p 218
\textsuperscript{136} Hudson, op cit, p 528
\textsuperscript{137} Mathews R and Jay WR C, \textit{Federal Finance}, Melbourne, Thomas Nelson(Australia) Ltd, 1972, p 198
\textsuperscript{140} Ibid
\textsuperscript{141} Whitington D, \textit{The Rulers}, Melbourne, Lansdowne Press Ltd, 1964, p 119
But it is the conservatism of the new immigrant working class that raises the most questions. For the law of Australia at the time of the massive immigration program prevented many immigrants from taking part in the electoral process. Under the Aliens Act of 1947 all non-British immigrants were classified as Aliens. They were not allowed to apply for citizenship until they had been resident in Australia for five years. Until they became citizens they were not, among other things, entitled to vote. As late as 1959 all non-British migrants had to register their names as they were not on the electoral roles. Of all these non-British migrants the Italians made up the largest group of migrants who permanently settled in Australia. Between 1945 and 1959 192,626 Italians settled in Australia and from 1959 to 1971 164,060 migrated from Italy.

Castles writes

That [the Italian-born] have on the whole done well in economic terms with high rates of home ownership, lower than average unemployment and high rates in the self-employed and employer categories. However these figures say nothing about the experience of Italians working in hard, dirty and dangerous jobs doing a lot of overtime or doing more than one job.

Now these were people who were forced from the harsh economic circumstances and the poverty caused by failed agrarian reform to leave Italy. Those who were associated with the various agitations and uprisings, especially with left-wing political movements “were encouraged to emigrate by threats”. For those who achieved citizenship and an interest in political matters the majority became members of the Australian Labor

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145 Castles S, Rando G and Vasta E, op cit, p 127
During the recession of 1961 there were violent protests against “the lack of jobs and poor social security provision”.

So despite economic growth the Menzies' Years were not a time of unalloyed joy for many Australian workers. As important was the continuing controversy between State and Federal Governments about who was responsible for the urban environment. While many workers were more prosperous, due to hard work in difficult situations, their suburban surroundings remained poor. Moreover this was not a problem that was unique to the Illawarra for many suburbs of Sydney and Melbourne suffered from the same neglect.

But the contribution that the workers and the South Coast Labour Council made to the 1960s was to hone a new community spirit. The old close knit community of the mining villages had dissipated with the diminishing importance of the industry and under the impact of the Depression. New industries and newcomers to the district and the affluence of the 1950s and 1960s saw the emergence of suburbs of home-owning workers with some of the accoutrements of the middle class. But the organising skills that the South Coast Labor Council inherited from its predecessor together the view that the union's role went beyond the workplace created a sense of community among the affluent workers. The struggle for a modern well-run and well-regulated city which became a major focus of the organisation reflected the expectations of this community. The Council's expert skills in the art of popular protest drew people of different backgrounds together in the demand for a better quality of life.

146 Ibid, p 129
147 Jakubowicz A, op cit, p 282
Under this influence the matter of the urban environment was from 1965 to become more prominent and the protests more voluble as affluent and confident workers increased their attacks upon delinquent Governments. Whitlam was talking about urban policies and strengthening Local Government and even Prime Minister McMahon was considering the problems of the environment. At last the urban problem had become politically important and the policies proposed by Whitlam and a resurgent Federal Labor Party addressed the needs of both the affluent home owning workers and middle classes.
Canberra - Conflict City

Canberra - the Federal Capital - has always enjoyed a unique status among the urban centres of Australia. It holds this status because it is the seat of the Federal Government and the centre for the Commonwealth Administration. Unlike other cities it does not exist because of its mercantile associations or as the “centre of a producing area” or from “economic necessity” but because it had “to become an effective symbol of nationhood”. It was “primarily the product of political forces” and rivalries. These rivalries created a continuing source of conflict as the two most powerful States in the Commonwealth Victoria and New South Wales clashed over the location and development of the Federal Capital. This conflict was magnified by changes in Government, committees and commissions and the determination of Victorian politicians to keep the Federal Government in their State. It remained a source of conflict because of the size, the cost and complexity of building a city on the farming land in a remote valley in New South Wales, and from the shortage of materials and skilled labour and the lack of a Canberra based organisation to plan and develop the city.

It was criticized for its “isolation” and R G Menzies, the Federal Coalition Leader, like many others “saw it as a place of exile”. Its citizens had “no government of their own” and no control over policy-making or the administration of their environment and as a consequence the Federal Capital for many years was seen to be “lacking in power and prestige”. This situation did not become a matter of conflict until the establishment of

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1 J R Fraser's Private Papers, Manuscript Section of the National Library, MS 2802, Box 38, Federal Labor Party policy for the ACT 10 December 1953.
3 Ibid, p 36
5 Canberra Times, 19 February 1966
the Federal Capital Commission chaired by Sir John Butters. The Commission successfully planned and developed Canberra to meet the requirements for the opening of the Federal Parliament on 9 May 1927. The period of the Commission's existence from 1925-1927 was seen by many as "the golden years of Canberra's development".6

Sir John Butters and Federal Capital Commission were invested with very wide powers under the Seat of Government(Administration) Act 1924;7 powers which were "little short of control over life and death".8 With this autocratic rule the seeds of conflict between the people and the Federal Government were sewn. The Commission was responsible for good order, peace and civic administration and while these conditions served well during the building period when the population consisted of three thousand workmen living in wooden huts and camp settlements it did not suit the reluctant public servants uprooted from their comfortable lives in Melbourne. Over the following few years open warfare was the order of the day for people who were accustomed to an easy democratic way of life and would not accept that they had no voice in the decisions made by the Commission9 or the fact that they had lost the right to vote in State and Federal Elections. One opinion held that "The Constitution ensured that the Australian Government must remain the paramount legislative authority in the ACT".10

However this was to be redressed to some extent when the ACT was given a seat in the House of Representatives. There were restrictions on this representation because the population was less than the average in other constituencies and the representative was

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6 Report from the Select Committee appointed to inquire into and report upon the development of Canberra, The Senate, 1955, ANU Noel Butlin Archives, Z253, Box 38, para 66
7 Ibid, para 33
8 Denning W, Capital City, Canberra, Verity Hewitt, 1944, p 32
9 Ibid, p 16
only allowed to vote on ordinances which affected the Territory." In 1949 Dr Nott was elected as an independent.11 On the 28 April 1951 James Reay Fraser, the Labor Party's endorsed candidate, was elected to the Federal seat; a seat he was to retain for the next eighteen years. He brought to his new responsibilities his concern for the community which he had demonstrated as a member of the Advisory Council.12 On his endorsement as the Labor candidate for the ACT he declared

The Labor Party does believe that the community as a whole has a responsibility to care for those who suffer the social ills of needy age, invalidity, sickness, hardship or distress. Labor believes also that the people of Australia have a right to know what action a government proposes to take to meet this responsibility.14

His enthusiasm engendered a response from the people and over the intervening years he melded together of a new community of affluent urban workers. This community maximised every opportunity to achieve some position of equity in their relationship between the Federal Coalition and the bureaucrats. Campaigns, not always successful, challenged unpopular decisions. Lively controversial debates were played out through the pages of the local and interstate press. Despite the dilution of the original population by migrants from other cities and overseas,15 the Canberra constituency continued to elect a Labor member to the House of Representatives. The indifference of Government and the rapidly changing industrial relations contributed to the rise of the Canberra leadership within the Australian Commonwealth Officers' Association (ACOA). This resulted in a move away from a staff association and back to a union. Unsuccessful

11 Ibid, p 51
12 J R Fraser, op cit, Box 5 Correspondence, Folio 20
13 Ibid, Box 38, Elections, 2/4/51, Radio Broadcast
14 Ibid, 8/4/51
15 Department of Urban and Regional Development, "The Urban and Regional Budget" in Australian Urban Economics, McMaster J C and Webb G R, (eds), Sydney, Australia and New Zealand Book Company, 1976
attacks against “ministerial intolerance and bureaucratic condescension” were mounted by the members of the Canberra Advisory Council. Finally white collar workers, educated and well-paid and the new intelligentsia responded to a Whitlam led Federal Labor Party who conceived “the public service as a pace-setter for improved working conditions [and] Canberra ...as a testing ground for social reform”.

But this expression of the political, social and economic changes in Canberra had a long gestation period and for many years Canberra languished in the doldrums. For resistance to moving the Federal Parliament to Canberra was determined and enduring. The Parliament met in Melbourne in 1901 for its inaugural meeting. It stayed there for the next 26 years despite the fact that the building of a National Capital became its responsibility under Section 125 of the Constitution which stated that

The seat of Government of the Commonwealth shall be determined by the Parliament, and shall be within territory which shall have been granted to or acquired by the Commonwealth, and shall be in the State of New South Wales, and distant not less than one hundred miles from Sydney.

Such Territory shall contain an area of not less than one hundred square miles and such portion thereof as shall consist of Crown Lands shall be granted to the Commonwealth without the payment thereof.

The arguments and delays between the passing of this Section and the actual selection and naming of the site of the Federal Capital were indicative of the problems that were to beset the establishment of the City itself. Not the least of which was the determination of the Victorian politicians to ensure that the Federal Parliament would not move from Melbourne until the “Seat of Government was ready for occupation”. It was 1908

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18 Sparke, op cit, p 204
19 Senate Report, op cit, para 1
20 Denning, op cit, p 39
before the decision was made to establish the Seat of Government in the Yass-Canberra District. The Seat of Government Acceptance Act was not passed until 1909. An international competition for the design of the National Capital launched in 1911 was blighted by the decision of King O'Malley, the Minister for Home Affairs in the Fisher Labor Government, to “adjudicate upon the designs admitted to competition, after they have been submitted to the Board, and such adjudication will be final and without appeal”. This autocratic position led to the boycott of the competition by leading architects and engineers and it foresaw the manner in which future Ministers would exercise their authority with respect to the Capital Territory.

Although Walter Burley Griffin won the prize in the competition the adoption of his plan was delayed. A plan which was provided by a departmental board was eventually submitted to Parliament by King O'Malley in March 1913. This submission was overtaken by a change of Government. The new Prime Minister Joseph Cook was assisted in Home Affairs by W H Kelly who invited Griffin to inspect the proposed site and discuss the matter with the departmental board. Kelly abolished the departmental board and appointed Griffin as the Federal Capital Director of design and construction. The Report Explanatory which he provided is seen as the key to the whole of the Griffin Plan. But the Plan was further delayed by the outbreak of the First World War and another change of Government and did not achieve status as the plan for Canberra until 1916. By 1919 Canberra was described as “our wasted inheritance... a land of no liquor, no votes, no rabbits, no state income tax and unless New South Wales wakes up, no expectations”. But the Governor-General when opening Parliament declared “steps

21 Senate Report, op cit, para 12
22 Ibid, para 13
24 Ibid, p 32
25 Ibid, p 34
26 Ibid, p 59
will be taken to further the plan for the establishment of the Federal Capital".  This task would not be carried out by Griffin for while the anti and pro-Canberra groups fought Griffin's relations with the authorities deteriorated and in December 1920 he left the project.  He was succeeded by the Federal Capital Advisory Committee chaired by Sir John Sulman.

The Advisory Committee was the brain-child of Sir Littleton Groom, the Minister for Home Affairs who wanted to see the establishment of the Seat of Government and centre of Administration in Canberra.  Although the Government and the Committee came to agree on the general principles of development Parliament only provided two hundred thousand pounds in the estimates and most of this was expended on road construction.  Development was also hampered because the administration of the project remained in Melbourne and in the period of its existence there were many changes of Ministers and policies. Local problems abounded and in July 1922 low-lying land on the Molonglo was flooded, destroying the bridge and causing other damage. The cost of construction of houses was high due to the transport charges.  Nevertheless the Committee had a profound influence on the development of the Capital City and by 1924 the Federal Capital Pioneer reported that 3000 people resided in the district; 1400 workmen were employed, and 400 children attended school in Canberra. However shortage of funds and continued opposition to the project meant that the Committee was not able to finish its three-year programme.  As time was of the essence if the city was to be ready to become the seat of Government by 1926 the Government arbitrarily replaced the Committee with the Federal Capital Commission.

27 Ibid, p 60
28 Ibid, p 42
29 Senate Report, op cit, para 25
30 Gibbney, op cit, p 74
31 Wigmore L, Canberra, ACT, Dalton Publishing Company, 1971, p 82
32 Ibid, p 83
33 Gibbney, op cit, p 80
34 Wigmore, op cit, p 88
In its final report the Committee concluded that:

An important responsibility rests upon those concerned with the building of a modern city, and in handing on this trust to its successors - the Members of the Federal Capital Commission - the Committee trusts that they will be enabled to maintain the best ideals of modern town planning, and that no purely economic or immediate considerations or compromises will be permitted to stand in the way of the development of the Capital on sound practical and aesthetic lines, in order that Canberra may be indeed a “city beautiful” affording its inhabitants all the social advantages which may be readily obtained from the high degrees of technical skill and experience now available and that it may at an early date become a source of national pride and inspiration.35

This was a wish that was to take more than thirty years to fulfil. The many trees that now shelter the roads and paths had not grown and “the unsealed roads and unpaved pathways turned to slush in wet weather and yielded clouds of red dust when they were dry”. Many houses were too small and lacked flyscreens- a serious problem in the summer in what was sheep grazing land.36

The Committee’s successor, the Federal Capital Commission, chaired by J H Butters, was invested with very wide powers under the Seat of Government (Administration) Act 192437 the most important being responsibility to gazette the Griffin Plan as the plan for Canberra and its environs. The Seat of Government (Administration) Act which was passed in 1925 ensured that only Parliament could change the Plan.

Initially a Secretariat from each Department was to be moved to Canberra and housed in the buildings which came to be known as East and West Blocks.38 By January 1925 the main water supply and the power house was in place. Major road works and sewerage were moving towards completion. On the building side, Gorman House was started, most of the brickwork for the Parliament House was completed as were some

35 Senate Report, op cit, para 32
36 Wigmore, op cit, p 111
37 Senate Report, op cit, para 33
38 Ibid, para 51
parts of the Hotel Canberra. However progress was hampered by the shortage of skilled workers and materials and to encourage workers into the area cottages were built at Causeway and Westlake. In another reversal of policy the Government then decided to move the Prime Minister's Department, the Treasury, the Attorney-General's Department, Home and Territories Department, the Department of Trade and Customs (Headquarters) and the Markets and Migration Headquarters. In addition the secretariats of the Postmaster-Generals, Defence and Health Departments were to be transferred which meant that accommodation had to be found for an additional 800 public servants.

With a tremendously increased program additional hotels and boarding houses were constructed. Parliament House, the residences of the Prime Minister and Governor General and the Printing Office were completed. Further extensions to existing buildings were undertaken and in May 1927 "Parliament began to function as the Seat of Government of the Commonwealth". Sewerage, roads and water supply advanced. Schools, halls and shopping centres were built at Kingston and Manuka and a commercial centre was set up in Civic. Between 1926 and 1928 nearly five thousand people were transferred from Melbourne to Canberra. Many came from well-established homes in the suburbs and a sophisticated city offering "recreation, relaxation and lifetime associations". They transferred into what was described variously as "a good sheep run spoilt" and "seven suburbs looking for a city". They no longer enjoyed good

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9 Wigmore, op cit, p 89
10 Ibid, p 92
11 Ibid, p 92
12 Senate Report, op cit, para 43
13 Ibid, para 59
14 Wigmore, op cit, pp 97-98
15 Ibid, p 127
16 Petty, op cit, p 36
public transport, gardens, the theatre, footpaths, street lights and in some cases reasonable roads.47

Added to this was the effect of the autocratic rule of the Commission. In 1927 a Representation League was formed and over three thousand signatures were collected on a petition demanding parliamentary representation. The growing discontent now encompassed business people as well as public servants. Complaints appeared in the Canberra Times and the Labor Opposition willingly took up the cause of the disgruntled populace. Investigations were carried out into the ineffectiveness of the bus service and the high building costs. When the rates were increased significantly the outcry was such that a review board was appointed to hear the many complaints. The board recommended that the valuations should be carried out every 50 years and not every 20 years but other recommendations were rejected. The review board concluded that the public servants suffered from “unsettlement...which was due to change of environment, mode of life, separation from friends”.48

Another petition called for the right to elect a representative to sit on the Commission and this was adopted towards the end of 1928.49 The Seat of Government (Administration) Bill of 1928 provided for two full time Commissioners to be paid three thousand pounds and two thousand pounds and a third Commissioner who would receive thirty-five pounds and had very little influence.50 In 1929, Dr Frederick Watson, who was elected the Third Commissioner, demanded that a Legislative Council consisting of two departmental experts, two Members of Parliament and three elected residents be established. Watson was very antagonistic to Sir John Butters as was his

47 Denning, op cit, p 29
48 Gibbney, op cit, p 147
49 Wigmore, op cit, p 116
50 Gibbney, op cit, p 152
successor Dr R M Alcorn. By the time the Scullin Government succeeded Bruce/Page
the clamour against the Commission could no longer be ignored.

But the 1930s also brought the Depression which ensured a reduction of funding from
the new Federal Government. Despite the many achievements of the Commission, one
of which was the construction of nearly 1000 homes and a population growth to nearly
9000 it was judged to have “failed as an administrative body and...[was] an exceedingly
costly experiment”.

Local control was transferred to the Departments of Home Affairs, Health, Works and Railways and the Attorney General. Instead of a legislative council
Canberra was provided with an advisory council consisting of the Heads of the
controlling departments and three elected members. The first election was held on 17
May 1930 and Thomas Shakespeare, owner of the Federal Capital Press, Rob Rowe of
the RSL and Keith Gell from the Crown Solicitor’s Office and active in the Public
Service Welfare Committee were elected. The Australian Labor Party which was
established in Canberra in that year failed to win a seat.

During the 1930s Canberra declined into a state of limbo with the withdrawal of
financial support and high unemployment. The only new projects to proceed were the
construction of the highway to Goulburn and the road to Yass. The Walter Burley
Griffin plan for the National Capital was still merely a road map. A trestle bridge
spanned the Molongolo River. The old Hospital Building housed the National
University and the permanent Commonwealth Administrative Building which was
started in 1926 was not yet finished. The only large public buildings completed were the
Parliament House, the War Memorial and the Institute of Anatomy. A number of service
areas were established before the Second World War including the Naval Wireless

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51 Senate Report, op cit, para 65
52 Wigmore, op cit, p 125
53 Gibbney, op cit, p 161
54 Denning, op cit, p 79
Station at Harman and Belconnen and the Royal Australian Air Force at the Civil Aerodrome. The Royal Military College also returned to its original site at Duntroon.55

Visitors to the National Capital were confronted with “endless rambling journeys” through “long avenue of dark trees with only a flash of civilization”.56 The only buildings of note were surrounded by rubbish while cows grazed on the lucerne growing along the river banks. New migrants were faced with the limitations of hostel life or sub-standard housing and services in the suburbs.57 The few halls, schools or play centres which were built failed to match the development of the suburbs which could be a mile from the nearest shops. Telephones and the bus service were almost non-existent.58 It can be argued that these conditions were no worse than those in the outer suburbs of Sydney and Wollongong. However in Canberra, for a large part of twenty-five years, these conditions meant that it was going to be difficult to attract and keep its population. And the problem was not helped by the attitude of the Federal Ministers who were quick to leave Canberra for the week-end and went into recession during the bitter winter months. Enthusiasm for transfer to Canberra waned during the long cold journeys to the Nation's Capital.59

Moreover the relationship between the people and the Government continued to deteriorate as the establishment of the Assembly did not resolve the problem of franchise for the people. In July 1937 a new ordinance was introduced which prohibited meetings of more than twenty people within the Parliamentary triangle. Its objective was to curb a number of noisy demonstrations created by sustenance men and the unemployed which were organized by the Australian Capital Territory Trades and

55 Senate Report, op cit, para 70
56 Gibbney J, op cit, p 269
57 Ibid, p 269-270
59 Denning, op cit, p 64
Labour Council. The ordinance had the effect of uniting the whole population against what was seen by some as silly legislation, by others as “an outrage on liberty” and “contemptible evidence of government failure”. Although a motion calling for its repeal was defeated in the Advisory Council a public meeting organised by the Trades and Labour Council was successful in petitioning Parliament and the ordinance was subsequently amended.60

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Although the Second World War enlarged the powers of the Federal Government and at the same time that of the Government Departments most of this growth was reflected in the public service still operating in Sydney and Melbourne. And the latter city acquired a new authority as the separate Departments of the Navy, Air and Defence, Munitions, Labour and National Service, Transport and many others were located there. Sydney became the headquarters of the Division of Import Procurement and the United States Lend-Lease Mission.61 After the War departmental officers refused to transfer to Canberra because of the lack of suitable housing and other amenities.

There was also concern at many levels at the changes being made to the Griffin Plan through the lack of interest in supervising the development of Canberra. Makeshift buildings erected during the War still abounded, the telephone exchange was housed in a prefabricated aluminium alloy structure and the planned development of the lakes comprehensively changed.62 In an attempt to address these problems John McEwen, the then Minister for the Interior announced the constitution of the National Capital Planning and Development Committee. The Committee consisted of the chairman of the Parliamentary Standing Committee on Public Works, the chairman of the Advisory Council and a senior officer of the Department of the Interior. Other appointments to the

60 Gibbney, op cit, pp 198-199
61 Ibid, p 209
62 Sparke, op cit, pp 6-13
Committee were experts in town planning, architecture or engineering. However it had insufficient power or status “to act as a satisfactory guardian of architectural standards or as an effective deterrent to hasty and ill-conceived departmental actions”. Shakespeare, the Chairman of the Advisory Council, was critical of the Committee as he considered that they devoted insufficient time to their task, meeting “for a few hours once a month”.

By 1948 the expansion of the Public Service and the difficulties associated with combining the work of departments in three different cities gave new impetus to the plans to transfer departments to Canberra. A new inter-departmental Committee was set up by the Minister for the Interior with the major objective of rapidly expanding the population of the city by the transfer of over seven thousand public servants during the next three years. But it all came to no avail. With an expenditure of four million pounds per year it was hit by rapid inflation which resulted in retrenchment, cessation of overtime and special allowances. The number of officers on the waiting list for houses had grown to 2,700. The size of housing allotments was reduced and a new experimental batch of houses created a storm of protest.

By 1952 the Public Service Board reported failure in its attempt to move more departments to the Federal Capital a failure attributed to the involvement of as many as ten Departments in the plan and the lack of a single authority to oversee the development. In addition Kent Hughes, who as the Minister for the Interior was responsible for the development of the city for more than four years, was determined to constrain any expenditure on Canberra. But the time had come when new political

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63 Gibbney, op cit, p 193
64 Senate Report, op cit, para 355
65 Senate Report, op cit, para 384
66 Senate Report, op cit, para 78
67 Wigmore, op cit, p 143
forces and antagonisms were to carry out a concerted attack upon the Federal Government's handling of the whole affair. In Parliament the Labor Member for the ACT, Jim Fraser criticized Kent Hughes and "ridiculed his arbitrary and inept decisions". The Canberra Times described Kent Hughes as the "greatest knocker" of the Federal Capital.68

In 1951 Jim Fraser had defeated the Kent Hughes backed Liberal for the Australian Capital Territory seat and began his long commitment to the fostering of a Canberra community. In his 6.30 pm broadcast to the people of Canberra he declared he would fight for community interests and in particular for:

- a reduction of 20 percent in the cost of newly constructed houses.
- the sale of Government houses
- the Westlake and Causeway underprivileged people who lived there so that they could apply for a new home or flat
- changes in the liquor law
- milk and bread deliveries
- an improvement in bus services and country roads
- for self-government69

And he had a difficult task ahead of him. The ACT branch of the Building Workers Industrial Union of Australia who "looked after" more than sixteen categories of tradesmen associated with the building industry in Canberra complained that "Canberra housing is a scandal" of the three thousand houses scheduled for 1953 only 1038 had been completed by November.70 This was despite the promise from R G Menzies that there would be adequate supplies for home building. The Trades and Labour Council spoke later about the fiasco of unskilled "tradesmen" and the problem in the Griffith area where "for weeks on end six supposed bricklayers were kept on the job despite the

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68 Sparke, op cit, p 51
69 Fraser's Private Papers, Box 38, Broadcast Speech, 2/4/51
70 Building Workers Industrial Union, ANU Noel Butlin Archives Centre, Z253, Box 60, p 10, 1953
protests by the foreman. The result was that walls which were built one day were demolished the next”.

Jim Fraser in his report to the Canberra people in August 1953 agreed that the main problem was housing. The Government had declined to give priority to housing despite his request in Parliament for a target of 1000 each year for the next five years. He also spoke about the need for more schools in Griffith and the construction of an Olympic Pool and a bowling green for women. For Fraser was a man close to the “mood of his constituents”, highly respected and genuinely dedicated to redressing local grievances.

In 1953 he was still pursuing self-government and the right for the Canberra representative to a full vote in Parliament. He proposed that the Riverside Hostel should be made available for families living in difficult circumstances in garages and temporary structures while waiting for Government housing. In presenting his case to the Minister for Immigration he argued that welfare officers “were at their wits end to find housing for migrant families”. In his view Canberra was the home of 20,000 people as well as being the National Capital; “its development is the responsibility of the whole of Australia. The nation must be prepared to fund it”. The measure of his success and influence could be seen in the distribution of the first preference votes in 1954 when the Liberal candidate only polled more than Fraser in one seat, Manuka and in 1958 only two voters in nine voted Liberal.

And it did appear that at last other Parliamentarians were supporting his view. There was a growing interest in regional and town planning and the decision was made to found the Australian Planning Institute. The Queen had visited the Federal Capital in

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71 Senate Report, Minutes of Evidence, Tuesday 17 May 1955, given by F J McCauley, Trade Union Secretary and H E Curan, Painter, both of Canberra, ANU Noel Butlin Archives, Z253, Box 38, p 1369
72 Fraser's Private Papers, Report to Minister for Immigration
73 Fraser's Private Papers, Box 7, 38-41
1954. There was, at last, general recognition that Canberra was a national capital equivalent to that of Washington or London. In 1955 the Commonwealth Senate appointed a Select Committee on the Development of Canberra which interrogated expert and inexpert witnesses. This was the point at which the fortunes of Canberra were to change remarkably. By the late 1960s Canberra inhabitants were seen as privileged Australians cushioned by Federal funding which provided cheap housing, sewerage, good roads and schools and other urban services lacking in the burgeoning urban centres of Australia. E G Whitlam was to write glowingly of the experience of “watching a new city being planned and made”.

In 1955 the Select Committee concluded from its examination of all the facts that

there is no positive determination to complete the National Capital but merely a policy of living from hand to mouth and this has been evident since 1929. For Canberra to truly become the seat of government some 8000 public servants will have to be transferred and accommodation for 20,000 be provided.

And further the Committee argued that this must be done to reduce the inefficiency and cost of maintaining the central administration currently divided between Melbourne, Sydney and Canberra and to improve the services and reduce the cost of running a partly finished city. Public servants and their families must be provided with the services necessary for “civilized living”. An important component of civilized living was the provision of adequate land for schools for children of any religious denomination as well as those who would attend the public schools. The Committee also identified the

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74 Sparke, op cit, p 36
75 Ibid, p 40
77 Senate Report, op cit, para 88
78 Ibid, para 89
79 Ibid, para 88
80 Ibid, para 92
need for “shopping areas and community centres...playing fields and recreation areas, and the erection of halls, mothercraft and pre-school centres”.

But to achieve these goals the Senate Committee together with the Chairman of the Public Service Board considered that “the necessary finances should be assured irrespective of the changes in economic conditions”. It was noted that the failure of the 1948 programme was due to a change in economic policy and it was argued that despite an economic depression the construction of the city should be “pursued even more vigorously” as this was in “accord with modern economic theory”.

However it was clear that if 20,000 people were to be encouraged to move to Canberra then the rate of house building had to improve. The problems were many covering a shortage of skilled workers and building materials and the lack of sites for private buildings. But the most serious problem was that of “unified direction” and expert opinion was divided on the best way to resolve the matter.

Finally the Commission concluded that

- to permit the full transfer of administrative departments the development of Canberra should be given over to a centralised authority with powers similar to those of the Snowy Mountains Hydro-electric Authority.
- the authority should be controlled by a single commissioner with full executive powers under a Minister of State holding a separate portfolio for Canberra Development.
- those branches of the Department of the Interior and the Department of Works which deal solely with Canberra's activities should be taken from their respective departments and unified in this authority
- the authority should be guaranteed, by an appropriate provision in the enabling Act sufficient finance to permit it to carry out a large-scale balanced programme over a period of years.

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81 Ibid, para 94
82 Ibid, para 106
83 Ibid, paras 112-122
84 Ibid, para 130
85 Ibid, paras 137-151
86 Ibid, para 152
But the Report was not enthusiastically supported and the *Sydney Morning Herald* trumpeted “That a Senate Committee’s recommendations have little chance of materialising in legislation” while the *Melbourne Herald* complained that “they're after EVERYTHING for Canberra”.87 Before the report was debated in Parliament “the building trade suffered another setback” with one in three building workers “made redundant” and contractors were told “there will be no more work let out”. The British migrant bricklayers complained that “they had no work for seven months”.88 This highlighted more than ever the problems associated with the current method of administration in Canberra. A protest meeting organised by the Trades and Labour Council was held outside Parliament House and the 800 people who attended were urged to “campaign vigorously” for a commission similar to the Snowy Mountains Authority to administer Canberra.89

Fortunately Kent Hughes was replaced by Allen Fairhall as the Minister for the Interior and in an even more significant change of heart R G Menzies, secure in his position as Prime Minister, wrote to Fairhall in April 1956 expressing his dissatisfaction with “what has happened in Canberra”.90 For once consensus on Canberra’s development triumphed in the Parliament and the Parliamentary Joint Committee on the ACT was established, a Committee on which Jim Fraser served until his death. In April 1957 the Government announced that the Defence Department would be moved to Canberra and a separate organisation, the National Capital Development Commission was given the responsibility “to plan the transfer and programme of works to establish the Department of Defence in Canberra”.91

87 Sparke, op cit, p 49
88 BWIU, op cit, p 2
89 Sparke, op cit, p 52
90 Ibid, p 52
91 Ibid, p 56
Sir William Holford, a distinguished town planner who attended the Federal Congress on Regional and Town Planning was a staunch supporter of the National Capital Development Commission and a contributor through his report to the Federal Government to the planning of the city. In his view Canberra "was a case of arrested development...a beautiful landscape waiting to achieve city status". The Bill establishing the National Capital Development Commission as a body corporate was passed by Parliament on 29 August 1957. The Commission consisted of nine members, had its own budget and was responsible to Parliament through the Minister of the Interior. The broad terms of the Commission were to

Undertake and carry out the planning, development and construction of the City of Canberra as the National Capital of the Commonwealth.

John Overall, the Commissioner, brought together a strong and talented team who were to change Canberra from "A Sleepy Hollow [into] A Boom Town". One of their greatest achievements which was to allow the rapid construction of hundreds of houses and which attracted accolades from other town planners was Peter Funda's plan for land servicing. He replaced the former "piece by piece development" which could involve as many as fifteen contractors with one contract in which everything was done together. "Roads, water supply, sewerage, drainage, kerbing and footpaths, power supply and street lighting" were constructed in one hit. In 1957 306 blocks in Deakin, Campbell, Watson and Hackett were serviced and in 1958-59 1250 blocks were serviced. But the establishment of the NCDC was not the end of conflict. The Department of Works was willing to co-operate with the new Commission but the Department of Interior which still maintained control over the management of Canberra was openly hostile; Bruce Juddery wrote in his review of Sir John Overall's book, *Canberra, Yesterday, Today*

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92 Ibid, pp 57-58  
93 Ibid, p 63  
94 Wigmore, op cit, p 161  
95 The Sunday Telegraph, 8/9/63, p 15  
96 Sparke, op cit, pp 88-90
and Tomorrow, “Interior and NCDC...were a couple of Siamese twins, smiling across the table at the ACT public, kicking and gouging under it”. And the rivalry was about “who ran Canberra” so that as it grew at a frenetic speed there was still no question of the Canberra people running Canberra.

But equal to the hostility of the Department of the Interior was the formidable opposition of the Department of Defence officers who were scheduled for transfer to Canberra. Although the ACT Branch of the Administrative and Clerical Officers Association (ACOA) welcomed the establishment of the NCDC because “divided control does not work” the Melbourne public servants' opposition to the move had been nurtured by a hostile local press. In September 1957 the ACOA Journal argued that “the City must be planned and the next five years will make or break it if it is intended to be the centre of administration”. The Canberra Times declared nothing would more effectively achieve final establishment of the seat of government in Canberra than for some of the big Melbourne foxes to have their tails cut off. Bring the senior officers to Canberra first and their staffs would not be far behind.

But the ACOA Journal, throughout 1958 sounded a warning for newcomers that they would face a high cost of living caused through “monopolies, cartels and price maintenance agreements” and the “loss of diversions that a big city offers”. This was especially true for people on lower salaries where Canberra could not compete with the “types of houses, rentals, localities, and living costs or services available in Melbourne”. In Canberra it was argued “white collar workers pay deteriorated” and there are “2,000 names on the housing list”. In the face of this discouraging information a delegation

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97 Canberra Times 12/2/96
98 ACOA Journal, op cit, p 12, September 1957
99 Sparke, op cit, p 81
100 ACOA Journal, op cit, September 1957, p12
101 Sparke, op cit, p 81
102 ACOA Journal, op cit,
from the Victorian Branch of the Union evaluated the Canberra standard of housing and living conditions. In August 1958 the Committee advised that there would be a reduction in living standards and financial loss for those Defence personnel transferring to Canberra. It was a report that bolstered the resistance of the Melbourne officers and was only resolved by the determination of the Government to achieve the transfer. Considerable effort was made by the Department of the Interior, the Public Service Board and the NCDC to educate the transferees in the advantages of Canberra living. Eventually the Public Service Board abolished the positions of officers who refused transfer, placed them on the unattached list and recreated the positions in Canberra. This left the Board free to recruit from other parts of Australia. In January 1959 the ACT Branch of ACOA resentful of the continued carping criticisms of their city declared its intention to establish a basis for normal living standards for its members in Canberra and highlighted the low rents, fine schools, placid surroundings which offset the high cost of living and the poor quality of essential commodities.

This was the constituency whose needs Jim Fraser was committed to addressing. He was well supported by the ACT Trades and Labour Council who together with the Building Workers' Industrial Union of Australia (BWIU) made donations to support the ALP. They also used their influence to ensure that the Industrial Grouper Bruce Yuill was suspended from the ALP executive when he attempted to influence the election of pro-grouper members to the Advisory Council. But Fraser was well aware that in Canberra the ALP had to address the concerns of the public servants for as late as 1961 most of the officers in Canberra were “carrying out work of a planning and administrative nature

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103 Ibid, August, 1958
104 Sparke, op cit, p 93
105 ACOA Journal, op cit, January 1959
106 Fraser's Private Papers, op cit, Box 7 21/9/53
and there were few base grade positions" and as a class they did not constitute a natural Labour affiliation.

Moreover the dispersion of the population through scattered suburbs did not seem to match the old "Labour image which was appropriate to inner industrial areas". Connell and Irving considered that suburbia and affluence "eroded the municipal base of traditional Labor politics". But Canberra was a relatively new town with no old industrial area or a strong tradition of Labor politics. Although the ACT Trades and Labour Council supported Jim Fraser there was by 1961 an increasing number of public servants and their families who were voting Labor. For in Canberra the Coalition Government was viewed with some distrust. The basis for this distrust was the loss of local and state government voting rights, the arrogance of Ministers and what was seen by some as "living under a mild form of dictatorship". Moreover many public servants resented the coercion associated with their move from Melbourne or Sydney. Although the social amenities had improved since the dark inter-war years nevertheless Canberra in the early 1960s failed to offer the cultural standards of large cities like Sydney or Melbourne. As Petty wrote

A Capital is not only a seat of government and an opportunity for aesthetic display; it is also the home of thousands of ordinary and not negligible (though often neglected) people. We should therefore ask not only whether the citizens of the Commonwealth get their money's worth but also whether this holds for the denizens (for strictly, as we shall see, there are no citizens) of Canberra.

But this would not have been enough to encourage the new denizens to vote Labor.

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107 ACOA Journal, op cit, February 1961
108 Canberra Times, op cit, 24/11/58, p 1
110 Connell & Irving, op cit, p 300
111 ACOA Journal, March 1961
112 Petty, op cit, p35
Crisp who was a member of the Labor Party for many years, argued that “in a democratic system ...parties in opposition must provide a public communication channel for the discontents, grievances and positive demands of many interest groups”. And this was what Jim Fraser offered his constituents and in doing so he created a new community of Labor voters.

For as Rex Patterson wrote to Arthur Calwell in July 1966 “If the Labor Party is to gain seats we have to find out what the major problems are in those areas where we have a chance of winning seats”. And ten years before this view gained overall support in the ALP Fraser was practicing and promoting a Labor Party theme which addressed the particular concerns of the inhabitants of Canberra. By 1958 Fraser had clearly established his commitment to the Canberra community and in his election broadcast on 19 November he highlighted the wide range of the major concerns of the people which he would be addressing:

Housing, education, industrial matters, real cost of living, workers compensation, apprenticeship conditions, land settlement, rural communities, road safety, cultural development and meat and milk supplies.

In this election he was returned with an “overwhelming majority” when he polled 11,075 of 17,483 votes counted. The figures for the main polling centres were:

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<td>Manuka</td>
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<td>Kingston</td>
<td>196</td>
<td>88</td>
<td>1179</td>
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Source: Canberra Times, 24 November 1958, p 1

113 Crisp, op cit, p 168
114 Fraser’s Private Papers, Box 10
115 Ibid, Election Broadcast, 24/11/58
116 Canberra Times, 24/11/58, p 1
Fraser commented that

the vote accorded to him as the Labor Party's candidate, with obvious support from many who could not be classed as regular Labour voters, was the clearest indication possible of the growing resentment of the people towards the Liberal Government's administration of the Capital Territory and a well-deserved rebuke to the Minister of the Interior for his "remote control" outlook on Canberra and its problems...I shall continue to do my best to press the claims of Canberra for development and self-government.\textsuperscript{117}

Certainly discontent was evident among the public servants in Canberra for some years. As early as 1950 W J Lind, secretary of the Capital Territory Branch and a popular figure in the small Canberra community,\textsuperscript{118} complained that "Many senior appointments in the Commonwealth Public Service are determined over a pot of beer at the golf club or in the lounge of the Hotel Canberra".\textsuperscript{119} The ACOA Journal reported that Menzies deplored "the increasing number of public servants and the tendency of people to subject themselves to more and more government regulation".\textsuperscript{120} From 1920 to 1952 the Arbitrator's determinations were final. But further disquiet arose with the changes to the Public Service Arbitration Act in 1952 which cast doubt on the independence of the Public Service Arbitrator as reference and appeal provisions were introduced. Consequently future claims for marginal increases could become protracted and expensive procedures for the union. In the ensuing turmoil there was serious talk of approaching political parties and encouraging them to repeal the amendments; an unlikely outcome as the union executive did not encourage direct political campaigning.\textsuperscript{121}

\textsuperscript{117} Ibid, p 1
\textsuperscript{118} Juddery B, \textit{White Collar Power}, Sydney, George Allen & Unwin, 1980, p 154
\textsuperscript{119} Ibid, p 153
\textsuperscript{120} ACOA Journal, op cit, May 1958
\textsuperscript{121} Juddery, op cit, p 166
In July 1954 Menzies announced that the public service would be cut back by 10,000. He argued that

The Government's decision is inevitable at a time when our resources of materials, manpower and finance are not sufficient to do all that we want to do and when great efforts have to be made to restore economic balance and to answer the compelling calls of defence.122

The public servants, however, considered that they were being asked to carry an unequal burden in this attempt to "restore economic balance". Protest meetings were held at various centres across the country and CPSCA (the name was changed to ACOA in 1955) met with the Prime Minister to discuss the problem. Despite his rejection of the Union's appeals the staff who were made redundant were in the main exempt or temporary staff, married women and those over sixty years of age.123 And the Union suffered a further setback when in 1955, after prolonged hearings and appeals, the Full Court rejected the CPSCA's campaign for a uniform flow-on of the margins granted to the Metal Trades.124

It is questionable whether at this time the CPSCA could be described as a union. Don Thomson, a third division officer in the Postmaster-General's Department was "appalled when he encountered ACOA". He recalled that "there were people who thought of themselves as unionists but were so removed from unionism". He attacked the "concept of a staff association" a concept which was endemic in the ACOA ideology. A staff association, in his view is an organisation that would co-operate in every way to make things work smoothly to negotiate around the table. A union is an organisation that took "whatever action was open to it, if necessary, to gain what it considers its just ends".125

122 Ibid, p 158
123 Ibid, p 158
124 Ibid, p 164
125 Ibid, p 176
When the Australian Commonwealth Public Service Clerical Association (ACPSCA) was registered under the Commonwealth Conciliation and Arbitration Act (Public Service Section) on 9 July 1913 this decision “was a deliberate choice to establish a union as distinct from a staff association”. Registration was considered to be the only way in which a newly formed union could improve the working conditions and remuneration of its members. The first attempt at obtaining a hearing from the Arbitrator dragged on until February 1916 and it was not the success the union had hoped for. The awarded salaries were less than ACPSCA had argued and the proposal to “regulate career paths” was not accepted by the Judge. In November 1919 the ACPSCA was shortened to the Commonwealth Public Service Clerical Association (CPSCA) and for many years a role of “progress by negotiation” was pursued by the General Secretary.

The last of those appointed to the position was George Smith; a successful exponent of the role of confidential negotiator. He enjoyed “close, personnel relationships” with members of the Public Service Board which ensured ready access by the CPSCA to the Board. He also represented the CPSCA on the High Council of the Commonwealth Public Service Associations and in 1954 was elected Deputy Chairman. He considered that he was required to do “everything possible for the members - within the compass of the public good” and that the Public Service should not involve itself in political activities. However he was the last General Secretary to be appointed as the size of the Public Service in the year of his appointment was 7000 by 1961 the membership had grown to 19,800 and increasing pressure was to be put upon the organisation to perform in the interests of its members.

126 Ibid, p 35
127 Ibid, p 56
128 Ibid, p 33
129 Ibid, p 150
130 Ibid, p 150
131 Ibid, p 149
In 1955-56 the CPSCA won an application, on appeal, before the Full Court of the Commonwealth Court of Conciliation and Arbitration to change its name to the Administrative and Clerical Officers' Association, Commonwealth Public Service a title which was argued "was more appropriate to its membership, its status and prestige". But changing the name did not change the working conditions and in the ACT the rumblings of discontent continued. There were complaints about "overcrowding" in West Block where there were "bad toilets, no lunch or rest rooms, or heating and wind and rain came into the building". In 1960 housing was still a problem with 3,600 on the waiting list and the cost of living was higher than in other States.

But the time was fast approaching when ACOA was to change not only its name but its modus operandi as it was borne home to its members that improved salaries and working conditions would only be obtained through the proper preparation of a work value case and through advocacy and negotiation within the arbitration system. The catalyst to this change was the acceptance by the Arbitration Commission of the claim made by the Association of Professional Engineers of Australia that

the salaries and conditions under which professional engineers work have for the most part been determined on a basis appropriate for non-professional employees... it is necessary, in the interests of the profession and of the community as well as of individual engineers, that professional engineering employees should have their salaries determined on the basis of their common needs and interests as members of a learned profession.

Central to the argument was the concept of "work value" which included "qualifications, informal and otherwise required for the performance of a function or appointment to a position". This was a concept that was acceptable to Federick Wheeler the new Chairman of the Public Service Board as compatible with "merit principle" and

132 Ibid, p 167
133 ACOA Journal, op cit, January-May 1959
134 Davies A F & Encel S, "Class and Status" in Davies A F & Encel S(eds), Australian Society, Melbourne, F W Cheshire Pty Ltd, 1963, p 3
he was to use it in re-organising the pay structures and lines of demarcation between the Second and Third Divisions.135 However Wheeler was not amenable to the negotiating methods of Smith and the Board rejected the idea that there would be a flow-on from the Engineers' award.

For some months Bill McKinnon, the ACT's Executive Councillor and Bob Hawke, the ACTU's Research Officer had been discussing the appointment of a full-time industrial officer to ACOA. In March 1963 the Executive Council approved the creation of the new position and Ted Deverall, an experienced arbitration agent with the Amalgamated Engineering Union was appointed.136

The days of the appointed "confidential negotiator" were coming to an end for earlier in 1963 the Chief Judge of the Industrial Court ruled that the General Secretary should be elected not appointed and in agreeing with this Judgment the Executive Council decided that this appointment should be for three years. All through April, Smith was defending his position. At a conference with the Public Service Board which was held from the 22 to 23 April Smith discussed the recently awarded 10 percent increase in the Metal Trades Unions' awards and the effect of this on the Public Service salaries. Two days later Smith reported to the ACOA Executive Council that he had also talked to the Board on a number of other matters. These were the "restoration of the two and a half times adjustment of the 1937 margins awarded in 1954-55 and a full flow-on of the 28 percent adjustment of 1959-60 as well as the latest 10 percent margins".137 However the Board and the High Council said the matters must go to arbitration. In addition ACOA must file a "work value" case for some officers in the Second Division which would separate the Second Division from the Third Division's margins case.

135 Juddery, op cit, p 192
136 Ibid, pp 193-194
137 Ibid, p 195
Despite the award by the Arbitrator of both the full 28 percent and the 10 percent of the Metal Trades' Award Smith's future prospects with the Union did not look good. While some branches were pleased with Smith's efforts others were asking “if the General Secretary should do the right thing and resign honourably” for the appointment of a full-time industrial officer who reported directly to the Federal body made the position of General Secretary redundant. At the meeting of the Executive Council in Sydney on 20 August the majority agreed that he must go; as one of his previous supporters said “he had lost the confidence of the Association.”

And so ACOA achieved the transition from staff association to union and became part of that move to more effective white-collar industrial action the most extreme being exemplified by the strikes of the airline pilots and teachers in the 1960s. Connell and Irving argued “what was happening here was a reversion to a very old pattern - the use of techniques of industrial action by privileged groups in the workforce to maintain their distance and extend their privileges over other employees”. They saw this activity as a “reincarnation, on a basis, not of traditional manual skill, but of professional knowledge certified by specialised higher education”.

But Allen argued that white collar workers were “involved in a great social pretence” for

They saw themselves as individuals superior to manual workers and able to progress through society unaided and without protection. They recognized no common interests. This image acted as a barrier to collective action.

However affluence, full employment and inflation eroded their status in society. Affluence gave blue collar workers the opportunity to acquire homes, cars, washing machines, refrigerators; the consumer goods which had “prestige value”.

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138 Ibid, p 197
139 Ibid, p 199
140 Connell & Irving, op cit, p 301
employment meant that employers were forced to offer "manual workers ...holidays, pensions and sickness benefits" previously considered to be the privileges of white collar workers. Inflation ate into the real incomes of relatively fixed-income people so that there was a substantial re-distribution of money incomes between white-collar and manual workers". These conditions Allen considered "compelled [white-collar workers] to scrutinize their objective relationships with their employers and with each other".142 Allen, who was describing the situation in Great Britain in 1961 stated that "the phase of militancy [among white collar workers] was due to the Government's interference with the collective bargaining machinery of certain groups".143

Certainly in Canberra from 1957 to 1963 the continual stream of complaints in the ACOA Journal was an echo of Allen's argument. As early as 1957 it was stated that Commonwealth Public Servants' "salaries are not commensurate with the living costs".144 In September 1960 there were complaints about poor working conditions145 and in 1961 the problem was more widespread with increases in taxes and superannuation deductions eating into the clerical salaries.146 But 1963 was the year when the Government, in stripping "the Public Service Arbitrator of his powers", was perceived to be "pursu[ing] a most vigorous anti-public servant campaign".147 And further "the Employer has used every conceivable device to oppose, hinder and frustrate our efforts to maintain and improve our relative position".148 It was 1963 that ACOA changed from a staff association to a union as it was obvious that a new and different approach to collective bargaining had to be adopted.

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142 Ibid, p 216  
143 Ibid, p 216  
144 ACOA Journal, op cit, p 13 Sept 1957  
145 Ibid, September 1960  
146 Ibid, August, 1961  
147 Ibid, May 1963  
148 Ibid, May 1963
But Blackburn and Prandy rejected the idea that the white collar unions were different from blue collar unions.\textsuperscript{149} Although they agreed that there was an “element of status ideology” in white collar unions they argued that the emphasis in bureaucracies was not on the individual office holder but on the office with fixed salary scales and this had encouraged collective action among the workers.\textsuperscript{150} This led to a complete rejection of the authority of management and to the exercising of a “countervailing power”.\textsuperscript{151} They argued that there was no difference between white and blue collar unions as they all subscribed to the following criteria;

- a given body has declared itself to be trade union
- it is registered as a trade union
- it is independent of employers for the purposes of negotiation(not a management controlled union)
- it regards the protection of its members as employees as a major function
- it is prepared to be militant
- it is affiliated to the ACTU
- it is affiliated to the ALP\textsuperscript{152}

While ACOA fulfilled most of the above criteria by the 1960s it was not affiliated to the ACTU although there is evidence that the ACTU supplied advice and support to the union over a number of years.\textsuperscript{153} While affiliation with the ALP was not high among many white-collar unions “they could be reached”.\textsuperscript{154} For an urban population with a deep and abiding interest in their homes and the building of community interests the Whitlam Labor Party had much to offer. And these common interests were to be found among both the white and blue collar workers and there was a move away from the old social and political divisions within society and a rise of new political interests.

\textsuperscript{149} Blackburn R M & Prandy K, “White Collar Unionization” in \textit{British Journal of Sociology}, Vol 16, p 115
\textsuperscript{150} Ibid, p 113
\textsuperscript{151} Ibid, p 117
\textsuperscript{152} Ibid, p 112
\textsuperscript{153} Juddery, op cit, p 193
\textsuperscript{154} Connell & Irving, op cit, p 304
As Connell and Irving argued

The Whitlam leadership represented much more than a change in federal parliament... It was the expression of a number of changes in the social bases of the party which have already been indicated and responded to the new situation in cautious but intelligent ways.155

As ACOA and the social structure of the country was changing so did Canberra move from a bush town to the Nation's Capital. By 1962 the population had grown to 65,000, a growth of 12 percent annually making Canberra Australia's largest inland city.156 In the previous year Jim Fraser won the Federal election with his biggest majority ever with 64.8 percent of the primary vote.157 The Joint Committee of the Australian Capital Territory reported that the emphasis of the development was on the needs of young families, social, economic, cultural, recreational, health and welfare.158 The Sunday Telegraph reported in September 1963 that "Canberra [was] on the move". By June 1961 the city and suburbs comprised nearly 14,000 houses and flats of which most were government owned and rented, Lake Burley Griffin and its bridges united the two parts of the City and many substantial buildings were completed.159 These included the Academy of Science, the Bendora and Scrivener Dams, Civic Offices and Civic Square, the Government Printing Office, the Law Courts, Reserve Bank, Tariff Board, seven Defence buildings, the new blocks of the Canberra Community Hospital, the Menzies and Chifley Libraries at the Australian National University (ANU) and many more.160

The City became the headquarters of three of the Commonwealth Scientific and Industrial Research Organisation's (CSIRO) Divisions and Mount Stromlo was

155 Ibid, p 304
156 The National Capital Development Commission's Report for 1962-63, ANU Noel Butlin Archives Centre, Z253, Box 63, p 9
157 Fraser's Papers, Box 38, 9/12/61
158 Report of the Joint Parliamentary Committee on the Australian Capital Territory 1979, p 14
159 Petty, op cit, p 39
160 Sparke, op cit, p 103
incorporated into the Australian National University. In the five years from 1958 the staff of the ANU, CSIRO and Forestry School increased from 1,196 to 2,218 and the number of ANU students grew by nearly 700. The Sunday Telegraph reported on the private business sector activities, the growth of retail trade in the Civic Centre, the extension of bank buildings and the increase in the number of real estate agents from three to twenty. Speculative builders were well represented in the housing boom although there was criticism of the uniformity of design and perhaps the view.

But the impact of all these changes and the flood of Defence personnel was seen as the reason for the fall of 9.6 percent in Jim Fraser's vote in the 1963 election. His majority in 1961 was 7851 and it fell to 3236 in 1963. The drop in the Labour vote was reflected in the change in the polling booths. Fraser had a majority in fifteen booths and Mrs Calvert, the Liberal candidate had a majority in seven booths. For the first time in three elections Manuka fell to the Liberals. Jim Fraser commented

There have been great changes throughout the electorate in the past two years and many factors may have affected the overall vote. It is significant that these changes seem to have been most prominently reflected in the newer outer suburbs.

Certainly the Labour vote would have been affected by the transfer of many public servants from Victoria where the DLP was influential but the greatest damage was done by the use made of the photograph of Calwell and Whitlam standing outside the Hotel Kingston in Canberra and the charge that Menzies made that the Labor Party was ruled by "36 faceless men". It was only Frasers's personal prestige that stopped a greater drift away from the Federal Labor Party.

161 The Future Canberra, by the National Capital Development Commission, Sydney, Angus and Robertson, 1965, p 3
162 The Sunday Telegraph, 1963, p 15
163 The Canberra Times, 2/12/63
165 Fraser's Papers Box 38
Fraser, himself, regarded the fall in the Labour vote “as a salutary lesson which will not be lost on me”.\(^{166}\) He demonstrated this by an even greater involvement in the social and cultural life of the community. From 1961 he gave unsparingly of his time to help establish the community life of the booming town. Throughout 1963 he assisted the organisers of the Italo-Australian, the Canberra Services and the German Harmonie Clubs. He was active in the establishment of a community centre for Dickson, Downer, Hackett and Watson. His interests included National Fitness training for youth leaders and sports coaches and the acquisition of physical recreational facilities. Throughout 1963 and 1964 he was involved in supporting and promoting more than twenty-five community interests from The Canberra Mathematical and the ACT Science Teachers Associations to the Greyhound Racing Club and the Junior Chamber of Commerce.\(^{167}\) His commitment to the growth of a healthy and harmonious Canberra community life was to see its reward in the 1966 election when he defeated four other candidates including Donohue for the DLP. Donohue recorded 2,193 against Fraser's 22,721. The Liberal vote for this election was 16,685.\(^{168}\)

But other matters had come to the fore as the city boomed, as Fraser remarked, he had to be the State member and local councillor and this lack of proper electoral representation was a growing concern for the expanding population.\(^{169}\) For the private citizens and others in business the ACT laws are administered by the Departments and instrumentalities of the Commonwealth. The dominant role of all aspects of the ACT government and administration was still played by the Commonwealth and the Minister of the Interior, his Department and the NCDC\(^{170}\) and the latter two still disputed who ran Canberra.

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\(^{166}\) Canberra Times 2/12/63  
\(^{167}\) Fraser’s Papers Box 10  
\(^{168}\) Ibid, Box 38  
\(^{169}\) Sparke, op cit, p 198  
This did not mean that the vexed question of what form of Government the City should have was not a topic of importance to the Canberra people. In fact it was strongly believed that some form of local government was necessary which would stop the Federal Government interfering in local affairs.\footnote{Miller, op cit, p 219} The Advisory Council which existed with various representations since the 1930s seemed powerless to achieve any real change to local matters. It was ignored by the National Capital Planning and Development Committee and although by 1965 the NCDC provided a member the impact of the Council on the NCDC's activities was minimal.\footnote{Senate Report, op cit, paras 360-361} In the widening gulf between the Council and the Minister of the Interior, J D Anthony declared that the Council was not “entitled to answers on policy”. It was not only powerless but it lacked status and the *Canberra Times* questioned the “calibre of the elected members to manage affairs properly”.\footnote{*Australian 16/3/65*}

Despite this lack of representation the Canberra society was, by 1965, affluent, well-educated with “secure incomes and a high standard of living” representing the middle class of Australia. The public servants had attacked the problem of their diminishing salaries and professional standards and protected themselves with a strong and competent union. In this way they were able to pursue the historical method of workers in Australia by addressing their problems through the Arbitration system. Inevitably the gulf between the working class and the middle class diminished and a new society was formed. It was a society that was actively using the resources available both public and private to build the social, cultural and political needs of the community. Although they had very limited local government controls they were supported by the skills and capacity of their local MHR in the achievement of their goals. And the capacity of Jim Fraser and this new and strong community was soon to be put to the test. In 1965 Prime Minister Menzies retired and with him the prestige of the NCDC diminished while the

\footnotesize{\begin{itemize}
  \item Miller, op cit, p 219
  \item Senate Report, op cit, paras 360-361
  \item *Australian 16/3/65*
\end{itemize}}
arrogance of the Ministers of Interior re-emerged. These hostile Ministers and the inappropriate bureaucratic decisions were to re-awaken the conflict of previous years. In the late 1960s Canberrans were to show leadership in the changing social and cultural life of the city. They were able to protest effectively against bureaucratic bungling, selective conscription and for peace and the rights of women and Aborigines. They were also able to demonstrate to a receptive Whitlam the needs of the middle classes and how these needs could be incorporated into coherent and attractive policies for a re-vitalised Federal Labor Party.
In the 1960s the disparity between the urban environment of Wollongong and Canberra could hardly be greater. However they were both cities that were founded in conflict and where defensive militant attitudes and behaviours flourished. In Wollongong a class war existed initially between the workers and the coal owners and then the industrialists from its earliest days. Canberra's faltering development was riddled with conflict between politicians, political parties and reluctant migrants. The consequence of this on-going conflict in both cities was the development of new communities of homeowners supported by skilled organisations and people who were prepared to challenge the inadequacies of Government.

For affluence did not change or weaken their commitment to the Labour Movement but re-inforced their capacity to target new objectives. As the focus on industrial conditions faded and new white collar unions emerged so social and political issues took on a new importance to an empowered electorate. The affluent urban working class continued to support the Federal Labor Party. Despite full employment and economic growth urban Wollongong stagnated at the level of the Depression. Canberra gained a modern urban environment but its people lost their democratic freedom. They were all workers who were deprived and whose expectations were frustrated by Governments who were unable or unwilling to understand the needs of the people who lived in a small industrialised modern country.

The barrier to the solution to these problems lay with the limitations of the Constitution, the fiscal power of the Federal Government and centralised and powerful State administrations. Local Government remained the vassal of the State with little independence and limited fiscal resources. Throughout the 1960s these obstacles to progress were subject to persistent attacks by politicians and people who were determined to bring Australian Government structures and processes into the twentieth century.
PART 2
THREE TIERS OF GOVERNMENT
Throughout most of the 1960s economic growth continued at 4.5%;¹ unemployment at 1.5%² and the urban population grew at 14.1%³. This sustained period of full employment brought a new confidence to the urban working class.⁴ It was reflected in their acquisition of homes, cars and many goods that had previously been unattainable.⁵ Moreover the workers were part of a society that was changing dramatically and culturally with the influx of non-British migrants.⁶ This expanded urban working class had, by the mid 1960s, resolved many of the industrial problems that had beset it for so many years. By the late 1960s even the Penal Clauses had lost their sting.⁷

Wollongong and Canberra were cities which had benefitted from this sustained economic growth and full employment. In these cities strong communities had emerged with the expectation and desire for a better quality of life. This meant for the workers of Wollongong an improved urban environment with health and social services. In Canberra the quality of life was affected by Government decisions with respect to land acquisitions and rents and the imposition of additional service charges. In addition there was popular opposition to changes which had consequences for the environment.

However these expectations and desires would not be fulfilled while Prime Minister Menzies remained disinterested in Local Government. Their fulfilment depended upon

² Ibid, p 178
the resolution of the long standing problems with the Constitution, the financial relationship between the three tiers of Government and the ability of the Federal Labor Party to resolve its internal factions and produce policies which were applicable to the affluent urban workers of the 1960s. For although Australian society and its urban working class had changed; political parties had not. Long held attitudes and policies of governments which dominated the political scene no longer reflected the needs of a modern industrialised society. In the early 1960s it seemed that the achievement of these goals would prove to be very difficult. In their dealings with both the State and Local Government affluent workers were faced with "systems of finance, administration and powers which still bore the trappings of the nineteenth century".8

Moreover the Federal Government maintained that under its Constitution it had no responsibility for the urban problems of the States or Local Government. The States, in turn, argued that they could not improve the urban environment because they were constrained by the inequality of their fiscal relationship with the Coalition. Local Government was unable to meet the increasing demand for goods and services because its revenue from taxes and charges failed to keep pace with the growth of the population.9 In Canberra, arbitrary decisions were made by a Minister who was not elected by the Canberra voters. The Federal Government still argued about who would pay for the National Capital and how should it be governed.10

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9 Ibid, pp 51-63
In 1901 at the time of Federation the State Governments were “dominant and confidant”. They had full responsibility for

- Administration, Law and Order, Registration and licensing
- Education, Culture and Recreation
- Public Health and Social Welfare Services
- Housing and Transport
- Development and Primary Production

and other matters not covered by the Federal Constitution.

Under Section 90 of the Commonwealth of Australia Constitution Act the Federal Government was given “exclusive powers over customs and excise, postal services, control of the Federal Territories and most defence matters”. From 1910 until 1959 the fiscal dominance of the Commonwealth over the States emerged as a result of what Crisp calls “institutional creativeness” with Per Capita Grants, the initial Financial Agreement 1927-42, the Uniform Taxation re-imbursement 1942-1959 and finally the Uniform Taxation Financial Assistance of 1959.

The Federal Government was aided in its intention to keep these taxing powers when its arguments were upheld by the High Court. This was the first of several interpretations of the Constitution by the High Court which contributed to the erosion of the States' fiscal independence. High Court interpretations were to prove more successful than most attempts to change the Commonwealth Constitution. Littleton Groom wrote in 1919, "Our instrument of Government, the Constitution, was never meant to be a hard and fast

13 Spann, op cit, p 146
14 Crisp, op cit, p 106
piece of machinery incapable of alteration".\textsuperscript{16} However by 1959 the Commonwealth Parliamentary Committee of Constitutional Review declared "Experience has shown that the Constitution is exceedingly difficult to amend".\textsuperscript{17} As early as 1910 a reformist Federal Labor Party had discovered just how difficult when faced with the opposition of the State Governments. Since then most amendments to give the Federal Parliament increased powers old or new had failed.\textsuperscript{18}

Even more difficult was the position of Local Governments for nowhere in Australia did they have any particular constitutional status. There was always a powerful bias towards consolidating power within a central State government rather than "seeking self-government at the local level".\textsuperscript{19} In 1847 Earl Grey wrote "Municipalities have only a nominal existence - the Legislative Council has absorbed all the other powers of the Colonial state".\textsuperscript{20} Local Governments owed their funding position, which was always weak, to their State Governments which meant their independence was continually eroded. They owed their relationship to the higher tiers of Government because they too "possessed a democratic mandate".\textsuperscript{21} In this they were different from semi-government bodies. But this relationship did not give them access to the decision making levels of government and often they were forced to support Government policies for which they had neither the fiscal nor organisational capacity.

\textsuperscript{16} Crisp, op cit, p 40
\textsuperscript{17} Ibid
\textsuperscript{18} Ibid, p 42
However before 1960 the Constitution and the relationships between the three tiers of Government was largely ignored by most urban workers. For many of these workers life was dominated first by the effects of the Depression, then World War Two and later by the post-war struggle for better workings conditions. By 1960 when nearly seventy percent of the growing population owned homes or were paying off mortgages their recently acquired affluence was threatened by rising rates. In Wollongong the council was challenged by the size of the industrial development and the change in the size, affluence and determination of the workforce. In Canberra complaints about increases in water rates which were related to dramatic increases in land rents were bogged down within the Department of the Interior. As Sparke wrote “In reality Canberra had no government in the accepted democratic sense but only an administrative labyrinth”. Inertia appeared to have settled over both Federal and State Governments for the States maintained a “myopic pre-occupation with immediate financial advantage” and the Federal Government was “content with the exercise of fiscal power”.

So the challenge to the Constitution and the Federal and State Governments was to be developed over the years as the urban environment continued to deteriorate and the popular protest from the affluent new communities of well-organised workers became more vociferous. Central to this challenge was the view Whitlam propounded that the solution to the problem of the cities was beyond the capacity of the States to resolve. For the intractability of the Constitution was matched by the disinterest and incompetence of the State Government Administration with respect to urban development. In NSW they were hostile to Local Government and failed to support the planning program of the Cumberland County Council.

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22 Sparke, op cit, p 275
In Canberra the almost powerless Advisory Council “struggled to play a worthwhile part in the city's life attacking abuses and smug administrators with its unloaded guns”.24

The NSW municipal and shire councils had responsibility for a broad range of functions from public health to garbage and sanitary services and the provision of libraries, public markets, roads, bridges, parks, swimming baths and beaches. And their insolvency increased with the demand for these services and the effect of inflation on the cost of raw materials and labour.25 By 1960 local government across the Commonwealth had a total debt of nearly 254 million pounds with an estimated accumulated interest of more than eleven million pounds. Consequently a large part of the ratepayers' contributions were dissipated on interest payments on the debt and very little was available to finance local services.26

While the councils fiscal position deteriorated the plan of the Cumberland County Council failed to meet the needs of a rapidly expanding city. Long delays at the State Government level and a lack of suitable funding made it almost impossible for the Council to achieve the Green Belt Plan. By 1958 the plan had become “the scapegoat for all kinds of irrelevant troubles”.27 And this story of failure of planning was not unique or confined to the State level. The Federal Capital Commission which had very wide powers was responsible for the development of Canberra for the opening of Parliament in 1926. Until 1957 this was the only successful enterprise in the long and sorry history of incompetence and wilful neglect of the development of the Nation's Capital.28 In Wollongong the State and Federal Governments did much to ensure the success of the

24 Sparke, op cit, p 278
25 Purdie, op cit, pp 2-3
26 Socialist and Industrial Labor, April 1964, p 2
28 Report from the Select Committee appointed to inquire into and report upon the development of Canberra, The Senate, 1955, ANU Noel Butlin Archives, Z253, Box 38, para 33
iron and steel industry and little for the urban environment. In 1959 the Town Planning Report commented on the high cost of land and the fact that road works had failed to keep pace with the expansion of the region. And two years later the Report noted the "Lack of statutory powers to compel owners to subdivide their estates in the public interest...There was a need for a Town and Country Planning Act to regulate the post-war period of reconstruction".

But by then new communities of homeowners led by their trade union representatives had commenced a long campaign of public protest. For they were alarmed at the increases in rates and the lack of services and frustrated by the "practised unconcern" of the Federal Government. Inevitably they registered their displeasure at the polling booth. As a result Prime Minister Menzies won a return to Government in 1961 by a very small margin. The Federal Coalition were quick to approve the provision of five million pounds to local government in New South Wales. However this largesse had only a transitory effect on the behaviour of the NSW Government. Its members were opposed to the existence of a resurgent and active local government which might provide a challenge to them in both political and administrative terms. They wanted to ensure that councils had very limited planning powers and could easily be over-ridden by "despotic" Ministers. Councils were limited to the control of the basic functions of land and there was "no machinery to integrate major works and services". Further they were just part of a large group of State Government agencies responsible for the development and management of public utilities in the State.

29 Firth B M, "The Industrialisation of Wollongong with special reference to the AIS, 1926-1976", PhD Macquarie University, 1986, p 165
30 Town Planner's Annual Report, 1959, p 9 and the Town Planning Report 1961, p 2, University of Wollongong Archives, D16, Box 114
33 Spann, op, p 96
After 1960 the clamour of protest from many parts of the urban community did not diminish and local government began to emerge from its political backwater to surface as a major focus of State and Federal Governments. It was to become a part of the Whitlam Government's urban policies and electorally attractive not only to the working class but also to the new affluent middle class. But this transformation was not easily achieved. The Australian Council of Local Government Associations had to struggle for recognition and to develop the political guile to achieve its aims. The Ratepayers Association had equally to struggle for recognition and the trade union movement to organise seminars and protests to bring home to State and Federal Governments their determination to achieve a better quality of life.

As early as 1958 the NSW Local Government Association “recognising that a minor revolution was taking place in community life” began the long trek for political recognition when it argued that

irrespective of political party, there needs to be a positive plan for economic and social advancement backed by the Commonwealth and the States to which all other instruments of Government including Local Government may subscribe within their respective fields of activity.35

Residents in outer Sydney complaining about the potential encroachment of suburbia wrote. “We do not mind being pioneers... putting in our own water supplies and electricity. We have no telephone, road, garbage services or sewerage”. Apart from the personal and financial loss to these residents there were other unsatisfactory aspects to this type of development. It meant that as the area was sub-divided that there would still be a lack of urban services for experience had shown that land developers delayed the total development of a sub-division until the prices were most profitable. Consequently

36 Sydney Morning Herald, 9/2/1959, p 2
at least part of the land would not have houses built on it and rates paid for some years and a serious side effect of this practice was that the provision of utility services was also delayed or inadequate with escalating costs.37

And L Dunlap, a Sydney architect, complained that “thousands of acres of land” in Sydney,

were overwhelmed and poisoned with dull, monotonous little boxes with no charm, unsewered, distant from places of work and shops, lacking in any social amenities.38

While the Local Government Association Bulletin of June 1960 bemoaned the absence of money “to sewer densely populated areas such as Bankstown”. It noted that

in an era of marked development and scientific progress beyond our wildest dreams [there was] a need for an authority of the highest integrity to study the problems of national growth and plan its development.39

Albert Mainerd, Secretary of the Australian Council of Local Government Associations writing to the Sydney Morning Herald in 1960, declared

We are living in an entirely new world from that of 100 years ago when the present system of financing Local Government was devised. The system must be adjusted to the new social and economic conditions under which we live. The milch cow for local government finance - the property owner - is running dry.40

R F X Connor, the MHR for Wollongong, agreed with Mainerd’s assessment as he pointed out home owners “are now 70% of the total occupiers of dwellings in NSW”. He was concerned about the increase in water rates and had received a number of letters of complaint from his constituents.41

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37 Ibid, 4/1/1960, p 2
38 Ibid, 31/3/59, p 12
39 Local Government Association Bulletin, 1/6/60, Broadcast No 538, p 28
40 Sydney Morning Herald, 1/1/1960, p 4
41 RFX Connor’s Private Papers, UWA Box 5, unsorted
And matters had not improve by 1962 when *Labor Forward* declared that

the economy is stagnating under the Federal Government which controls the main sources of revenue. Its mismanagement of the economy results in inadequate state budgets to meet the demands of development essential to a modern community - water, sewerage, local government, roads, etc.\(^2\)

Regretfully there would be no real response from the Federal Government and Prime Minister Menzies. And although the States had lost the freedom to borrow without the approval of the Loan Council it did not restrict their capacity to spend. In the financial year 1957-58 the States received 60 percent of their revenue from the Commonwealth and over 80 percent of all grants were unconditional;\(^4\) leaving the States free to use this revenue as they saw fit. Unfortunately for the councils and shires in NSW only a small percentage of State grants was allocated to them for roads and some special subsidies were provided for water and sewerage schemes and libraries.\(^4\) But these grants and the income from council rates could not adequately meet the demands of

People [who] have come to regard as their right to have provided for them vastly improved amenities such as sporting fields for an ever growing variety of sports, Olympic swimming pools, community centres, libraries, health services and the means of cultural expression.\(^4\)

The Local Government Association\(^4\) commenced their long political campaign to achieve “a new financial deal” from the Federal and State Governments.\(^7\) And they were not alone in this struggle for “closer liaison in the national planning and implementation”\(^4\) and the need for “substantial Grants in Aid from the National Pool of

\(^{42}\) *Labor Forward*, Vol 12, No. 7, 1/2/1962  
\(^{43}\) Davis, op cit, p 705  
\(^{44}\) Spann, op cit, p 240  
\(^{46}\) The Australian Council of Local Government Associations was formed in 1947 because of the growing fiscal dominance of the Federal Government  
\(^{48}\) Local Government Association Broadcast No. 478, March 1959, p 50
Taxation for use as the local authorities see appropriate".49 The struggle was long and arduous - compounded by the determination of the States not to relinquish any of their powers to Local Government and the States own failure to cope with the growing demands of its urban population. For the NSW Government, under Premier Cahill, was anxious to ensure that there would be minimum support for the Democratic Labor Party. Loyalty in the Caucus and stable government for NSW was the order of the day and Cahill was a master at maximizing unpopular decisions made by Prime Minister Menzies. But as Freudenberg commented "the relative tranquillity of the period sometimes looked like the peace of exhaustion".50

And in Opposition the State Liberal Party was dogged by continuing squabbles with the Country Party and its "own internal problems".51 From 1946 the NSW Liberal Party had tried unsuccessfully to woo the Country Party into the merging of the two wings of the Conservative politics in NSW. The lack of success in this regard pushed the Liberals into three-cornered contests in country seats, a move seen by the Country Party as "unwarranted aggression".52 Within the political party organisation apathy pervaded the standing committees as their part-time politician chairmen rarely called or attended meetings. The organisation of ad-hoc committees to deal with matters such as local government was not conducive to effective political activity.53 Unlike other States the party was committed by its General Secretary, J L Carrick, to total support for the Federal Liberal policies of non-intervention in local government matters.54

49 Local Government Association Bulletin, March 1959, p 10
50 Freudenberg, op cit, p 236
52 Ibid, pp 16-17
54 Ibid, p 136
Whitlam was to comment later that “poor urban planning by State Governments was a product of their own ineptitude”. Funds were allocated to various government departments without any attempt to co-ordinate their various activities. The State Planning Authority of NSW had limited staff and “no experts on housing, health, education or industrial developments”. By 1960 the results of this chaotic system could be seen as considerable resources had been thrown into the development of Warringah Shire while Blacktown was inadequately serviced and Green Valley became “a cultural and recreational wasteland, permeated by an appallingly high incidence of vandalism, juvenile delinquency, petty crime and family breakdown”.

And casting a deadly shadow over the whole sorry mess was the conflict between the State and Federal Governments while the latter resiled from any responsibility for State urban development. Walmsley argued that the “imbalance between responsibilities and resources” is characteristic of Federal systems where “the central government has more resources than commitments and the lower tiers of government have more commitments than resources”. Consequently during the long domination by the Coalition Federal Government, the State Governments maintained that they could not meet their obligations as the Federal Government funding was unsatisfactory.

By 1957 Prime Minister Menzies was ready to “eliminate the[se] annual wrangles when the Premiers bid for Special Financial Assistance”. Two Special Premiers' Conferences were convened in March and June 1959 and resulted in the replacement of the old tax reimbursement grants with new grants based on need. The Roads grants distribution was

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56 Ibid, pp 380-381
calculated for each State on the size of population and the number of vehicles while the
Financial Assistance Grants were calculated on population and wages.\textsuperscript{59}

The Road Grants were subject to a five-year review and the States were required to
partially match the five hundred million dollars provided by the Commonwealth. The
agreement favoured country roads with 90 percent of Federal Road grants spent on
country areas. As Whitlam was to comment later:

> The quality of Australia's roads was impaired by the distorted investment
> priorities of the 1960s. Between 70 percent and 80 percent of Australia's traffic
> burden was carried by roads in capital cities. In the main, these roads were the
> responsibility of local government authorities which received little financial
> support from State Governments or Federal Governments.\textsuperscript{60}

The Financial Assistance Grants were made up of the old tax reimbursement grants and
the supplementary grants that had been paid during the 1950s. These were to be
allocated under the following percentages:

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<tr>
<td>New South Wales</td>
<td>34%</td>
<td>Victoria</td>
</tr>
<tr>
<td>Queensland</td>
<td>15%</td>
<td>South Australia</td>
</tr>
<tr>
<td>Western Australia</td>
<td>10.5%</td>
<td>Tasmania</td>
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These new grants included a betterment factor which took into account increases in
population and wages and were to operate for six years.\textsuperscript{61} Only Tasmania and Western
Australia were to continue as "claimant" States.\textsuperscript{62}

\textsuperscript{59} Ibid, p 110
\textsuperscript{60} Whitlam, op cit, p 418
\textsuperscript{61} Report of the Conference, op cit, p 250
\textsuperscript{62} Crisp, op cit, p 121
There were, of course, considerable advantages for the States as Section 9 of the States Grants Act ensured that the funds allocated to the States were appropriated automatically each year. In addition there were no conditions attached to the Grants and the States were free to use them as they saw fit.\textsuperscript{63} These arrangements allowed the State Governments to plan confidently for their known expenditure but problems arose when additional funds were required for unexpected new programs.\textsuperscript{64} Although the Roads Grants continued to be supported by the Commonwealth and the needs of the Universities were recognised in the States Grants(Universities) Act of 1960 very few of the major responsibilities of the States were recognised by significant specific purpose grants until the late 1960s. In the particular case of urban and regional development no new program was initiated until 1973.\textsuperscript{65} From the following table it can be seen that New South Wales and Victoria, the States with the industrial boom towns and the largest populations, were disadvantaged by the distribution of the new Financial Assistance Grants.

\begin{table}[h]
\centering
\begin{tabular}{lcc}
\hline
       & 1958-59 & 1959-60 \\
\hline
NSW   & 37.1     & 34.1     & 44.27    \\
VIC   & 26.6     & 24.8     & 43.28    \\
QLD   & 15.6     & 14.9     & 50.23    \\
SA    & 9.3      & 11.3     & 60.42    \\
WA    & 7.9      & 10.4     & 70.66    \\
TAS   & 3.5      & 4.5      & 63.69    \\
\hline
\end{tabular}
\caption{Comparison of Population and Distribution of Financial Assistance Grants}
\end{table}

Source: Mathews R and Jay W p 242 \textsuperscript{66}

\textsuperscript{63} Reid, op cit, p 105
\textsuperscript{64} Crisp, op cit, p 92
\textsuperscript{66} Mathews & Jay, op cit, p 242
New South Wales, in particular, considered that the lack of capital funds had held back semi-government and local government development of roads, water supplies and sewerage and created an increase in rates and charges. Moreover the rigidity of the Financial Agreement and the limits to available loan funds caused by immigration was a constant cause of friction. This was further exacerbated by the transfer of funds from richer to poorer States. This activity was to some extent motivated by the Federal Coalition's dependence on support in the Senate where the Government did not have the numbers.

In order to help maintain a satisfactory balance of payments the Federal Government's overseas borrowing was restricted to use for general economic development and loans designated for social capital were raised on the domestic market. Unfortunately this was not a very successful strategy. From 1951 to 1953 the Federal Government had to contribute nearly three hundred million pounds to the Loan Council's program to make up the shortfall from private sources. In 1960-61 loan raisings fell by sixty-five million pounds which could have affected the States' works programs.

Consequently, the battle between the States and the Commonwealth did not end with the provision of the Financial Assistance Grants. The States continued to protest and the Commonwealth continued to provide them with supplementary non-recurring special assistance grants. If the funds were advanced from current revenues the States were obliged to pay interest to the Commonwealth. Inevitably the financial position of the

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67 Gilbert, op cit, p 243
68 Ibid, p 241
69 Ibid, p 267
70 Ibid, p 273
71 Ibid, p 230
72 Ibid, p 231
States continued to deteriorate while the Commonwealth's revenue increased with additional taxes gained from increases in salaries and wages.

The Commonwealth was able to finance its capital works from part of this surplus revenue." In 1957 Prime Minister Menzies earmarked the resources which were to provide for the sustained development of the National Capital, Canberra. For many years, Menzies "considered the development of Canberra as a particularly personal achievement". With this commitment Canberra expanded rapidly. New settlers were lured from other States by the promise of jobs and homes in "an attractive environment". The National Capital came to share with the industrial towns, the distinction of being a non-metropolitan urban area in Australia with a population of more than seventy-five thousand.

But the way Canberra was established as an urban centre demonstrated to the home owners and their organisations in other States that given the money, the political will and a centralised authority to carry out the planning and development that a solution to their own urban problems could be achieved. Canberra was to show how "inefficiency, congestion and loss of environmental quality" which were experienced in other areas of rapid urban growth could be overcome." The development of Canberra demonstrated that public ownership of the land and the authority of a central planning body were as necessary as Commonwealth funding to the successful construction of a new city." It became a model for the development of the urban policies of a regenerated Federal Labor Party.

73 Emy, op cit, p 103
74 Whittington D, The Rulers, Melbourne, Lansdowne Press Ltd, 1964, p 7
75 Department of Urban and Regional Development, "The Regional Budget" in Australian Urban Economics, McMaster J C & Webb G R (eds), Sydney, Australian and New Zealand Book Co, 1976, p 549
76 Borrie, op cit, p 1
77 Department of Urban and Regional Development, op cit, p 548
78 Ibid, p 550
With the successful establishment of Canberra the Federal bureaucracy expanded consolidating the influence and power of the Federal Government. Inevitably the old relationship between the States and the Commonwealth changed from a position of “formal equality” where in the past “each government [was] supreme within its powers and each [was] independent of the other over wide functional areas.” The Federal Government was now determined to maintain control over the country’s finances as Menzies explained “the national government had responsibility for the management and balance of the economy as a whole”.

But by 1965 the Committee of Economic Enquiry, known as the Vernon Committee warned the Coalition Government that

the constitutional division of powers established in 1901 was no longer an adequate basis from which to govern an industrialized Australia.

Menzies rejected the recommendation for he argued that the aim of his government was to maintain “stability at a time of change”. But maintaining stability began to look like doing nothing and the lack of a coherent policy development was to become crucial in the late 1960s. For the Coalition Government’s policies were built on political relevance “and not thought through as an integrated whole in the beginning or at any later stage”.

With the departure of that arch exponent of political acumen, R G Menzies, Government affairs under Harold Holt’s imprecise leadership slipped further into the doldrums.

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80 Tiver, op cit, p 137
81 Emy, op cit, p 40
82 Tiver, op cit, p 81
This was unfortunate because it was time to build coherent and well-researched policies which would match the development of a modern industrial country and the needs of its communities. The following chapters of Part 2, Three Tiers of Government, will describe in detail the evolution of the Constitutional, financial and local government problems that had to be resolved in the late 1960s.

Chapter One deals with the endemic problem of inequity created by powerful, centralised State Governments. This began before Federation when local government was reduced to mendicant status. Across Australia there were mutterings of protest and even Colonial Governors were frustrated by the task of administering fragmented and far-flung communities. With Federation the protests of these communities took on a more formal organisation as Chapter VI of the Commonwealth Constitution allowed for the formation of new States. But by 1960 no new states had been established as the movement was frustrated by the power of the old States. The Federal Parliamentary Labor Party was also prevented from introducing comprehensive changes to the social and economic life of the country. For the old States with their own Constitutions and their own powerful Parliaments were able to mount a successful opposition to any encroachment on their established position. In this they were supported by some Labor politicians who viewed with askance any increase in the power of the Federal Government. Nevertheless the amendment of the Commonwealth Constitution was to remain an important target for the Federal Parliamentary Labor Party. At the State level there was a failed attempt to redistribute population and industrial development by decentralisation. But the consequences of the economic and population changes of the 1950s and 1960s with the emergence of communities of affluent workers and growing inequities were to draw a powerful advocate, E G Whitlam. He argued for the dissolution of the old states and the establishment of new states or regions. For Whitlam and his re-organised and rejuvenated Federal Labor Party new policies were to be
founded on the concept of regions and local governments as the way to spread power and involve communities “directly in decision-making and planning”.

Chapter Two discusses the State and Federal fiscal relationship. This is the centrepiece of this discussion because it was 1971 before Local Government finances were considered by the Coalition Government and it was not until 1970 that there was some indication of the extent of the financial problems in Canberra. Paramount, of course, is the on-going failure of State Governments to manage their economic responsibilities. This chapter demonstrates that except for a short period under the National Party all Federal Governments were determined to dominate the States and control Australia's fiscal resources. At the Seminar on Intergovernmental Relations in 1971 it was generally recognised by leading economists that this fiscal relationship was at crisis point. Discussion revealed the difficulties in resolving the situation. However it was at this time that E G Whitlam, then the Leader of the Federal Opposition, proposed the Federal Labor Party's policy which would bring not domination but consultation not centralisation but co-ordination to the State and Federal relationship. With this policy Local Government would achieve equal status with the States through representation on the Loan Council and the Commonwealth Grants Commission.

In Chapter Three the history of Local Government and urban planning in New South Wales is discussed. The parallel problems of councils in Sydney and Wollongong are examined demonstrating that little attempt was made by the State to meet the urban needs of the people. Although the planning ventures failed the Local Government Association provided leadership for popular protests against rising rates and the failure

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of government to meet the needs of its expanding population. Its continuing demands for better funding for local government were eventually to reach the ears of the Federal Coalition. But, by then, the Association had acquired, reluctantly it seemed, a new and powerful ally in the Federal Labor Party and its leader E G Whitlam.
By 1970 it was obvious that the continuing high profile of the Local Government Association, the establishment of a new State Planning Authority and the various fiscal stratagems of the Federal Coalition had failed to halt the mounting deterioration of the urban system in New South Wales. As Lithwick wrote in that year

The urban system is destructive of quality when it is left to follow its own course. It pollutes rather than cleanses; it congests rather than flows smoothly; it sprawls rather than expands in an orderly fashion; it penalises the weakest rather than giving them preferred status; and it creates tension and violence rather than relaxation and safety.\(^1\)

For none of the organisations provided an integrated plan for urban development and the equitable distribution of public goods and services to the population of New South Wales' rapidly expanding cities and towns. Although the political influence of Local Government had improved through better organisation and propaganda it was still in a weak position fiscally with mounting debts and remained subject to the policy decisions of State and Federal Governments. As a result Councils, Shires and semi-government bodies were unable to meet the demands of the people for water and sewerage services, hospitals and education facilities.

Neutze considers that the efforts of state and metropolitan planners had "borne only limited fruit" as they were treated as just another government authority whose plans were not considered as part of the State Government's overall investment and policy commitments.\(^2\) Colman in commenting on the *1968 Outline Plan for the Sydney Region* wrote that it provided "sketchy" information on how it was going to deal with the


“implementation process”. Logan et al argue that “the distributive effects of urban planning have rarely been considered by professional town planners”. And further “It is not unusual for the most affluent areas to be better endowed with public goods and services such as health care and educational facilities (as well as with provision of goods and services) and to enjoy superior physical environmental amenities”.

However the Federal Government attempted to maintain equalisation between the States through the Commonwealth Grants Commission and the provision of specific purpose payments. This was necessary because there was a significant difference in the capacity of each State to provide “comparable government services without imposing differential taxes or charges on their citizens”. The Federal Government was also responsible for post and telegraphs, airports and grants for roads and universities. But throughout the 1950s and 1960s the Coalition Government resiled from any involvement in such matters as regionalism, decentralisation and urban planning. These were seen to be entirely the responsibility of the State Governments. The States still held their residual powers under the Constitution and controlled the distribution of tax reimbursements and loan funds within their own territories.

But the highly centralised administration of the States did not adapt to equalisation within the States. As the economy and population expanded some people became relatively worse off and the few regional agencies offered limited services in land-use planning and water, sewerage and electricity services. Crisp argues that States in the twentieth century have become “incapable or less capable” of planning and directing

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4 Logan, op cit, p 13
6 Hancock W K, Australia, London, Ernest Benn Ltd, 1930, p 111
7 Neutze, op cit, p 224
8 Mathews, op cit, p 1
“many government functions and developmental programmes”.9 The capacity of the States to carry out these functions continued to deteriorate when, after the Second World War and the introduction of the Federal Government's immigration policies, their populations increased rapidly. In this period of economic growth private enterprise forged ahead with large scale manufacturing which resulted in the expansion of some non-metropolitan urban centres. But the “public sector lagged behind” and failed to transform its organisational structure to cope with new demands on its resources.10

Consequently the urban problems were no longer contained within the capital city and dissatisfaction grew as non-metropolitan areas expanded sometimes faster than the city.11 The failure of the old State Governments to develop satisfactory urban policies was to remain an issue and increase in importance with the growing population and diversification of the economy. Their failure was highlighted by the success of Canberra where, from 1957, the planning authority coped with the accommodation of a population which increased by ten percent per year without losing urban and environmental quality.12 By 1965 dissatisfaction reached new heights as the people of Wollongong who had a long experience of inadequate urban policies rejected the NSW State Labor Government.

Inevitably the question of the creation of new states, decentralisation and the establishment of regions which would overcome the deficiencies of these powerful, centralised State Governments assumed a greater significance than it had had since

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10 Logan, op cit, p 16
11 Ibid, p 17
Federation. And the quest for different political and administrative structures more suited to the needs of a small modern industrial country became an important policy development for the Federal Labor Party. In this respect the Whitlam led Labor Party was vitally interested in the role of local government as the organisation which could provide improved facilities and service at the people level. But the problem of fiscal equalisation had to be resolved. This was to be done by the Federal Government assuming control over how the money would be spent and in particular control over major State functions. Section 96 of the Constitution or tied grants would be used for this purpose as Whitlam considered these were “the charter of public enterprise”. In this way the Federal Labor Government intended to “rescue the municipalities from the states who had neglected local government and imposed on it functions which were beyond its financial resources”. But there was no doubt that there would be considerable opposition from the States if there to be any changes to the Federal Constitution which would usurp their power and control of their constituency.

But the question of finding suitable political and administrative structures for Australia was an old problem and a pre-occupation with some colonial Governors. By the 1820s New South Wales was so vast that its administration posed great difficulties for the Governors of the State. Tasmania was “separated” from NSW in 1825 because of the distance from Sydney but this only highlighted the problem. By 1838 Governor Gipps complained to the British Prime Minister:

I have had the experience of governing Port Phillip from a distance of 600 miles, and it would be a source of congratulation, as far as I am personally concerned, to be rid of it.

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14 Ibid, p109
15 Ibid, p 108
17 Ibid, p 25
After much negotiation Victoria was established with the Separation Act of 1850 when it was separated from NSW. Further agitation led to the establishment in 1859 of the colony of Queensland and although this was the last division of Australia it was not the end of the debate on the need for more and smaller states. From 1860 to 1870 Rockhampton was the headquarters of a Northern Separation League who agitated for the creation of the united provinces of Queensland. In 1891 J M Macrossan, Minister for Works in the Queensland Parliament, argued that Queensland be admitted to the proposed Federation as three states.

For many who considered that they were separated from “the centres of power [there was] an underlying feeling of remoteness and impotence” and was epitomised by the Albany Advertiser in 1899 when it declared that “each colony is bled for the creation of one capital city”. And the question was of sufficient importance to be covered by the new Federal Constitution. Chapter VI of the Constitution deals specifically with the formation and establishment of new States. In Section 121 the Commonwealth may establish new states and decide on their representation in either houses of the Parliament. Section 122 refers to the making of laws for the new states. Under Section 124 a new State may be formed from part of the territory of other States but this can only be done with the approval of a State and the majority of its electors (Section 123).

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18 Ibid, p 37
20 Ibid, p 2
21 Ibid, p 17
22 Ibid, p 18
In 1847 Earl Grey writing to Governor Gipps discussed the failure of self-government:

Local self-government, if necessary for the good of the whole colony, is not less necessary for the good of the several districts of which it is composed. For this reason Parliament provided for the erection throughout New South Wales of municipal corporations which should in various respects balance and keep in check the powers of the Legislative Council. By this method it was supposed that the more remote districts would be able to exercise their fair share of power and to enjoy its proper influence in the general policy of the whole province. But the result has disappointed this expectation. The municipalities have only a nominal existence - the Legislative Council has absorbed all the other powers of the colonial state.

So the “political system assign[ed] a more humiliating role to local and regional self-government than in any Western Country” and New States were seen as the only “feasible way of achieving government decentralisation”. Following Federation there were many attempts by various organisations to implement those sections of the Constitution which applied to New States. In 1910 the Bulletin proposed that

A referendum be taken on the motion for the surrender to the Australian Parliament, for a space of at most two years, of all the powers, rights, assets and liabilities of the States. That the Australian Parliament be pledged, within the two years aforesaid to subdivide the inhabited part of Australia into fifteen or twenty States, so laid out as to attach to each good port the territory it is naturally to serve, and to furnish each of these States with a simple workable Constitution, a Legislature of one House and whatever else is required.

While this attempt did not progress far there were organisations from the Northern Rivers, New England, the Riverina, the Monaro, and the West who wished to secede from NSW. In 1921 a Riverina Convention met to discuss the annexation of the Riverina to Victoria. In 1922 The New State League of Australia campaigned for “the

25 Ellis, op cit, pp 134-135
26 Parker, op cit, pp 8
27 Ellis, op cit, p 170
28 Parker, op cit, p 3
creation of new states of a reasonable area with all the powers necessary for quickening development".29

Perhaps overall the most serious challenge to the Federal Constitution was made by the Western Australian Secessionists who claimed that the “the Federal Constitution has failed” because it was “the intention of the framers of the Constitution to preserve the rights of the community units”.30 And they had many supporters in the East where the New Englanders and the Riverines considered that they were in effect “in complete bondage to the industrial capital of Sydney”.31 In the face of this dissatisfaction the NSW Government, in 1925, appointed a Royal Commission headed by Judge Cohen to examine the question of the establishment of new states. The Commission decided that new states were not necessary but that the Local Government Act should be amended by giving wider powers to shires and municipalities and by eliminating references to departments and Ministers. That district councils should be appointed having jurisdiction over wider areas than at present.32

Although no action was taken on this recommendation33 it was not the end of the argument. In 1931 the effects of the Depression and Lang’s hold on the NSW Government led to an enthusiastic declaration in Wagga Wagga for separation from NSW and precipitated the formation of the New England New State Movement. And again it was the size of New South Wales and the variety of its resources and development that made it a likely candidate for devolution. With a prepared constitution the Movement called on the Commonwealth Government to put the matter to a referendum. In the face of the Commonwealth’s refusal to do this the State Government appointed another Royal Commission. Four years later Commissioner, H S Nicholas K C, proposed that the State be divided into three parts and the opinions of the three

29 Ellis, op cit, p 165
30 Ibid, p 190
31 Ibid, p 166
32 Ibid, p 196
33 Atkins, op cit, p 235
separate populations be sought in a referendum. However nothing came of this suggestion.\footnote{Robertson J R, “1930-1939” in Crowley F K (ed), A New History of Australia, Melbourne, Heinemann Educational, 1974, p 432}

It was left to the leading Country Party politicians, both State and Federal, to keep the New States Movement alive over the years. However their success was limited to obtaining concessions and improved public facilities for their districts. Atkins argues that the formation of new states would destroy “the predominance of the great metropolis” and “no State Government is likely to surrender willingly any area rich enough to be an independent State”.\footnote{Atkins, op cit, p 236} In 1955 the Australian Institute of Political Science held its Spring Forum in Armidale on the question of forming New States as a solution to the disparity in the distribution of population and the lack of amenities in small towns. However the supporters of New States did not want them fashioned in the “trappings of NSW and its institutions” and there was the problem that they could become “mendicant” states.\footnote{Parker, op cit, p 17} There was a recommendation for three tiers of government with regions “as the real units with some autonomy and large enough to have fiscal responsibilities and still reflect local interests and initiatives”.\footnote{Spate O H K, “Three Tiers of Government” in New States for Australia, Proceedings of the Australian Institute of Political Science, Spring Forum, Armidale, October, 1955, p 50} E G Whitlam who was not averse to new states and had suggested expanding to twenty-six states, was antagonistic to sovereign states. He considered that

The most fruitful outcome of the agitation for a State of New England may well be a renewed interest in the potentialities of local government of which Australia takes too timid a view.\footnote{Whitlam E G, “New States” in New States for Australia, Proceedings, of the Australian Institute of Political Science, Spring Forum, Armidale, October 1955, p 88}
But for the early 1960s decentralisation was to be of more interest to political parties and “almost become a part of Australian folklore”. In the previous year a Report of the Local Government Association on Decentralisation noted that “there is a serious imbalance of the population in favour of the coastal area at Newcastle, Sydney and Wollongong”. The report advocated the development of town centres with regional capitals which would provide services to all the municipalities within their region. These would include “new hospitals, specialized medical services, health services, public works, housing, agriculture and industrial and commercial services”. And while the “States made timid, politically motivated attempts at urban dispersal with the declared aim of encouraging growth in all non-metropolitan areas” they achieved very little. In early January 1960 the NSW Labor Government published a report it had commissioned on a proposed development of a satellite city at Lithgow. The object was to overcome the “congestion and inflationary costs of the metropolitan district” and at the same time deal with the unemployment which was a result of the mechanisation or closure of the coal mines. The report considered that large manufacturing organisations should be encouraged to move to Lithgow which had excellent rail transport facilities and that the responsibility of the State was to “encourage the project by propaganda and other means which will reach third parties interested in establishing major enterprises in Australia”.

However this proposal was not what the NSW Country Party had in mind. Due to the drift of population from the rural areas the Party was threatened by the loss of “effective strength in the Parliament” as its numbers had been reduced from 17 to 14 since the War. In the face of a proposed re-distribution which would see the Party lose the seats

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39 Logan, op cit, p 21
42 *Sydney Morning Herald*, 6 January 1960, p 8
of Tenterfield and Casino, C B Cutler, the State Country Party Leader, launched a stinging attack on the Heffron Labor Government. He accused the Government of a "failure to pursue a vigorous policy of decentralisation" which had resulted in the drift of population, in particular, away from Tenterfield and Casino. He argued that the Government had failed to "encourage rural industries" and "appoint a full-time Minister of Education, staff schools and meet the expanding needs of education".

Despite this criticism by the Country Party the NSW Government continued to make some efforts towards Decentralisation. In 1962 there were a number of proposals for the establishment of new dams, irrigation, works programs in the timber industry and the establishment of a new agricultural college. In 1965 the Labor Government highlighted its success in providing Government services in the country and a number of incentives to promote industrial decentralisation. More than two million pounds were paid into the Decentralisation fund during the previous year with financial assistance for freight subsidies and local government.

Unfortunately many of these proposals were hampered by an increase in Commonwealth charges for postal and telegraph services and trunk calls to country districts. Prime Minister Menzies was to later acknowledge that "the problem of decentralisation and the impact upon it of the policies pursued by various departments are matters that are always in our minds. In fact, we have done a great deal of work on these matters... and are not likely to neglect them in the future". But decentralisation was not more effective when implemented by the NSW Liberal Government. An inter-departmental committee was formed by the Government in 1967 to review regional organisations in

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43 Ibid, 20 March 1960, p 29
44 Heffron R, Labor Keeps NSW on Top, prepared and published by the New South Wales Branch of the Australian Labor Party for the State Election, 3 March 1962, p 7
45 Renshaw J B, Notes for Speakers during the 1965 Election Campaign, pp 18-20

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the State. However the Departments and their Committees were not included in the planning for the Sydney Region. In 1969 the Director, W A Butterfield, rejected a request from the South Coast Labour Council for membership. The Council argued that it “represented a large section of the community and had a role to play in the aims and work of the Regional Committee”. However Butterfield maintained that the Committee has embraced a wide-ranging investigation of the prospects of evolving common regions of the State for all administrative and development purposes and a review of the composition and functions of regions of the State for all administrative and development purposes and a review of the composition and functions of regional bodies appropriate to such regions and the degree of staffing assistance which they should be afforded.

In the 1968 Sydney Plan there were no adequate planning schemes for the three major cities of Newcastle, Sydney and Wollongong. There were no comprehensive plans or policies for urban design or environmental improvement or solution to the problems of regions like Wollongong. In addition there was no overall plan to co-ordinate the State and Federal Government developments. Policies and their objectives were not clearly defined. With the result that the Report of the Committee of Commonwealth/State Officials on Decentralisation published in 1972 showed that the efforts of the States were “largely unsuccessful”. It was difficult for the States, without Federal intervention or support, to overcome the economic pressures for locating industrial developments in the large urban environments. Logan et al argued that it required “firmer political commitment” and the resources to develop regional growth centres.

And this type of approach to decentralisation was developed by the Federal Labor Party over the years from 1961. In that year the Party argued that “Commonwealth-State co-operation offers the only real prospect for effective regional development...The

7 South Coast Labor Council, University of Wollongong Archives, D169/35/17, 23/9/68
48 Ibid, p 102
49 Ibid, p 21
Australian Labor Party alone has faced the fact that the problem of national development calls for government to accept added responsibility and only a Federal Labor Government will accept that responsibility". The 1963 policy took on a more practical aspect promoting decentralisation by "establish[ing] a uniform price for petrol, diesel oil, power kerosene and lubricating oil, based on existing city prices...[and remitting] to the States the full proceeds of the petrol and diesel oil fuel taxes".

By 1966 these policies had expanded into a proposal to "establish a Department of National Development to implement a National Fuel Policy" which would include a Division of Decentralisation. In a detailed statement Labor declared that among other offers it would seek to decentralise public enterprise and administration, where practical and will also examine the constitutional possibility of offering incentives in taxation concessions and concessions in charges for the use of public utilities for industries being established or expanded in sub centres.

But in 1960 these proposals were yet to find form and were still constrained by the old interpretation of the Federal Constitution. In 1956 the Commonwealth Parliamentary Joint Committee of Constitutional Review was established by Prime Minister Menzies. Representations were received from the New England Movement and two Queensland organisations who wanted to create the States of Capricornia and North Queensland. The Committee reported in 1958 and 1959 and one of its main recommendations was to do something "to reduce the excess rigidity which experience has shown that Section

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53 Whitlam E G, ALP Year Book for 1967, 1966 Policy, p 31  
54 Ibid, p 33  
128 possesses". These recommendations were largely ignored by the Menzies Government. This was most forcefully demonstrated during the debate on the Constitution in October 1961.

The debate was opened by Sir Earl Page, the Leader of the Federal Country Party, who spoke on the recommendation of the Committee with respect to the formation of new states. In this the Committee considered that the wording of Section 124 should be altered to permit the Commonwealth “to create new states by separation or union if a majority of electors in the area of the proposed State and a majority of the electors in the whole State or States affected voted in favour of the formation of the proposed States”. He argued that the survival of the Constitution in the United States of America was due to its capacity to create new states. He suggested that Australia should have twenty States and he was sturdily supported by D H Drummond, the MHR for New England.

E G Whitlam considered that this would be difficult to achieve because of the opposition of the Liberal Party who believed that the electors of the new states would support the Labor Party. He advocated the use of Section 122 of the Constitution which would allow decentralisation and development by the acceptance of territories surrendered by a State. Whitlam reiterated that

[The Australian Labor Party] is averse to sovereign states. The Labor Party wants more national and regional administration and legislation. The States are too small and too poor to deal with national issues and they are too large and too remote to deal with local issues. We believe that if there were twenty-six States instead of six Australia might achieve some of the efficiency and some of the all-round development which the United States achieved during this century.

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57 Crisp, op cit, p 40
59 Leach, op cit, pp 23-24
60 Parliamentary Debates, op cit, p 1991
61 Ibid
The debate was terminated on the day it started on 12 October and no further progress was made as the Federal elections were called for on the 9 December 1961. Whitlam remarked that “it was very interesting and utterly useless”.\textsuperscript{63}

Support continued for the New England Movement which was strengthened by the fact that the income of the region was about two hundred and three million pounds which was greater than that of either Western Australia or South Australia or Tasmania.\textsuperscript{64} Nevertheless a new state would require funds to establish and maintain its own government administration and it was difficult to assume that the old States would be happy to divide the funds even more than they did currently. The Country Party found it politically expedient to continue to support the cry for new states as most of the demand came from country electorates. The Liberal Party on the other hand was not interested in new states. The Party was a strong supporter of the Federal system and might have lost more seats to other Parties if new states were created.\textsuperscript{65}

As Hancock, early in 1929, considered

\begin{quote}
Whatever form the campaign for New States may take, it merges at last into the campaign for increased Commonwealth powers. It is essentially an invitation to the Commonwealth to curb the power of the States.\textsuperscript{66}
\end{quote}

For this was eventually to emerge by the 1920s as part of the “Fighting Platform” of the Australian Labor Party.\textsuperscript{67} In the pre-Federation days the Party had only marginal influence on the making of the Commonwealth Constitution. In the Act to constitute the Commonwealth of Australia passed on 9 July 1900 and amended to 1970 the States of the Commonwealth retained, among other provisions, their own Constitutions and the

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\textsuperscript{63} Leach, op cit, p 24  
\textsuperscript{64} Ibid, p 23  
\textsuperscript{65} Ibid, p 23  
\textsuperscript{66} Hancock, op cit, p 123  
\textsuperscript{67} Crisp, 1955, op cit, p 245
power of their own Parliaments. These provisions became a barrier to the implementation of the Australian Labor Party's policies, a party which was committed to introducing comprehensive changes to the social and economic life of the country. Under Section 128 any proposed change to the Constitution had to first be passed in each House of the Parliament and then submitted for approval by the voters of the Commonwealth. Section 128 states that to pass into law these changes have to be approved by the majority of voters in at least four of the six States.

In the early years of the Federal Parliament proposals were made at a number of Federal Labor Conferences to amend the Constitution. At the 1900 Federal Conference amendments were proposed to deal with the settlement of deadlocks in the Parliament. In 1902 the Federal Conference demanded that the Federal Parliament should take over all industrial legislation. In 1906 Senator George Pearce introduced an unsuccessful private members' Bill to nationalise monopolies.

By 1908 the limitations of the Constitution were obvious to both the Federal Parliamentary Labor Party and the Australian Labor Party. Inevitably the real limits of the Constitution became apparent with the 1910 General Election when the Federal Labor Party won a majority in both houses. Later in the year when the Labor Party won the NSW Election a larger and more difficult problem was to emerge for as the Federal Party increased its influence and power it threatened the independence of the State Labor Parties. This was to be critical when the question of Constitutional Reform was posed. The 1911 Referendum called for an extension of the Federal Government's

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69 Crisp, 1955, op cit, p 230
70 La Nauze, op cit, p 327
71 Crisp, 1955, op cit, p 231

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power over trade and commerce, labour and employment, corporations and monopolies”.

The Referendum was defeated by NSW Labor's sabotage. W A Holman, a Minister in the NSW Labor Government, led the opposition to the referendum at the 1911 Conference and was seen by many as betraying the Conference decision. In the Worker's view "State insects frustrated the visionary Big Australians". At the 1913 General Election the same questions were put in a slightly different format and again were defeated by opposition from NSW. Consequently the motion was put and carried at the 1915 Conference that

a proposal to amend the Federal Constitution giving the Commonwealth Parliament power to abolish State Governors and Legislative Councils be submitted to the people at the next General Election”.

However the matters fell into abeyance with the change of leadership in the Federal Labor Party. Hughes, Fisher's successor, was more interested in the propagation of the war. He did, however, win an apparent compromise when the States agreed to surrender some of the "desired powers to the Commonwealth for the duration of the war and one year after". However the State Governments, with the exception of NSW, refused to ratify this agreement and at the 1916 Federal Conference all the attention was diverted to an attack on Hughes who had recently defected from the party to form the "National Labor Ministry". So many years were to pass before the Federal Parliamentary Labor Party was able to call for another referendum on Constitutional reform.

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73 Ibid, p 73
74 Crisp, 1955, op cit, p 237
75 Ibid, p 238
76 McMullin, op cit, p 108
77 Crisp, 1955, op cit, p 239
This did not deter the members from developing new ideas and approaches to the problem. At the Australian Labor Conference held in Perth in 1918, M M Blackburn, Labour MLA from Victoria presented the proposal of the Victorian Labor Party:

To recast the Federal Constitution to provide for the supremacy of the National Parliament, the abolition of State Parliaments and the creation of Provincial Councils and generally for simplification and economy in government.78

It was proposed that there would be twenty provinces, five in NSW, four in Victoria, three in Queensland and South Australia and Western Australia and two in Tasmania. These Provinces did not necessarily conform to the State boundaries as they would be fixed by the Federal Parliament. Each was to be governed by a unicameral Council consisting of between fifteen and twenty-five members who would be elected every three years. The powers and funding of the Council was to be determined by the Federal Government. In a less sweeping proposal which was agreed, J H Scullin, a future Prime Minister, argued for

Unlimited legislative power in Australian affairs to be vested in the Commonwealth Parliament; devolution of adequate local powers upon subordinate legislatures and municipalities elected by adult suffrage.79

At the next Federal Conference in 1919 two main opposing groups emerged. Those for Unification argued that the “undemocratically elected State Legislative Councils” were an obstacle to the success of Labor’s program. On the other hand the States’ Rights supporters were concerned about the power that would be vested in the hands of anti-Labor forces by the establishment of a unified Commonwealth Government. Finally the Conference adopted an outline of Constitutional and electoral policy which had first been presented in 1910 by W Bamford, the MHR for Herbert in Queensland and the

78 Ellis, op cit, p 141
79 Crisp, 1955, op cit, p 240
Victorian Branch in 1918.\textsuperscript{80} In 1951 some parts of this policy were still incorporated in the Party's Platform.

In the following year the matter was raised in the Federal Parliament when Senator Gardiner argued that "local matters should be considered and administered by local bodies. States like Queensland, New South Wales and South Australia, for example, are so large that they could with advantage be divided into provinces". And his views were spelled out in detail in 1920 in a pamphlet issued by the Federal Labor Party describing how the proposed thirty-one provincial institutions would be administered. Each capital would be allocated a province and special provinces catered for diversity of developments such as agricultural, dairying or pastoral.\textsuperscript{81}

By the beginning of the 1920s the Federal Party leadership had firmed in its acceptance of unification. In 1921 the Fighting Platform read "Unlimited legislative power for the Commonwealth Parliament and such delegated powers for the States or provinces as the Commonwealth Parliament may determine from time to time".\textsuperscript{82} But there were still many in the Labor Movement who were opposed to these changes. Curtin, a future Prime Minister, wrote in 1927 that he "perceive[d] grievous danger in the centralisation of industrial authority". Curtin was a staunch supporter of States' rights. The problem, as he and many others like him saw it, was that "if we were in power Federally this authority could be diffused according to our views and on the basis of Labor policy; but I am hostile to the fortifying of the enemy while he has the keys of the citadel".\textsuperscript{83} Curtin was to continue this line of argument when he was elected the Member for Fremantle.

The States' rights supporters argued that "Small States would be neglected; a capitalist Government would use the unlimited powers against the workers; there should be a

\textsuperscript{80} McMullin, op cit, p 119
\textsuperscript{81} Ellis, op cit, pp 142-147
\textsuperscript{82} Crisp, 1955, op cit, p 245
\textsuperscript{83} Ibid, p 248
reservation of some power over Parliaments and people should be consulted over all Constitutional amendments".84

By 1933 the interest in Unification had waned as the Depression took its toll on the Party and consequently it was not until July 1939 that Curtin, now the Federal Leader of the Party, declared

I am firmly of the opinion that the best form of government for modern Australia, having regard to all the circumstances, is one in which all major national policies are dealt with by the national Parliament, and that matters of minor importance, as well as the administration of national laws, should be left to the States.85

Although for some years the matters lay in abeyance politically the subject of regions remained a matter of interest to academic geographers.86 In 1932 J MacDonald Holmes subdivided New South Wales by Population and Area into three separate regions.

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<th>Region</th>
<th>Area (square miles)</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>NORTHERN</td>
<td>65,951</td>
<td>436,380</td>
</tr>
<tr>
<td>CENTRAL</td>
<td>53,218</td>
<td>338,720</td>
</tr>
<tr>
<td>SOUTHERN</td>
<td>64,488</td>
<td>320,910</td>
</tr>
</tbody>
</table>

However to achieve this apparent uniformity he excluded Sydney and Newcastle. He then examined the three regions on a productivity basis and found they were very unequal. He suggested that other inequalities would show if the spread of Administrative Services were examined in detail.

84 Ibid, p 250
85 Ibid, p 252
86 Powell, op cit, p 183
The most interesting aspect of his paper was his conclusion that

The real division of Australia, is a set of developed marginal regions and a huge area of practically undeveloped land. This marginal area could be subdivided into at least 10 regions differing considerably from each other in their geographic and economic relations. It is quite feasible to suppose that all these regions could be administered by simplified local councils answerable to the Federal Government and likewise the whole central area could come under the Federal Government direct. Thus local problems in development and administration could be dealt with emphatically and expeditiously in all the “new states” while Australia would speak as a continent with a single voice on the many issues that concern her as a continent.87

In 1934 John Andrews wrote in the *Australian Geographer* that

the regional synthesis is necessary for ordered and coherent planning and for the efficient working of the complex marketing and distributing organisation that is characteristic of the modern state.88

In the same year Dickinson in his study of France, England, Wales and the United States argued that

The prominence accorded by the public to the idea of the Region is the spontaneous expression of an urgent need in the life and organisation of modern society.

He considered that the old ways of government precluded the efficient functioning of public services and in a similar vein to the 1961 Whitlam argument he concluded that

The County in Britain, the Land in Germany and the Department in France were either too small or too unrelated to the practical needs of modern life, for large-scale planning organized on a nation-wide scale.89

Some ten years later J MacDonald Holmes, then Professor of Geography at Sydney University, again advocated regional planning for he contended

87 MacDonald Holmes J, “The New States Idea and its Geographic Background” in *The Australian Quarterly*, No 15, 14 September 1932, p 71
89 Dickinson R E, *City Region and Regionalism*, New York, Oxford University Press, 1947, pp 245-246
It is necessary to have in the country more local control of high school, technical and university education; and of libraries, of balanced food supplies, of medical and public health services, of light, water and sewerage schemes, of industries as private enterprises and as public utilities, and of highways as well as access roads.

He considered it was possible through regional planning to achieve better co-ordination of resources, better administration and a "better standard of living both cultural and material and for political and personal harmony". 90

And the concept of a region was to gather strength in the ensuing years. Again it was the Canberra example which demonstrated the effectiveness of the region. Canberra had started as a small community which as it expanded created opportunities in the surrounding district for the supply of goods and services. It also became a source of suitable employment and provided access to better education, medical facilities and cultural activities for people as an alternative to moving to a capital city. 91

But it was not until the 1940s with the impact of the post World War II economy and the increase in urban populations that the Federal Labor Party engendered a new interest in the administration and organization of urban structures. In Australia the war-time experience of regional planning prompted Prime Minister Curtin to encourage all States to set up regions as a means of promoting resource development for he believed that "Australia's long term security positively depended upon the enunciation of a development policy based on the recognition of social priorities in regional planning structures". 92 Inventories covering all available resources within a region were compiled and deficiencies identified with the result that "rural developments in the Murray Valley

92 Powell, op cit, p 188
were [accelerated] and balanced agricultural and industrial development [took place] in the Hunter Valley". In addition there were selective developments in the Northern Territory, the Kimberleys and the Barkly Tablelands.93 Most States appointed Regional Development Committees and there were ninety-three regions in total throughout Australia ranging from 20 in NSW to 6 in Tasmania. In support of various aspects of this endeavour the Commonwealth established the Housing Commission, the Secondary Industries Commission and the Rural Reconstruction Commission.94

Powell wrote that

This welcome flood of positive thinking brought many benefits - the best of which, for a time, was the comforting knowledge that resource appraisal and environmental management would be guided by galaxies of "experts" in consultation with an involved citizenry.95

Curtin appointed H C Coombs as Director-General of the Ministry for Post-War Reconstruction. Coombs considered that the War had shown people the effect of directing "the whole of the economic system towards deliberately planned social objectives".96 He argued that people were no long content with economic activity which was seen as an opportunity for profit.97 In 1944 Coombs attended conferences on post-war reconstruction in America and England. He was familiar with the aims of the Atlantic Charter and the recommendations of the United Nations' Conference "which recognized how deeply people feel that the economic system must be made to serve human resources". In addressing the post-war problems facing Australia he considered that employment, rising living standards, development and security were essential. He also wrote about the importance of housing, the provision of health services, education

93 Ibid
94 Ibid, p 190
95 Ibid, p 192
96 Note on Dr Coombs in Coombs H C, The Special Problem of Planning, Melbourne, Melbourne University Press, 1944
97 Ibid, p 8
and labour-saving devices as necessary to ensure a real standard of comfort and quality of life for people.98

The central theme of his planning strategy was the region for he argued

The region is the field of economic opportunity and if it is to conform to our requirements it must provide for a variety of economic opportunity - real economic freedom. The demand for the planning of regions in this way represents a revolt against the tendency to economic specialisation... This demand for planning the home, the neighbourhood, the town and the region is a new thing in our lives.99

Unfortunately it was a new thing that was not realized. Logan argued that these objectives were never included in any firm policy on regional organisation. Although regionalism was a key factor in the Report of the Commonwealth Housing Commission and was supported by the Premier's Conference in 1944 the implementation was ineffective. The States were divided into regions but these regions' development committees had no statutory powers or formal links with Commonwealth Departments. Their activities were limited to studies on the potential of each region. The only success stories for regional development at this stage were the Snowy Mountains and the Murray Valley Schemes.100

In addition attempts to give more power to the Commonwealth Government were doomed to failure. An ambitious referendum by the Federal Labor Government in August 1944 "requesting the voters' consent to give Canberra fourteen powers on an all or nothing basis" was defeated.101 Although the Social Services referendum succeeded in 1946102 the organised Marketing of Primary Products and Industrial employment was.

98 Ibid, note
99 Ibid, p 16
102 McMullin, op cit, p 236

The Limitations of the Constitution
defeated as was the referendum on Rents and Prices in 1948\textsuperscript{103} for the post-war reconstruction plans were opposed by many powerful and influential factions. Factions who saw economic planning as "an exposition of socialist philosophy" or "planning ourselves into slavery" or considered that the Government was incapable of carrying out post-war activities "for we must rely largely on private enterprise".\textsuperscript{104} Almost inevitably "the period between 1949 and the late sixties [became] a wasteland for urban and regional development".\textsuperscript{105}

For when Menzies came to power in 1949 urban and regional planning and development became the States' responsibility with the abolition of the Department of Post-War Reconstruction. And the development of regional policy failed to take off for there was a view that "Australia is virtually unique, especially among large countries, in not having, and never having had, a major problem of regional disparities".\textsuperscript{106}

The development of regions in other countries has been targeted to overcome the problems of inequality in economic development. Even before the second World War regional policies were put in place in Western Europe and Russia. By the 1960s the question of regional policy became so popular that regional planning was taken up by the "United Nations Research Institute for Social Development in Geneva and the United Nations Centre for Regional Development was established in Nagoya in Japan".\textsuperscript{107} The overall interest in regions stemmed from a concern for social justice and a

\textsuperscript{103} Lloyd C J & Reid G S, \textit{Out of the Wilderness}, Melbourne, Cassell Australia Ltd, 1974, p 31


\textsuperscript{107} Ibid, p 21
desire to ensure that districts that were under-developed did not rebel. However experience in under-developed countries showed that the problem of regions was not simply a question of "social justice or political stability. Wide regional gaps came to be seen as a sign of ill-health of the national economy".  

This was obvious when Arthur Calwell, the Federal Labour Party Leader, in his policy speech for the 1963 Election quoted some alarming statistics about housing in Australia. Taking the figures from the last Australian Bureau of Statistics' Census he showed that a hundred and seventy thousand Australian families were living in "sheds, huts and shared houses" and over one hundred thousand dwellings were "classed as sub-standard". He highlighted the deficiencies of the health system and the erosion of "real values of many welfare benefits" by inflation. He emphasized his determination to ensure that a Federal Labor Government would take the initiative in establishing "regional development authorities to provide service and co-ordinate development within their own regions".

And although the question of regional policy was still popular with the Federal Labor Party and there was "a clear need for national government intervention" its achievement was still constrained by the Federal Constitution. Whitlam undaunted by the failure of the Commonwealth Parliamentary Joint Committee of Constitutional Review of which he was a member now looked seriously at Section 96 as a means to implement Federal Labor's reforms. Section 96 stated that "During a period of ten years after the establishment of the Commonwealth and thereafter until the Parliament otherwise provides the Parliament may grant financial assistance to any State on such

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108 Ibid, p 22
110 Logan, op cit, p 102
111 McMullan, op cit, p 290
terms and conditions as the Parliament thinks fit". In 1961 Whitlam was to outline the importance of this instrument of reform when he said

In our obsession with Section 92, which is held up as the bulwark of private enterprise, we forget Section 96, which is the charter of public enterprise ... socialists are now more concerned with the creation of opportunities than the imposition of restraints. Within our own nation we do not have to ration scarcity but plan abundance... The national government has as much constitutional freedom as any other national government to plan the public sector in Australia and to make arrangements with other countries. Through its financial hegemony it can create better conditions in transport, housing, education and health; it can create new industries; it can create new communities.113

While at another level Powell wrote in the Australian Planning Institute Journal calling on the Federal Government to provide both physical and economic planners who could produce “large scale national development programmes and Federal aid projects”. He argued that

Planning must become increasingly technical to help solve the problem of metropolitan expansion and redevelopment. It must also develop techniques of regional planning that can be utilized by State Governments in the solution of what have become almost traditional problems - housing, public transport, decentralisation of employment.114

As James Colman commented in 1969

After years of relative seclusion in Universities and research establishments, regionalism and regional planning have at last emerged as respectable if still somewhat esoteric activities for government at the State level. Regional planning is “in” even if it is not quite swinging. Journals are devoted to it, seminars are held on it; committees are concerned with it. And, most important of all, governments are starting to think about it, and to back up their thinking with soundly based research and survey operations leading to regional policy-making on a scale never before attempted in this part of the world.115

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112 La Nauze, op cit, p 323
114 Powell J M, “Planning Aims and Political Objectives in Australia” in Australian Planning Institute Journal, October 1966, p 169
115 Colman J, op cit, p 5
And in later years the Committee of Commonwealth/State Officials on Decentralisation while acknowledging the failure of the States to achieve effective decentralisation promoted regionalism and "concentrated development". In its Report of July 1972 it was argued that

The selection and advancement of an urban centre is not necessarily incompatible with the development of the surrounding region... The relationship between an urban centre and its region is...two-way... not only does a region benefit from the development of an urban centre within its boundaries [but] the success of a decentralised centre will be dependent on its regional setting.117

It was obvious by now that regional development could only be achieved through cooperation between the Commonwealth, States and Local Governments. The question of how it was to be done assumed a new political importance from 1965 when speaking at a meeting of the Sydney Division of the Australian Planning Institute Whitlam highlighted his concern with the areas of responsibility of the States and the Commonwealth. He concluded that

No real improvements and no effective planning will come without Commonwealth participation. A broad framework of Federal policies is essential as a guide to State and local development programmes. The financial hegemony of the Commonwealth has meant that no significant innovation in the States can be undertaken without Commonwealth assistance.118

And so a policy for urban and regional development began to be mapped out and spelt out to many interested parties. It was part of a wide range of policies which more than any previous government "stretch[ed] the conventional meaning of the Constitution; inject[ed] new ideas, new interpretations and new propositions to help lessen the obstruction that constitutional barriers offer. In constitutional matters the ALP tends to be more innovative and more ingenious than its opponents".119

116 Committee of Commonwealth/State Officials on Decentralisation, op cit, p 422
117 Ibid, p 423
118 Whitlam E G, "Cities in a Federation", in Australian Planning Institutes Journal, October 1965, p 213
119 Lloyd & Reid, op cit, p 283
In April 1968 Whitlam was at the Department of Civil Engineering in the University of Melbourne speaking about the political and constitutional problems of National Transport Planning. He asked “whether the objectives pursued by those responsible for particular modes of transport were compatible with a wider national interest”. He again highlighted the importance of the Commonwealth taking initiative and bringing all the various aspects of transport under one Commonwealth Department of State.120

In August 1968 Whitlam delivered the Max Poulter Memorial Lecture at the University of Queensland where he raised the question again of Commonwealth-State responsibilities and the function of Local Government. He argued that

The important issue is not whether the Commonwealth or a State should discharge a particular governmental function but that the governmental functions should be well discharged. Australians will continue to suffer in the quality, availability and equity of government services as long as they allow themselves to be fobbed off with the contention that such basic functions as education, health, housing and transport are solely or primarily matters for the States. They are no longer regarded as solely or primarily State or local matters in any country with which Australia compares itself.121

And further that “local councils should be recognised as an equal partner in the structure of Australian Government. The Commonwealth-State Financial Agreements initiated in 1927 should be replaced by tripartite financial agreements between the Commonwealth, the States and local governments”.122

In early September at the NSW Labor Party's Regional Conference at Granville he enlarged on this theme describing “Labor's Plan” to deal with the Commonwealth-State Financial Crisis.

121 Whitlam E G, The Max Poulter Memorial Lecture, delivered at the University of Queensland, 28 August, 1968, p 13
122 Ibid, p 14
He argued that

Differences in living standards amongst Australians are increasingly those related to the provision of public services such as hospitals, schools, recreational facilities, public transport, roads and sewerage. Only governments can provide these services. The heart of the present crisis is the refusal of the Liberal Federal Government to accept any direct responsibility for hospital and schools...and the plight of local government and semi-government bodies.

He emphasized that “A Labor Government would accept a share of direct responsibility for hospitals,” universities, roads, land development and housing finance.123

In late September Whitlam attacked the lack of urban and regional planning in his Walter Burley Griffin Memorial paper which he presented in Canberra. He considered that “States or local authorities should prepare an integrated program budget which covers the whole list of requirements for a city or region”. He argued that this process required at the local or metropolitan level a total specification of requirements [which] will force local planners to take into account the varying interests of the instrumentalities which will construct and operate facilities.124

In June of the next year, in a wide-ranging speech to the Association of Co-operative Building Societies of NSW, he discussed the problems of the housing needs of low-income families. He again referred to the fiscal dominance of the Commonwealth Government and the need for it to “use its power to see that adequate housing is made available for all Australians at prices and on terms they can afford to pay”.125 He called for a national inquiry that “would alert Australians to the needs and shortcomings of the housing industry”.126

125 Whitlam E G, Address to the *Association of Co-operative Building Societies of NSW Ltd*, at the Trocadero, Sydney, 30 June 1969, p 1
126 Ibid, p 6
A few days later, at Cabramatta he pursued the question of the relationship between Commonwealth policies and State and Local Government responsibilities. He argued that

Migration is solely and directly the responsibility of the national government. Yet migrants' needs as citizens and human beings are almost entirely met by local government, semi-government and local authorities. The basic services of roads, water, sewerage, power and recreation are provided by local and semi-government. Schools and hospitals are provided by the State governments. All local government authorities are over-burdened and their plight is ignored by Federal and State governments alike.

He concluded

There could be no clearer or so urgent a reason why Australia needs a national government which will share directly in the planning and provision for our cities and centres and for their services, schools and hospitals.127

In an address to the Annual Conference of the Building Workers' Industrial Union (NSW Branch) in Sydney in July he discussed interest rates, building codes and land prices and attacked the Liberals for engaging “in a constant campaign to off-load the responsibility for their own incompetence upon other sections of the community”.128

Whitlam was still attacking the Federal Government in August 1969 declaring that

The present Government is so apathetic towards the problems of all our cities and regional centres that it has so far ignored the request of all the State Ministers for Housing at their 1968 Conference for the sum of one million dollars to be spent on urban renewal.129

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127 Whitlam E G, Migrants and our Cities, Speech made at the Naturalisation Ceremony by Mayor of Fairfield in Civic Hall, Cabramatta, 3 July 1969, p 1
128 Whitlam E G, Address to the Annual Conference of Building Workers' Industrial Union (NSW Branch), Sydney, 14 July 1969, pp 1-2
And again in a speech on Housing, Land Development and Urban Environment he pointed out that

The 1945 [Housing] Agreement [enabled] ordinary Australians to secure housing at a cost they could afford to pay and to ensure that housing was provided in a properly planned and serviced environment. The three extensions of the agreement dropped all provisions for planning and servicing the environment.130

In the few weeks before the October 1969 Federal election for the House of Representatives he spoke to the Annual Conference of the Local Government Clerks' Association at the Department of Main Roads in Sydney. This was a wide ranging and important speech centred on the relationship between the Commonwealth and Local Government and “the prevalence of poverty in our society”.131 He discussed the perception that the Federal Labor Party was centralist arguing that a “Labor Government would not emasculate federalism as it has been emasculated under successive Liberal governments”. He devoted sometime to explaining how a Labor Government would establish a Department of Urban Affairs and the functions of that Department. It would carry out a national survey to identify areas suitable for the expansion of existing cities or the establishment of new regional centres, areas to which mineral deposits, water resources or soil fertility impart a special economic significance and areas which should be preserved for their natural beauty, historic associations, scientific interest or recreational potential. It will carry out research into all aspects of urban development and regional concentration ...In all these things it would be the government's aim not to trespass upon local rights but rather to make it possible for them to be exercised with maximum effect.132

In 1969 Tom Uren became the shadow Minister for the proposed portfolio of Urban and Regional Development with responsibilities for the development of urban policies.133

This was not a new idea for as early as January 1966 Denis Winston, the then Professor

130 Ibid, p 378
132 Ibid, pp 17-18
of Town and Country Planning at the University of Sydney, had argued that “the importance of the cities to the economic and social welfare of Australia more than demands a Minister of Urban Affairs, a Minister of Cabinet Rank”.

But despite “Whitlam's brilliant advocacy of Labor's reform program” the Party failed to gain Government in the 1969 Election. Nevertheless the largest swing against a confident Coalition was achieved with the voting share increased to 47%. The Coalition's substantial majority was cut from 39 to 7 seats. The national vote of the DLP fell to less than 6%. As Crisp wrote

> The ALP, since 1967, under Whitlam's energetic leadership ...was adapting policies and propaganda to attract and add economically and socially mobile voters to its historic working-class core of support. The Labour appeal contained more and more policies reflecting the needs and aspirations of young families in sprawling outer suburbs of the metropolises and the growing general concern with quality-of-life issues.

And in these policies and propaganda there was an “emphasis on the regions and the role of the Commonwealth Grants Commission to promote equality within the States and between the regions, as it had always done between the States”. There was a further emphasis on greater efficiency and rationality.

In June 1970 Uren, in an important speech declared

> Chaos has continued to grow in specific sectors of our community - in education, housing, roads, health and hospitalisation. But nothing has been so chaotic as the situation in our capital and provincial cities where eighty percent of our population live. We are now in the 1970s and people are demanding an answer to the chaos of urban living.

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135 McMullen, op cit, p 326

136 Crisp, 1978, op cit, p 225


And the Platform of the Federal Labor Party by 1971 echoed the fighting platform of early times when it stated that in Government the ALP would

- clothe the Parliament of Australia with such plenary powers as are necessary and desirable to achieve...the Party's economic and social objectives and to
- balance the functions and finances of the Commonwealth, State and Local Governments to ensure adequate services and development of resources and
- to include on the Loan Council a representative chosen by local government and semi-government authorities in each State.  

By April 1971 the Sydney Morning Herald supported the view that water and sewerage and pollution were problems that had to be decided at the Federal level. In June Whitlam announced that there must be an end to the "whole phoney war over States' rights [which] served to protect private affluence and public squalor...it is unrealistic to expect that real improvement in functions such as education, social welfare, urban planning, resource development and law enforcement can be achieved without a regionalisation of administration and a rationalisation of finance". He concluded

The new Federalism will rest on a National framework for the establishment of investment priorities and a regional framework for participation in all those decisions which most directly determine the quality of our lives.

But the greatest emphasis in the platform and the policy speeches was on "cities, centres, regions and local government and the social, financial and constitutional questions associated with them". For as Whitlam wrote in 1985

My Government was as much regionalist as centralist. All our ambitions for social reform - in health, in social welfare, in the environment, in education, in urban and regional development - ultimately depended on achieving a proper balance between the three levels of government. They meant spreading power to local and regional groups, giving local councils and authorities a measure of

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140 Sydney Morning Herald, Editorial, 7/4/71
141 Whitlam, 1971, op cit, p 7 and p 11
142 Ibid, p 17
143 Whitlam, 1985, op cit, p 713
independence and involving the community directly in decision-making and planning.\textsuperscript{144}

It was his intention to throw off the "demoralising effect on the Party of the bank nationalisation case and its part in the defeat of the Chifley Government". At the Curtin Memorial Lecture in 1971 he declared

\begin{quote}
The Party's negative obsession with Section 92 of the Constitution, as a barrier against nationalisation, became an alibi for its failure to devise a modern program of social democracy. The Party stagnated, the platform was stultified".\textsuperscript{145}
\end{quote}

While these views had great appeal to the Federal Parliamentary Labor Party their practical expression did not find favour in the States. The use of Section 96 and tied grants appeared to the States to seriously undermine their responsibilities and was a "deliberate attempt to convert states into mere agencies of Canberra".\textsuperscript{146} While it may be argued that it was a means of transferring power from one Parliament to another which was better able to do it the change to Whitlam's Federalism was resisted and created disunity within the Party overall. For within the ranks of the Australian Labour Party there were still those who saw their career in the Party at the State level and who were supporters of States' rights. It was clearly demonstrated by the failure of the May 1974 Referendum and the opposition of the State Premiers to the changes to the representation on the Loan Council that the States could still maintain a powerful and successful challenge to any extension of the influence of the Federal Government. The success of the referendum in May would have allowed the Federal Government to "make grants or borrow directly on behalf of local government". In this way local government could receive financial and organisational assistance from the Federal Government but it was still constrained by the control exercised by the States and lacked the independence needed to carry out some of its functions or activities. NSW was the

\textsuperscript{144} Ibid, p 712
\textsuperscript{145} Whitlam, 1986, p 181
only State to support the Local Government Association in its campaign for greater independence from the States. The attempt to give representation to local government on the Loans Council was defeated by all the State Premiers.\footnote{147}

But regionalism survived the change of Government in 1975 despite the termination of direct Federal involvement. Regionalism continued in NSW, Victoria and SA through joint funding of constituent local authorities. While all regional structures were abolished in Queensland there was a move to co-ordinate regionalism in State government departments.\footnote{148}

Regardless of the defeat of many of the Federal Labor Party's policies either within its term of Government or by changes carried out by its successor McPhail wrote in 1978

\begin{quote}
It is now clear that a federal government with total funding to local government approaching $200 million cannot ignore the need for a relationship with local government which, while acknowledging the place of the states, also recognises that local government now demands an independent status within the system.\footnote{149}
\end{quote}

\footnote{148} Ibid, p 112
\footnote{149} Ibid, p 116
Before Federation the colonies of Australia were independent of each other with their own constitutions; after self government their State Legislatures gained considerable power especially in the matter of overseas borrowing. In the discussion and framing of the Commonwealth Constitution there was an expectation that this easy access to loans would continue with each State having “the same average loans and the same average tax revenue/head”. In this way each State would be able to provide equal services to their community “so that a fair deal would be afforded to all people” Gilbert comments that

There was a moral principle involved that the Government that spends public money should have the responsibility for raising it.¹

Certainly through the period from Colonial to State Governments there was a propensity to borrow freely as in previous years and from the late 1870s until 1914 two hundred and sixty-six million pounds of British capital flowed into Australia,² part of which was used by colonial governments to build railways, roads and provided the social infrastructure for the expanding settlements.³

At this time State Governments were “dominant and confidant”. At the Federal level there was now a Government who accepted responsibilities for tasks that were “inconvenient or impossible [for the States] to administer adequately themselves”.⁴ At the local level councils of citizens were delegated to provide streets, roads and water

² Cochrane P, Industrialisation and Dependence, Queensland, University of Queensland Press, 1980, p 31
⁴ Spann R, Public Administration in Australia, Sydney, NSW Government Printer, 1975, p 225
services; tasks the States did not want to carry out. These councils did not have any constitutional status as they were eventually formed in NSW under the Local Government Act, 1919. As early as 1873 they were “said to be almost a million pounds in debt” and their position was to remain weak. For despite the formation of the Local Government Act they still lacked the authority of similar organisations in other countries and were dependant on the State Government.

From Federation and until 1910 the State Governments remained dominant in the three tiers of Government as they retained “taxable capacity well in excess of their needs”. For these ten years the Commonwealth was obliged under Section 87 (the Braddon Clause) to return to the States three-quarters of the revenue derived from customs and excise. And under Section 94 the Commonwealth was also obliged to pay to the States any surplus from its share after the Commonwealth's needs were met. However from 1906 the Commonwealth Government, as a guard against unforeseen needs, put the surplus from its share into a trust fund. This action was upheld by the High Court in 1908. This was the first of several interpretations of the Constitution by the High Court which contributed to the erosion of the State's fiscal independence. The meetings, which in the future became known as the Premiers' Conferences, took place between the Premiers and the Prime Minister in order to resolve contentious issues. In the case of the trust fund the Commonwealth agreed to pay per-capita grants to each of the States. In addition special assistance grants were paid to Western Australia from 1910-11 and

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1 Winston D, *Sydney's Great Experiment*, Sydney, Angus & Robertson, 1957, p 22
Tasmania from 1912-13 as these States were too poor to maintain those equal standards of service to their community envisaged by the founders of the Federation.⁹

But the fiscal relationship was changed by the determination of the Fisher Labor Government in 1910 to expand the role of the Commonwealth Government,¹⁰ and the introduction of Per Capita Grants and initial Financial Agreement of 1927-42. However the most important changes were achieved through the Uniform Taxation Reimbursement Period from 1942-1959 and the Uniform Taxation Financial Assistance period from 1959.¹¹ The rapid economic growth in Australia in the 1950s and 1960s placed additional financial burdens upon both State and Local Governments. By 1970 the consequences of the changing financial relationships were seen by many academics and politicians as creating an “illogical and unworkable division of power and responsibilities”. Most obviously the financial effects of the Federal arrangements were responsible for the continuing and protracted disputes between the three levels of Australian Government, Federal, State and Local.¹²

The foundation for these arrangements was laid as early as 1910 when the Federal Labor Government introduced the Land Tax and Land Tax Assessment Acts. The Land Tax was a progressive tax imposed to break up big estates with an unimproved capital value of land greater than ten thousand dollars.¹³ This revenue plus the Bank Notes Tax of 1910 enabled the Commonwealth to establish the Australian Navy Squadron and the Royal Military College.¹⁴ In 1911 the Commonwealth Bank Act was passed giving the Commonwealth an extra tool in the management of its financial relationship with the
The Commonwealth also provided invalid and old age pensions and maternity allowances. State postage systems were replaced by the Commonwealth Post Service; the Seat of Government Administration Act established Canberra as the National Capital; the construction of the railway line from Port Augusta to Kalgoorlie commenced and the Commonwealth Arbitration Court's powers extended.  

But it was the entry of Australia into the World War One which enabled the Government to expand its economic activities. Controls were imposed over the wool, wheat and sugar industries and the Commonwealth shipping line established. In 1915 the Commonwealth introduced its own income tax on “personal income in excess of three hundred and twelve dollars a year with higher rates for property income”. Taxes were raised on deceased estates and entertainment and the Commonwealth entered the loan market. By June 1919 the public debt amounted to five hundred and seventy-six million dollars and included one hundred and seventy-two million from the British Government. The Commonwealth now came into direct competition with the States who continued to be heavy borrowers on the overseas markets with an increase of one hundred and thirty-two million dollars on the London market. The competitiveness which resulted from seven States entering the market individually was overcome when the Commonwealth became the overall borrowing authority for most of the States in 1916 and 1917.

During the 1920s the Nationalist-Country Party Government made serious attempts to abolish grants to the States in return for withdrawing from the income tax field. However these efforts failed due to the continuing dependence of Western Australia and Tasmania on special grants. The Country Party's interest in building roads in the country

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15 Mathews and Jay, op cit, p 88
14 Crowley, op cit, p 305
17 Mathews and Jay, op cit, p 89
18 Ibid, p 91
19 Ibid, p 92
led to the Commonwealth making special grants available to the States for the
development of main roads. It was even more difficult to diminish the financial
relationships between Commonwealth and States because they were all involved in
borrowing programs. The Commonwealth had to meet the demands of the war debt,
soldier settlement, migration and development.20 The States were committed to soldier
settlement and development of rural areas.21 Chaos ensued as seven Governments and
various semi-government bodies competed for funds and it was 1923-4 before some
control was brought to the situation by the establishment of the Loans Council.22
Eventually the States submitted to the 1927 Financial Agreement which defined the
powers and functions of the Loan Council. With the 1928 referendum Section 105A of
the Constitution was amended and gave the Commonwealth power over the States and
their public debts.23

So that since World War I the fiscal relationship between the States and the
Commonwealth has meant that the States, have become dependent on the
Commonwealth for financial transfers to carry out their responsibilities. Prest contended
that “[This has] clearly create[d] a climate of political discord and generate[d] a high
frequency of acrimonious debate among the various governments”24 with the result that
economic resources are not allocated to meet the greatest needs.

20 Ibid, p 98
21 Radi H, “1920-29”, in Crowley F K (ed), A New History of Australia, Melbourne,
Heinemann Educational Australia, 1990, pp 361-2
22 Schedvin C B, Australia and the Great Depression, Sydney, Sydney University Press,
1970, pp 91-92
23 Spann, op cit, p 164
24 Prest, “Fiscal Adjustment in the Australian Federation Vertical Balance”, Mathews R
(ed), Intergovernmental Relations in Australia, Sydney, Angus and Robertson
Publishers, 1974, p 197
Writing in 1971 he commented that

It is surely extra-ordinary that for over twenty years the provision by the States of schools, hospitals and even sewage works has had a lower priority than the repayment of the Commonwealth debt, most of it carrying low interest rates and half of which, in real terms, would have been wiped out by inflation anyway.25

Gates argued that this situation is not “an inevitable consequence of the division of powers in the Constitution” and that both governments have had many opportunities to resolve the situation but have failed to do so. He concluded that “barriers to the full correction of vertical imbalance are neither technical or economic but stem from a lack of resolve at the political level”.26 He supported his argument by pointing to the acceptance by the States of a yearly payment of twenty-five shillings per head of population as a replacement for the Braddon Clause. In the same year the States did not oppose the introduction of a land tax by the Commonwealth27 and there was limited opposition to the entry of the Commonwealth into the income tax field during the War. Summers argued that there was little gain for the States in the proposed Financial Agreement of 192728 but they had a short term advantage in the “relief from their existing obligations and a 50 percent federal contribution to a sinking fund on new debt”.29

But it was a very short-term relief for by mid 1929 and in the early months of 1930 there was “a rapid depletion of London funds”. Schedvin argued that this was the first sign of the Great Depression30 which was to affect the lives of many thousands and the relationship between State and Federal Governments inevitably causing a “bitter

25 Ibid, 197
27 Ibid, p 160
28 Summers, op cit, p 100
29 Gates, op cit, p 160
30 Schedvin, op cit, p 7
political struggle". In November 1929 when the Labor Party came to power overseas borrowing was almost at a standstill due to the depression in England and Australia. The consequent drop of three hundred million pounds in funds meant the loss of spending power, increased unemployment and an inability to meet the payments for imports and interest. The prices for wheat, wool, beef, sugar, flour and mutton halved between 1928-29 and 1931-2 annihilating the gains the Government had hoped from the greatly increased production and record exports.

Unemployment grew from 19.3 percent in 1930 to 29 percent in 1932 when more than a quarter of a million workers were unable to find work and Australia's short-term debt in London as at 31 December 1929 was 23,134,000 pounds which increased to 38,353,000 pounds by August 1930. In May 1931 Prime Minister Scullin declared that "it was necessary to balance budgets so as to restore confidence so as to provide employment; and provide employment to balance budgets". And the controversy on how to do it waged fiercely particularly about the NSW Premier Lang's proposal to "reduce costs and balance budgets by cutting down interest payments". On 15 March 1931 a determined Lang refused to pay the 221,000 pounds due on a loan used for closer settlement. The Commonwealth Government determined that under the Financial Agreement the NSW Government was obliged to meet the interest payments.

The power of the Loan Council was evident when the Commonwealth acted against the New South Wales Government for recovery of the payment and withdrew other regular

33 Shaw, op cit, p 151
34 Schedvin, op cit, p 115
35 Ibid, p 139
36 Robertson, op cit, p 420
37 Shaw, op cit, p 152
38 Schedvin, op cit, p 233
payments under the Financial Agreement and grants for Roads. Furthermore in July when Lang approached the Loan Council for additional financial assistance this was only given on condition he resumed the State's interest payment. In the early 1930s when long term capital had dried up the only way the States could finance their deficits and expenditure for public works was through Treasury Bills issued by the Commonwealth Bank on the authority of the Loan Council. In April 1931 the Bank refused financial assistance in excess of one hundred million dollars, a critical factor as some Governments' loans were already close to that amount. Later in April the Loan Council decided that “balanced budgets must be achieved by June 1934”. In the face of the Commonwealth Bank's decision and the determination of the Loan Council the Premier's Plan was formed at the three weeks Premiers' Conference held in May.

The Plan, which was passed with little opposition, meant that all government expenditure would be cut by twenty per cent including pensions, welfare benefits and public service salaries. Government loans were converted with a cut in interest of twenty-two and a half per cent. Commonwealth and State taxation was increased and bank interest rates reduced. The total savings were expected to be twenty-five million pounds which would reduce the deficit to about fourteen million pounds. During the last months of 1931 the economic situation improved, with the depreciation in the exchange rate. Due to the Plan Government budget deficits were less and the balance of payments was favourable. But unemployment increased as did the London floating debt. And politically there were losers. The Scullin Government was defeated in the

39 Ibid, p 234
41 Mathews and Jay, op cit, p 145
42 Robertson, op cit, p 427
43 Schedvin, op cit, p 249
44 Mathews and Jay, op cit, p 148
45 Robertson, op cit, p 428
December 1931 elections\textsuperscript{46} and was succeeded by the United Australia Party under the leadership of previous Labor Party member J A Lyons.

But the great survivor was the Loan Council. As Schedvin wrote “the Loan Council became the formal instrument through which many of the major decision on external and internal finance were taken”. As it increased in importance so did the Commonwealth Treasury while the importance of the State Treasuries declined. As the Loan Council only met three or four times a year the Commonwealth Treasury took on the day to day administrative work of the Council at the same time attracting better informed and more competent officers able to meet the new challenges.\textsuperscript{47} The Loan Council is seen as Australia's unique contribution to federal finance in the control of the fiscal anarchy of the 1930's and in its continuing role as the co-ordinator of public investment and economic planning.\textsuperscript{48} In May 1936 its influence was extended under the “Gentlemen’s Agreement” to approval for semi-government and local government loans exceeding two hundred thousand dollars.\textsuperscript{49} The Commonwealth Bank also expanded its role to become a central bank with control over gold reserves, exchange rates and international reserves.\textsuperscript{50}

The Depression worsened under the Lyons Government and continued to be a source of considerable dissension between some States and the Commonwealth. As a result of Lang's second attempt to default on overseas interest payments the Lyons Government passed the Financial Agreements Enforcements Acts (Nos 1,2,3 and 4) which were known as the Garnishee Acts. In this way the Commonwealth could “sue a State in default under the Financial Agreement”. The NSW, Victorian and Tasmanian

\textsuperscript{46} Ibid, p 428
\textsuperscript{47} Schedvin, op cit, pp 375-6
\textsuperscript{49} Mathews and Jay, op cit, p 151
\textsuperscript{50} Schedvin, op cit, p 376
Governments challenged the Acts in the High Court but again the Court found in favour of the Commonwealth. It held

that Section 105A of the Commonwealth Constitution made obligations incurred under the Financial Agreement binding upon the States, notwithstanding any provisions of their constitutions.\(^{51}\)

Despite every effort to forestall this decision Lang was eventually dismissed from office by the State Governor, Sir Phillip Game.\(^{52}\) In Western Australia, hard-hit by falling export prices on wheat, a referendum showed that two-thirds of the electorate were in favour of secession from the Commonwealth. The State Government forwarded a petition to the British Government which eventually went to a Joint Select Committee of both Houses in 1934. The judgment of the Committee was that

the petition was not proper to be received, that only the Imperial Parliament could legally dissolve the Commonwealth and that it could only do so constitutionally with the consent of a Commonwealth Parliament.\(^{53}\)

In an effort to ameliorate the problems in Western Australia the Commonwealth in 1932-33 made emergency payments from revenue of more than five million pounds to wheatgrowers and others to support these important export industries. The Loan Fund also provided more than two and a half million pounds for unemployment relief works. While the financial position of the Commonwealth continued to improve that of the States did not. In 1934-5 the Commonwealth made four million dollars available to the States on a per capita basis and repeated this in 1935-6.\(^{54}\) Under the Financial Agreement interest payments continued to be made and the sinking fund contributions increased. After a decline in 1932-3 Federal Aid Roads grants were increased.\(^{55}\)

\(^{51}\) Mathews and Jay, op cit, p 157  
\(^{52}\) Robertson, op cit, p 429  
\(^{53}\) Mathews and Jay, op cit, p 159  
\(^{54}\) Ibid, p 153  
\(^{55}\) Ibid, p 152
More importantly the Bill for the appointment of the Commonwealth Grants Commission was approved by the Commonwealth Government hard on the heels of the Western Australian Secession bid. Special grants had been to South Australia, Tasmania and Western Australia as the "claimant" states. The Commission's procedures were refined over the years so that by its third Report in 1936 it was decided that "its sole basic criterion" for justifying the approval of special grants was

when a State through financial stress from any cause is unable efficiently to discharge its functions as a member of the Federation and should be determined by the amount of help found necessary to make it possible for that State by reasonable effort to function at a standard not appreciably below that of the other states.

Although the Grants Commission is not a policy making body nevertheless it could be argued that in its assessment of a State's needs it could influence the State's eventual policy decisions. State policy making was further influenced by the establishment in 1934 of the Australian Agricultural Council which was formed to rehabilitate the depressed agricultural industries of the country. In 1940 the Commonwealth further expanded its control over the States by the appointment of the Co-ordinator General of Works. Initially it was his responsibility to restrict any works which did not contribute to the War effort and later he co-ordinated work's priorities with financial resources.

However with the advent of World War II the financial condition of the States took a turn for the better. Unemployment declined and with it the demand for relief; resources were directed away from social infrastructure to the war effort so that by 1941-42 the States' budgets were in surplus. However the Commonwealth was already expanding its taxing powers with the introduction of the gold tax, payroll tax and gift duty. But the

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56 Crisp, op cit, p 114
57 Ibid, p 117
58 Ibid, p 116
59 Mathews and Jay, op cit, p 161

Fiscal Dilemma Page 214
real blow to the States was the introduction of uniform income tax and the tax reimbursement grants. Mathews and Jay wrote that

Inevitably there is controversy between the Commonwealth and the States as to whether these grants are an adequate and fair substitute for the taxes forgone by the States, and this controversy is the most important feature of post-war financial relations between the Commonwealth and the States.\(^{60}\)

As with the Loan Council the aim of the Uniform Income Tax Acts was to control the States by imposing order on the chaos of the Australia income tax system as practised by the States and to control their expenditure on projects which were not directed to the war effort. A high rate of income and company tax was set by the first Act and the authority to collect these taxes rested in Sections 51(ii) and 109 of the Commonwealth Constitution. Under the third Act the States were to be re-imbursed for their loss of revenue through the payment of grants. The fourth Act empowered the Commonwealth to take over the tax collecting facilities of the States on the “basis of defence power”.\(^{61}\) Victoria, Queensland, South Australia and Western Australia unsuccessfully challenged the legislation in the High Court.\(^{62}\) Again, in the short term, the States benefitted from the fixed re-imbursement grants, some even “accumulated fairly large surpluses”.\(^{63}\) Net interest payments for the State and Local governments declined and by 1942-3 their revenue had increased.

For the Commonwealth it was a different story with the increase in defence expenditure. In 1938-9 defence expenditure was only 1.4 percent of the gross national product by 1942-4 it had increased to 36.7 percent and did not decrease until 1946-47 when it returned to 2.5 percent.\(^{64}\) At that time there was an increase in cash social benefits. These benefits commenced with the Menzies Government's child endowment in 1941

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60 Ibid, pp 3-4
61 Summers, op cit, p 101
62 Spann, op cit, p 158
63 Gates, op cit, p 161
64 Mathews and Jay, op cit, p 164
which was financed out of the new Payroll tax. The Labor Government in 1942 introduced the widows' pension, the Unemployment and Sickness Benefits Act and the Education Act. A successful referendum in 1946 gave the Commonwealth power under Section 51 to "legislate for social services". This comprehensive program was financed from consolidated revenue and achieved the Labor Party's aim to redistribute income and relieve the States of any responsibility in these matters. In 1945 changes were made to the Commonwealth Bank Act which expanded the organisation's function to that of a central bank while still continuing its role as a trading and savings bank. More importantly it brought the Bank under the control of the Commonwealth so that there could be no recurrence of the Bank holding the Commonwealth or the States to ransom as it did in the Depression.

In 1946 new Commonwealth legislation ensured that the exclusive control of income tax would not return to the States. This fuelled the ongoing complaint against the inequities of the Commonwealth's financial relationship with the States. It became a matter of concern for Local Government and the homeowners as they came to realise the importance of this financial relationship. In 1947 the Australian Council of Local Government was established. For Local Government was conscious of the growing dominance of the Commonwealth in the financial field. For Local Government, it was no longer a struggle for survival with the States, but one with the States plus the Commonwealth.

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66 Mathews and Jay, op cit, p 170
67 Bolton, op cit, p 480
69 Crisp, op cit, p 118
For similar problems were created for both State and Federal Governments by the increase in population created by post-war immigration and public works, the rising costs of government services and finance controlled by the Commonwealth Government. From 1947-8 retail prices increased from 6 per cent to 23 percent in 1951-2 while wages kept pace with prices. In the face of this inflation State Government budgets were unable to cope with increasing wages, costs of materials and equipment.\(^1\) The tax re-imbursement formula introduced in 1946-47 failed to resolve their problems.

As Mathews and Jay wrote “in reviewing the budgetary position of Commonwealth and States governments at this time, it needs to be said that the policies followed by both levels of government did little to restore economic equilibrium”. The Federal Labor Government was unsuccessful in reducing inflation and under the Menzies Government “the value of money fell faster than ever”.\(^2\) Mathews and Jay continued “the States tended to seek an easy way out of their budgetary difficulties, by endeavouring to negotiate increased grants from the Commonwealth Government rather than by fully exploiting the revenue sources under their own control”. Grant agreed. He considered that the history of the subsequent twenty-five years has produced little that is new in the attitude of the States...There has been talk of principles, but practice has concerned itself with the quantum and distribution if Federal grants. The short term has held sway. It has been the triumph of expediency”\(^3\).

Over the next twenty years these conditions ensured that the Commonwealth’s fiscal superiority increased with the growth of its tax on higher wages. When the Menzies Government came to power in 1949 it maintained high levels of taxation which were greatly in excess of their needs. In 1950 the Menzies Government changed the tax from

\(^1\) Mathews and Jay, op cit, p 198

\(^2\) Ibid, pp 199-200

\(^3\) Gates, op cit, p 168
"continuously rising margin rates to a stepped rate structure" with concessional rebates. Except for the recession years of 1959/1960 and allowing for some changes made in 1954-55 income tax has provided steadily increasing revenue as can be seen in the following tables. 

Table 1

Commonwealth Authorities Revenue
(As a percentage of Gross National Expenditure)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Taxes</td>
<td>10.98</td>
<td>10.69</td>
<td>9.61</td>
<td>11.36</td>
<td>13.51</td>
</tr>
<tr>
<td>Estate and Gift Duties</td>
<td>0.27</td>
<td>0.22</td>
<td>0.23</td>
<td>0.24</td>
<td>0.27</td>
</tr>
<tr>
<td>Indirect Taxes</td>
<td>8.66</td>
<td>7.94</td>
<td>8.08</td>
<td>7.17</td>
<td>7.33</td>
</tr>
<tr>
<td><strong>Total Taxation</strong></td>
<td><strong>19.91</strong></td>
<td><strong>18.85</strong></td>
<td><strong>17.92</strong></td>
<td><strong>18.78</strong></td>
<td><strong>21.11</strong></td>
</tr>
</tbody>
</table>

Table 2

State and Local Authorities Revenue
(As a percentage of Gross National Expenditure)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Estate and Gift Duties</td>
<td>0.41</td>
<td>0.43</td>
<td>0.49</td>
<td>0.46</td>
<td>0.46</td>
</tr>
<tr>
<td>Local Government Rates</td>
<td>0.96</td>
<td>1.05</td>
<td>1.20</td>
<td>1.22</td>
<td>1.23</td>
</tr>
<tr>
<td>Other Indirect Taxes</td>
<td>1.49</td>
<td>1.63</td>
<td>2.07</td>
<td>2.30</td>
<td>2.74</td>
</tr>
<tr>
<td><strong>Total Taxation</strong></td>
<td><strong>2.87</strong></td>
<td><strong>3.11</strong></td>
<td><strong>3.76</strong></td>
<td><strong>3.97</strong></td>
<td><strong>4.43</strong></td>
</tr>
</tbody>
</table>

Source: 

74 Gates, op cit, p 168
75 Ibid, pp 300-301
Despite these huge differences in revenue most States failed to use the additional tax capability made available when the Commonwealth abolished its land tax and entertainment's tax in 1952 and 1953. The 1957 High Court decision in the second Uniform Tax Case required the States "to abstain from imposing income tax, as a condition of obtaining the grants which the Act provided". The inference drawn by many was that the Court left State Governments, through the grants, "increasingly subject to the influence of Commonwealth". At the same time a new problem arose when Victoria and Queensland, both previously non-claimant States, applied for grants from the Commission. A special Premiers' Conference was then scheduled for March 1959 where, according to Prime Minister Menzies, the Conference would discuss uniform taxation and "indeed the whole tangled problem of Commonwealth-State financial relations". Premier Bolte of Victoria wrote in the Melbourne Herald earlier in December 1957 that "Victorians pay more than they ever get back. Our yearly loss can vary between thirty and sixty million pounds". Prime Minister Menzies' view was "that the government who spends the money ought to raise it". No agreement was reached on this principle as Tasmania and Western Australia were satisfied with the current arrangements.

At the second conference held in June 1959 a new financial package was put forward by the Commonwealth an important feature of which was that the grants to each State did not depend on the amount of tax collected from that State. The tax reimbursement grants were to be replaced by the financial assistance grants. After 1959-60 the increase in the grants would be calculated from annual increases in population, the average

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76 Gates, op cit, pp 162-3
78 Ibid, p 102
79 Ibid, p 103
80 Ibid, p 104
increases in the level of wages and a betterment factor of 10 per cent. Only Western Australia and Tasmania were to remain claimant states. Uncertainty about the size of the grants was removed because they were to be automatically included in the appropriations bill and there were no conditions on how the States spent their grants. However the States were compelled under the new arrangements to continue to collect payroll tax. It was not until the Premiers' Conference of 1971 that the levying of payroll tax became the exclusive right of the States. Local Government under this agreement was to be exempt from the tax and the Commonwealth agreed to reimburse the States for this loss of revenue.

Throughout the 1950s and 1960s because of the continuing fiscal imbalance between the Commonwealth and the States increased use was made of Section 96 of the Constitution which dealt with specific purpose grants to the States. The important difference between these grants and the general purpose grants was that they were provided under terms and conditions which allowed the Commonwealth influence over areas which were primarily the States' constitutional responsibility. Grants were made for "land settlement, roads, education, housing, hospitals, railways, water and electricity supplies, agricultural research and development". As Shaw wrote:

The Commonwealth not only controls to a large extent the total amount of revenue [the States] received, through its decision on the size of the grant it will make, but which if it wished could probably impose on these grants conditions other than the existing one that no State shall levy income tax.

However these grants provided very little assistance to Local Government who was entirely responsible for just over three-quarters of the Australian Roads system. The

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81 Mathews and Jay, op cit, p 241
82 Reid, op cit, p 104
83 Reid, op cit, p 104
84 Gates, op cit, p 163
85 Summers, op cit, p 102
86 Shaw, op cit, p 180
Local Government Council called for "an entirely new approach, placing a greater proportion of the cost on the road-user and to that extent relieving the over-burdened property-owner". But the NSW Government was dis-interested in the proposition for the States who raised about one-third of the country's road funds allocated ninety percent of the Federal Road Grants to rural areas. And the Federal Government also spent ninety percent on rural roads. As a result there were complaints from most urban areas. In Wollongong the roads were of a particularly poor standard as they were used by the heavy traffic from the industrial complex at Port Kembla and had not kept pace with the increase in population and number of vehicles. In February 1964 the Lord Mayors of six capital cities wrote to the Federal Government and complained about the "demands for roadway construction and reconstruction caused by increasing motor vehicle populations". They declared,

The position is that these increasing burdens, often the outcome of direct governmental policy have to be borne by local governing bodies without a proportionate increase in the finance available to them and the burden is becoming insupportable.

And at many levels there were increasing complaints against the performance of the Federal Government and general dissatisfaction with the Federal/State/Local Government financial relationship.

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87 Mainerd and Luke, op cit, pp 13-14
89 Town Planners Annual Report, 1959, p 9, UWA D16 Box 114
90 Whitlam, op cit, p 419
Earlier in August 1961 at the inaugural meeting of the Regional Conference of Progress Associations the main proposal was that

Ten percent of Federal revenue should be granted outright to Local Government, that a special grant of ten million pounds be allocated immediately to the States for distribution to Local Government; that there be an early review of the whole of the Federal-State-Local Government financial relations; and that payroll tax should be abolished for Local Government bodies and that rates should be paid on Federal and State properties.91

In 1965 The Socialist and Industrial Labor declared

Local Government Rates and Water Rates are constantly on the increase. Those hardest hit are the workers on low and middle incomes. The Federal Government places most of the responsibility for local amenities on the State and Local Government authorities. This fact, plus the huge interest accruing at the Local and semi-government level makes rates high.92

A very good view of the imbalance between the Commonwealth, State and Local Government Finances and Responsibilities can be seen from the following table which was prepared by Mathews and Jay.

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92 Socialist and Industrial Labor, September 1965, p 5
Table 3
Australian Public Authority Finances, 1967-8
($ million)

<table>
<thead>
<tr>
<th></th>
<th>C'wealth</th>
<th>State</th>
<th>Local</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Receipts</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Taxation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income Taxes</td>
<td>3031</td>
<td>-</td>
<td>-</td>
<td>3031</td>
</tr>
<tr>
<td>Customs and Excise</td>
<td>1167</td>
<td>-</td>
<td>-</td>
<td>1167</td>
</tr>
<tr>
<td>Other transaction taxes</td>
<td>652</td>
<td>563</td>
<td>11</td>
<td>1226</td>
</tr>
<tr>
<td>Property taxes</td>
<td>-</td>
<td>76</td>
<td>312</td>
<td>388</td>
</tr>
<tr>
<td>Death and gift duties</td>
<td>63</td>
<td>119</td>
<td>-</td>
<td>182</td>
</tr>
<tr>
<td><strong>Total Taxation</strong></td>
<td>4913</td>
<td>758</td>
<td>323</td>
<td>5994</td>
</tr>
<tr>
<td>Gross income of enterprises</td>
<td>339</td>
<td>539</td>
<td>83</td>
<td>961</td>
</tr>
<tr>
<td>Intergovernmental grants</td>
<td>-1312</td>
<td>1231</td>
<td>81</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net revenue for own functions</strong></td>
<td>3940</td>
<td>2528</td>
<td>487</td>
<td>6955</td>
</tr>
<tr>
<td><strong>Net borrowing</strong></td>
<td>26</td>
<td>791</td>
<td>128</td>
<td>945</td>
</tr>
<tr>
<td><strong>Total funds available</strong></td>
<td>3966</td>
<td>3319</td>
<td>615</td>
<td>7900</td>
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</table>

**Outlay**

Expenditure on goods and services

<table>
<thead>
<tr>
<th></th>
<th>C'wealth</th>
<th>State</th>
<th>Local</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>War and Defence</td>
<td>1056</td>
<td>-</td>
<td>-</td>
<td>1056</td>
</tr>
<tr>
<td>Law, order and public safety</td>
<td>13</td>
<td>176</td>
<td>-</td>
<td>189</td>
</tr>
<tr>
<td>Education</td>
<td>40</td>
<td>792</td>
<td>-</td>
<td>832</td>
</tr>
<tr>
<td>Health, welfare, cultural</td>
<td>69</td>
<td>402</td>
<td>72</td>
<td>543</td>
</tr>
<tr>
<td>Transport and Communication</td>
<td>450</td>
<td>457</td>
<td>243</td>
<td>1150</td>
</tr>
<tr>
<td>Power, fuel, light</td>
<td>42</td>
<td>310</td>
<td>72</td>
<td>424</td>
</tr>
<tr>
<td>Water supply, sewerage</td>
<td>10</td>
<td>148</td>
<td>50</td>
<td>208</td>
</tr>
<tr>
<td>Other</td>
<td>462</td>
<td>393</td>
<td>115</td>
<td>970</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2142</td>
<td>2679</td>
<td>552</td>
<td>5372</td>
</tr>
</tbody>
</table>

Of which

<table>
<thead>
<tr>
<th></th>
<th>C'wealth</th>
<th>State</th>
<th>Local</th>
<th>Total</th>
</tr>
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<tbody>
<tr>
<td>Current</td>
<td>1559</td>
<td>1338</td>
<td>148</td>
<td>3045</td>
</tr>
<tr>
<td>Capital</td>
<td>583</td>
<td>1340</td>
<td>404</td>
<td>2327</td>
</tr>
<tr>
<td><strong>Total goods &amp; services</strong></td>
<td>2142</td>
<td>2678</td>
<td>552</td>
<td>5372</td>
</tr>
</tbody>
</table>

Transfers of income

<table>
<thead>
<tr>
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<th>C'wealth</th>
<th>State</th>
<th>Local</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Net interest paid</td>
<td>9</td>
<td>468</td>
<td>63</td>
<td>540</td>
</tr>
<tr>
<td>Cash social service benefits</td>
<td>1295</td>
<td>30</td>
<td>-</td>
<td>1325</td>
</tr>
<tr>
<td>Grants and subsidies</td>
<td>361</td>
<td>32</td>
<td>-</td>
<td>393</td>
</tr>
<tr>
<td>Net Advances</td>
<td>159</td>
<td>111</td>
<td>-</td>
<td>270</td>
</tr>
<tr>
<td><strong>Total outlay</strong></td>
<td>3966</td>
<td>3319</td>
<td>615</td>
<td>7900</td>
</tr>
</tbody>
</table>

Source, ""

"" Mathews and Jay, op cit, p 11
Mathews and Jay wrote that

Under existing arrangements...State and local authorities are unable to discharge [their] responsibilities because of the limitations on their power to raise taxes or to borrow for capital works. This is the fundamental defect in existing federal financial arrangements and it has nothing to do with the adequacy or rate of growth of State and local expenditures on the one hand and Commonwealth grants on the other.94

This is even more clearly illustrated in the following table

Table 4
Taxes as a % of GDP at factor Cost

<table>
<thead>
<tr>
<th>Year</th>
<th>Commonwealth</th>
<th>State</th>
<th>Local</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>1963-1964</td>
<td>20.2</td>
<td>3.1</td>
<td>1.5</td>
<td>24.7</td>
</tr>
<tr>
<td>1966-1967</td>
<td>22.1</td>
<td>3.3</td>
<td>1.5</td>
<td>26.9</td>
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<tr>
<td>1968-1969</td>
<td>22.7</td>
<td>3.5</td>
<td>1.5</td>
<td>27.7</td>
</tr>
<tr>
<td>1971-1972</td>
<td>24.0</td>
<td>4.3</td>
<td>1.4</td>
<td>29.7</td>
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</tbody>
</table>

Source: 95

By the mid 1960s as popular protests increased the problems of Local Government assumed a greater importance with many organisations. In NSW the Royal Commission Report on Local Government recommended that

The present system of Local Government be maintained on its present democratic basis and strengthened so that it will be more capable of meeting the increased demands of society to-day.

To achieve this the Commission argued that rates on land should not be the only means of raising revenue and that a Poll Tax should be imposed on non-ratepayers. The Commission based its argument on the “ability to pay”. They considered that “the

94 Ibid, p 307
problem with the rates are that it does fall with undue burden on the low income groups within the community”.

And in 1968 the Communist Party entered the fray arguing that “there is growing discontent with the high level of rating in Local Government...Practically all Councils have condemned the present method of financing Local Government as antiquated, outmoded and unjust. For a city such as Greater Wollongong with its rapid industrial growth, population explosion, it is nothing short of catastrophie”.

The Party considered that major industrial firms had the ability to pay for;

- BHP had a special rating which was not collected by the Council in 1965.
- BHP received electricity direct from the Electricity Commission and therefore does not pay the Illawarra County Council.
- BHP does not have its industrial area sewerage connected to the Water Board mains and therefore avoids paying $250,000 to the Water Board each year.
- BHP is supplied with water at a cheaper rate.
- The Coal Mining Industry pays only 55% of its revenue to the Wollongong Council.
- Federal and State Governments do not pay rates to local councils for land they occupy.

None of this information was new as special arrangements were made by Federal and State Governments to encourage industry to the Illawarra. But they acquired a new significance as both State and Local Government finances drifted into crisis. The Party proposed a substantial programme of works for the Illawarra but was “absolutely oppos[ed]” to Poll Tax.

However new arrangements were made at the June 1970 Premiers' Conference when an interest free capital grant of two million dollars was made by the Commonwealth to the States for housing and works with a similar commitment for each of the next five years.

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96 Report of the NSW Royal Commission on Local Government Finance, 1967
97 _A Policy for Local Government_, Printed by the Tribune on behalf of the Communist Party of Australia, Wollongong, 1968, p 1
98 Ibid, p 2
A grant was also made to pay the States' debt charges of two hundred million dollars and this grant was also available for the next five years. Although, by 1971, there were some minimal changes to Local Government finances with the introduction of the Local Government Assistance Fund and increases in Commonwealth Aid Road Grants the Ratepayers' Association of New South Wales proposed "a new tax to finance Councils". This was rejected by the Executive of the Local Government Association who declared that

We want the Commonwealth Government to play its part and help ratepayers by making a contribution to Local Government through the State. This is a practical and realistic approach and there is no legal barrier to prevent it being implemented to-morrow.\textsuperscript{100}

In 1971 an important seminar was held in Canberra on Intergovernmental relations. It was important because E G Whitlam, speaking as the Leader of the Opposition and the Australian Federal Labor Party, presented the Party's policy on New Federalism. In this he described how a Federal Labor Government would resolve the problems of the three tiers of Government. The other contributors to the Seminar were leading economic specialists but they confined themselves to the question of the fiscal relationship between the States and Federal Government.

J W Neville, Head of the School of Economics at the University of New South Wales, agreed that with the current state of their finances the "States clearly have not enough taxing powers to provide the revenue necessary to carry out their responsibilities ...and are dependent on grants from the Commonwealth". In his opinion this means "that it is difficult for electors to determine who is responsible for the unsatisfactory provision of

\textsuperscript{99} Jay W R C, "Commentary on W Prest's paper", in Mathews R (ed), \textit{Intergovernmental Relations in Australia}, Sydney, Angus and Robertson Publishers, 1974, p 212

\textsuperscript{100} Local Government Association Bulletin No 3, 30 April 1971
State services”. It also leads to relative over-spending on services provided by the Commonwealth.101

Neville wrote in detail on the consequences of returning income tax to the States which in the view of many commentators would rid the Commonwealth of the necessity to provide grants and would provide the States with a growth tax and make the States responsible for any deficiencies in the services for which they have responsibility. Neville considered that to be effective the transfer to the States would have to be fifty percent of the tax rate.102

However he was concerned that the States, who were not responsible for stabilizing the economy and who were faced with unlimited needs would not be averse to spending all the money they receive. Neville then canvassed various options for controlling State expenditure so that part of the income tax could be returned to the States.103

In reply B R Williams, Vice Chancellor and Principal of the University of Sydney, considered that changes that might occur as a result of returning half of the income tax levy to the States could be controlled by “a strengthening of macro-monetary policy” but he doubted that the return of income tax powers to the States “would solve many problems in local and semi-government financing”.104


102 Ibid, p 122

103 Neville, op cit, p 129

R C Gates, Professor of Economics at the University of Queensland agreed that

the present imbalance between the division of responsibilities and the division of resources is unsatisfactory ...[and] the situation would be better if the States were to meet the substantially greater proportion of their present expenditure from the proceeds of their own taxation.\(^\text{105}\)

He argued that there is an “abundance of growth tax” such as company income tax, estate duty, gift duty, the introduction of a personal net worth tax, a value added tax and increased taxes on motor fuels. He estimated that in this way State tax revenue could raise two thousand million dollars and reduce the need for federal grants.\(^\text{104}\)

G Sawer, Professor of Law at the Australian National University, also discussed a number of possibilities for State taxation including transactions of employment taxes, taxes on payments and receipts, on documents, franchise taxes, taxes on service industries, consumption taxes and perhaps a value-added tax.\(^\text{107}\)

W Prest, Emeritus Professor of Economics at the University of Melbourne, considered

the peculiar problems of federal finance ...arise... precisely because the States are not legally subordinate units in a governmental hierarchy...The very fact that the Australian States have certain constitutionally assigned responsibilities virtually precludes fiscal adjustment by way of the transfer of functions and throws the whole weight of adjustment onto the transfer of revenue resources.\(^\text{108}\)

He proposed to restore fiscal balance by the Commonwealth collecting half of the revenue from personal income tax on behalf of the States. This should then be paid into a “States’ Trust Fund instead of into the Consolidated Revenue Fund”\(^\text{109}\). The proceeds would then be split so that four-fifths was allocated directly to each State “on the basis

\(^{105}\) Gates, op cit, p 168
\(^{106}\) Ibid, pp 174-177
\(^{108}\) Prest, op cit, pp 184-185
\(^{109}\) Ibid, p 198
of personal income assessed or collected from their citizens". One-fifth would then be allocated in order to maintain "existing differentials".\textsuperscript{110}

W R C Jay, Reader in Accounting and Public Finance at the Australian National University, argued that the Commonwealth take over some of the States' service responsibilities and return to the States their income tax rights. In Jay's view that States are unlikely to accept either of these solutions in the foreseeable future. They would resist any attempt to alter their constitutional status and had already rejected the second in 1953. The smaller states would have to levy higher taxes in order to maintain parity with their current revenue.\textsuperscript{111}

R Mathews, Director of the Centre for Research on Federal Financial Relations at the Australian National University, was concerned with bringing more certainty and equity into the calculation of grants to the States. He was particularly interested in the special grants which are intended as equalisation grants to help smaller and less financial endowed States "to function at a standard not appreciably below that of other States". Inevitably this concern embraced the procedures and function of the Commonwealth Grants Commission who was responsible for recommending the grants. Mathews argued that over the years the equalisation payments to South Australia, Western Australia and Tasmania have grown significantly and he illustrated this growth in the following table.
Table 4

Equalisation Payments 1958-1959 and 1971-72
Per Capita Grants in Excess of Average General -Revenue Grants
Received by New South Wales and Victoria

<table>
<thead>
<tr>
<th></th>
<th>1958-59</th>
<th>1971-72</th>
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<tbody>
<tr>
<td>Queensland</td>
<td>4</td>
<td>28</td>
</tr>
<tr>
<td>South Australia</td>
<td>13</td>
<td>41</td>
</tr>
<tr>
<td>Western Australia</td>
<td>37</td>
<td>68</td>
</tr>
<tr>
<td>Tasmania</td>
<td>29</td>
<td>96</td>
</tr>
</tbody>
</table>

Source: 112

Mathews challenged the procedures used by the Grants Commission and declared “there is no systematic evaluation of the financial needs of a non-claimant State, such as Western Australia which is not used as a standard State under the Commission’s procedures”. Moreover the standard States, New South Wales and Victoria, do not have representation at the meetings and are consequently unable to put their own case to the Commission. The Commonwealth who is only concerned with ensuring that its own budget can be balanced is unlikely to represent their interests.113

At the conclusion of an exhaustive survey of the Grants Commission’s operation and effectiveness Mathews concluded that

The membership of the Grants Commission and its secretariat should be expanded to enable it to carry out its functions on a wider front, and the distinction between special(equalisation) grants and financial assistance grants should be dropped. By allowing for differences in fiscal capacity and relative costs in the general distributive formula for revenue grants, it is possible to

113 Ibid, p 217
ensure that all States have the capacity to provide services on a comparable scale without the need for separate equalisation grants.\textsuperscript{114}

And giving the States more responsibility to raise their own revenue was not a proposal that was likely to be attractive to E G Whitlam for he would agree with B R Williams that there were doubts “that the return of income tax powers would solve many problems in local and semi-government financing”.\textsuperscript{115} In his wide ranging analysis of Australian Federalism he did not discuss methods of transferring income tax or other taxes to the States but concentrated on the fiscal difficulties associated with local government and semi-government operations.

In his view States overburdened local government with responsibilities. Their only source of income are the rates or property tax and they have to “finance their works programs from loan funds”.\textsuperscript{116} In addition they had to contribute to various “road, lighting, fire, planning and similar authorities”.\textsuperscript{117} Not only were they not resourced to meet these obligations but they were excluded from representation and influence in the financial decision making process.\textsuperscript{118} The six States and the Commonwealth he argued meet once or twice a year to discuss fiscal negotiations and there is no mechanism for “government consultation or public information”. The nine hundred and fifty local government associations and the one hundred semi-government bodies have been under-represented in the struggle for a share of the Commonwealth's bounty.\textsuperscript{119} This despite the increasing demand for “real improvement in functions such as education, social welfare, urban planning, resource development and law enforcement”.

\textsuperscript{114} Ibid, p 238
\textsuperscript{115} Williams, op cit, p 131
\textsuperscript{117} Ibid, p 299
\textsuperscript{118} Ibid, pp 295-296
\textsuperscript{119} Ibid, p 297
Whitlam contended that “ours will not be a modern society until we permit local
government to widen its role; it will be unable to do as long as the financial squeeze on
local government persists.”

This was part of the background to the decisions taken at the June 1971 Australian
Labor Party Federal Conference which called for a change to the administrative
arrangements which would allow local government representation on the Loan Council
and “balance the functions and finances of the Commonwealth, State and Local
Government to ensure adequate services and development of resources”. In his
discussion of the financial relationship between the Commonwealth, State and Local
Government Whitlam touched on many aspects of the problem which had been raised
by previous contributors. He did highlight the position of the Coalition government in
this respect quoting Mr Bury, Federal Treasurer in the third Gorton Government, who
wrote to the Australian Council of Local Government Associations stating

that it was for each State government to determine whether it should share with
its semi-government and local government authorities the benefits it was to
receive under the new legislation... the question of local government financing is
the responsibility of the State Government and that direct consultations between
representatives of the Commonwealth and local governments would be neither
proper nor profitable.

Whitlam went on to argue that “local government and semi-government finances have
become a national problem”. While the Commonwealth had reduced its debts since
1947 the States' debts had risen four-fold, local government had risen nine-fold and
semi-government bodies twelve-fold. To overcome this national problem he declared
that it was necessary to balance

the functions and finances of Australia's three levels of government ...not only to
allocate finances to the government discharging the functions but also to allocate
functions to the government finding the finances.

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120 Ibid, p 300
121 Ibid, pp 298-9
This was a reversal of the long held argument that “the Government that spends the public money should have the responsibility for raising it”. Whitlam continued

Government activities are most responsibly planned and executed if the government which pays for them also shares the responsibility and the glory for them

and further

The ALP proposals envisage a framework of consultation and co-operation between the three tiers of Government. The Commonwealth would have a greater share of administrative responsibility in those activities where increased government expenditure is required.

The local government and semi-government bodies would be represented on the Loans Council and the Commonwealth Grants Commission and decisions which effect their area of responsibility.\textsuperscript{122}

He then went on to describe the functions of a number of Commissions which a Federal Labor Government would set up including a Schools Commission, Inter-State Commission, Conservative and Construction Commission, a Department of Housing, Urban Affairs and Regional Development, a Hospitals Commission, Fuel and Power Commission and the Australian Assistance Plan.

Whitlam concluded with the assurance that there would be “not domination but consultation, not centralisation. but co-ordination”. And this was the message which he carried to the voters during the campaign for the 1972 Federal Election. For although the contributions of the academics exposed the complexity of the fiscal problems of the three tiers of government they failed to produce a practical solution. It was the radical policies Whitlam Federal Government which targeted the fiscal problems and attempted to bring order out of the chaos which had persisted in Australian Government for more than twenty years.

\textsuperscript{122} Ibid, p 301
In the 1960s when some seventy percent of Australians were home owners and ratepayers Local Government assumed a new importance. These homeowners were conscious of and indeed threatened by increases in rates and the failure of Local Government to provide community facilities, and health and social services. Local Government, always closest to the people, was the first of the three tiers of Government to be confronted with groups of militant homeowners who were dissatisfied with their performance. The Council of Local Government Associations recognised the changing demands of affluent workers and the need for additional financial resources as local rates and other charges did not grow at a rate sufficient to meet “the increasing demand for locally-supplied public sector goods and services”.

Although Australia had become a small industrialized nation and its affluent urban workers, homeowners, the urban policies of State Governments had not progressed since the nineteenth century and the Federal Government had none. Local Government was a mere vassal of a State Government Department with no constitutional rights and little independence. When the affluent workers of Wollongong and the South Coast Labour Council began their campaign improved urban facilities they confronted a political stalemate. In NSW the Labor Government did not see its role “as meeting basic social or economic changes but rather protecting and promoting existing prosperity through the development of secondary industry”. Prime Minister Menzies held strongly to the view that “Local Government was essentially a responsibility of the State Governments”.

3 Local Government Association Bulletin, October 1960, Item 3, p 9
Disinterest in Local Government in Australia was endemic in its history. Before Federation the main objective in establishing a council of citizens in New South Wales was to relieve the State of the responsibility to provide better roads, streets and water services. By 1880 Government loans were provided to this council as it was now obvious that it was unable to carry out these tasks without financial assistance. Nearly one hundred years later councils still experience a shortfall in funds and the number of services that they are now expected to provide have substantially increased. Purdie divided these services into two groups; one which services “local land and property” and one which is of “principal benefit to the community” The first group covers the provision of roads and footpaths, drainage, water and sewerage and sanitary and garbage services and the second group includes the provision of libraries, infant welfare, youth and senior citizens welfare, parks and gardens, recreation reserves and swimming pools. As the demand for services expanded so did the constraints under which local governments operated. They were dogged by the imbalance of the fiscal relationship between the three tiers of government, by the lack of their own constitutional provisions, the sometimes conflicting demands of ad hoc agencies and the over-riding control of State Governments.

But a further contributory factor was the manner in which the city of Sydney had grown and expanded over the years since early settlement. Except for the period between 1810 and 1821 when Governor Macquarie brought order and distinction to the primitive settlement urban planning did not exist for Sydney. The city Macquarie created with the assistance of Francis Greenway had wide streets which were lined with many new imposing buildings made from Sydney sandstone. Fashionable shops faced the main thoroughfare George Street and large houses, churches and barracks overlooked Sydney

4 Winston D, *Sydney's Great Experiment*, Sydney, Angus and Robertson, 1957, p 2
Cove. However this was the first and last attempt to plan the development of Sydney for many years. The city grew rapidly and with the increase of population home ownership expanded into the suburbs.

Fry argued

They did not need to construct compact towns, for there was ample space—the city was only a tiny island in the vast sea of land...the city struggled out over the plentiful countryside, using the English cottage as its model dwelling, creating suburbs before their significance was realised.7

As more people flooded into the country the original suburbanites moved into new suburbs creating “a framework of moving concentric circles”. Implicit in this growth of the city was the belief in home ownership. In the boom years of the 1880s “steady employment and high wages”, cheap land and building materials ensured that for many workers home ownership was an achievable goal.8 The city grew rapidly and with the increase in population home ownership expanded into the suburbs. Fry wrote that

for most people the frontiers of opportunity were not in the romanticised mining camps or outback but in the suburbs where a working man could aspire to some of the comforts and standing of the middle classes.9

Railways, tramways and buses created ribbon development along the sea coast and inland to Parramatta.10 But it was a development without a plan driven by private enterprise and supported by public authorities. By the early twentieth century government had provided roads and railways, schools and water and some limited sewerage systems while private enterprise supplied the residential, commercial and industrial buildings.11 It was a partnership which dominated the manner in which the city

7 Ibid, p 6
8 Ibid, p 10
9 Ibid, p 11
10 Ibid, p 6
11 Ibid, p 12
developed. Inevitably it led to a deterioration of the urban environment as public services could not keep abreast of scattered and unplanned private enterprise developments.

Initially, in this period of prosperity, little was expected of councils as most needs were met by government or private enterprise. By the Depression of the 1890s the suburbs were clearly marked by the status of their inhabitants with the poor relegated to the tenements of East Sydney sufficiently removed from the comforts and pleasures of suburbia. But the effect of the unchecked expansion into the suburbs, the domination of private enterprise and the failure of the State and local governments to provide a satisfactory urban infrastructure was to carry on into the middle of the next century. It was reflected in the development of the emerging towns along the Eastern seaboard, initially in Newcastle and then in Wollongong.

Harrison considered that the "history of urban affairs in Australia from the time of the first settlement shows that almost everything connected with urban growth and development has been troublesome at one time or another." In fact it was only in a time when matters became troublesome that any effort was made to contain some new disaster. An outbreak of smallpox in 1881 led to the establishment the Metropolitan Water and Sewerage Board and it was the rising incidence of bubonic plague that drove the Government to pass control of the Port to the Sydney Harbour Trust in 1901. Eventually work was started on improving the facilities and ensuring the health of the port. In the intervening years a Board of Transit Commissioners were given responsibility for the licensing of public vehicles for hire and in 1884 control of

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12 Ibid, p 14
13 Ibid, p 18
15 Winston, op cit, p 21
16 Ibid, p 13
insurance and volunteer fire brigades was passed to the Metropolitan Fire Brigades Board.\(^\text{17}\)

The first elected council in 1842 was unable to cope with such complex problems as unpaved muddy roads, the lack of drains and a poor and suspect water supply.\(^\text{18}\) The new municipal council of 1857 suffered from a chronic shortage of money needed to meet the demands of a burgeoning city. By 1873 it was "said to be almost a million pounds in debt" and at one time the council worked "under fifteen separate Acts of Parliament".\(^\text{19}\)

The local councils and municipalities which were formed after the 1867 changes to the 1858 New South Wales Municipalities Act were not attractive in a community whose main needs were supplied by semi-government bodies and who could not see any advantage in paying extra rates to local councils.\(^\text{20}\)

In the Illawarra the history of Local Government was not encouraging. The Councils had a history of failing to achieve their objectives in a region which clearly demonstrated the inappropriateness of a British style of local government. In 1843 the Illawarra had a small population spread over a large area.\(^\text{21}\) In Britain tolls and rates were used to finance development but in the Illawarra the tasks were so large that the necessary funds could not be raised to meet the cost.\(^\text{22}\) Following the Sydney Corporation Act of 1842 which gave district councils powers to "provide roads and schools and half the cost of the police" the Central Illawarra Council was formed. In August 1843 councillors were "drawn from the wealthy landed gentry in the area". In a cosy arrangement three of the

\(^\text{17}\) Fry, op cit, p 14
\(^\text{18}\) Winston, op cit, p 22
\(^\text{19}\) Ibid
\(^\text{20}\) Fry, op cit, p 14
\(^\text{22}\) Spann R, Public Administration in Australia, Sydney, NSW Government Printer, 1975, p 223
five salaried officers were friends of the Councillors.\textsuperscript{23} There were no laws and regulations and work was carried out if groups of people were prepared to pay for it.\textsuperscript{24} The Council slowly withered away for the scattered settlements of the Illawarra required huge development programs which could not be managed by \textit{ad hoc} councillors with few resources. It was not until the Municipality Bill of 1858 was introduced that the Wollongong people formed a committee to “prepare boundaries for the proposed municipality”.\textsuperscript{25} Wollongong, the Central Illawarra Municipality and Shellharbour were incorporated in the following year. Bulli was not incorporated until 1906. Local Government was dominated by local “businessmen and managers from manufacturing, collieries and commerce”.\textsuperscript{26} The problems associated with roads, water supply and sewerage which faced the new organisation were to persist for more than a hundred years. Early support for the Council came from the Government Road Grants. Town water was provided by the Metropolitan Board of Water Supply and Sewerage but the local councils were not represented on the Board.\textsuperscript{27}

The Municipalities Act of 1867 provided loans and other assistance but had restricted franchise and plurality voting. Libraries were quickly established in the three council areas but Wollongong was unsuccessful in sponsoring a fire board.\textsuperscript{28} It was 1906 before a large number of citizens obtained the right to vote in local government elections but involvement in local politics was not attractive to most people until they were affected by their Council's taxing powers.\textsuperscript{29} The Labor Party had a long term interest in local government as a provider of public “goods and services” and some local politicians held

\textsuperscript{23} \textit{What's On} Vol 1, No 9, 30 June 1978, City of Wollongong Library Local History Section
\textsuperscript{24} \textit{A Century of Local Government}, Souvenir Book and Programme, City of Greater Wollongong, 1859-1959, City of Wollongong Library, Local History Section
\textsuperscript{25} \textit{What's On}, op cit
\textsuperscript{26} Sheldon, op cit, p 102
\textsuperscript{27} Ibid, pp 102-103
\textsuperscript{28} Ibid, p 103
\textsuperscript{29} Spann, op cit, p 225
council seats but there was, in general, a lack of interest. During the 1930s the
Communist Party of Australia had three alderman: one in Bulli Shire, the others in
North Illawarra. The greatest success was in the Bulli Shire where the Labor Party also
had representation because the close communities in the mining villages could be
mobilized for political action.30

One of the difficulties facing the Councils was the gulf between town and country when
either side resented expenditure on what they perceived were luxuries. During the
Depression the Central Illawarra Council used State Government relief funds on a large
works program for the unemployed. When the Council was re-classified as a shire
further funds were made available allowing the relief program to continue until 1945.31
But roads were to remain a problem due to heavy traffic and insufficient funding
complicated by uncoordinated “roadwork programs”. Although the provision of
sewerage and water supplies had a high priority very little was achieved. Electricity
supplies were probably the most successful. Some councils bought bulk supply from
collieries or entered into “franchised reticulation agreements”. Central Illawarra
Council built its system from power supplied by the Electrolytic Refining and Smelting
Company and Wollongong Council used supplies from the expanded Port Kembla
power station.32

However the expansion of Wollongong and Port Kembla during the late 1930s
“highlighted the need for co-ordinated control and guidance of the present and future
developments”. On 7 August 1936 the State Government appointed the Port Kembla
and Environs Planning Committee and 1938 it was re-named the Illawarra Regional
Planning Advisory Committee. This Committee was responsible for planning for the

30 Sheldon, op cit, pp 104-106
31 Ibid, p 107
32 Ibid, p 110
whole of the Illawarra from Stanwell Park to Shellharbour. However it was purely advisory and its findings and recommendations were unable to prevent the adoption of local considerations which were detrimental to the overall region development.33 In 1945 a Conference was held to consider a co-ordinated plan for the whole of Wollongong and Port Kembla. The five Councils, Central Wollongong, the Municipalities of North Illawarra and Shellharbour and the Shires of Bulli and Central Illawarra agreed to form a joint authority, the Illawarra Planning Authority, under Section 521 of the Local Government Act.44 With the exception of Shellharbour in 1947 the councils merged as the “Illawarra City Council”.35 This decision was overthrown by the Minister of Local Government, J Cahill, who decided to call the council the “City of Greater Wollongong”.46 In a similar fashion all the Sydney Councils and the Cumberland County Council suffered from the continued interventionist role of the NSW Labor Government Ministers.

The new centralised administration of Council did not give any indication of an improvement in performance. Despite the growth of population and the expanding industrialisation the Council appeared to be stagnating. Very little progress was made in the areas of road maintenance, drainage and refuse removal while the Council’s committees concentrated on “health and housing, parks and gardens, library services and public vehicle regulation”. By April 1950 an inquiry into the Council’s financial position “damned the council’s policy making and its hesitancy in borrowing for development needs”.47 As in Sydney planning for the rapid suburban growth did not flourish. The 1950 plan which covered housing, environment, transport and other services did not

33 Purdie, op cit, p 275
44 Ibid, p 276
35 Sheldon, op cit, p 113
47 Sheldon, op cit, pp 117-118
proceed. After the 1951 elections a new plan was conditionally accepted and ten years later it was officially accepted.\textsuperscript{38}

This inability to plan for the development of a rapidly growing city was not particular to the Illawarra. The Master Plan for the City of Sydney was completed in July 1948 and then there was a delay of three years before the Schemes were submitted to Parliament.\textsuperscript{39} The situation became serious when, in 1958, the total Australian population had reached nine million some twelve years ahead of the original estimates calculated by the National Health and Medical Research Council in 1944.\textsuperscript{40} And the population had expanded into the suburbs following the old historical and haphazard pattern of growth of the city. In a period of economic growth and full employment home-ownership received a boost from the availability of low-interest home loans by banks and building societies. From 1949 the Federal Coalition Government diverted funds from housing for rent to loans for private home buyers.\textsuperscript{41} Menzies declared in his 1954 policy speech “We have always stood for home-ownership”. During 1952 and 1953 home owners were responsible for half the homes built in New South Wales. People purchased cheaper old blocks or blocks in new divisions. The result was a large number of fibro constructions in areas which had no curbing or guttering and no sewerage.\textsuperscript{42}

As homeowners, people became critical of the lack of social amenities in their own environment. Fry argued “the Australian Metropolis has followed its own laws of growth to the stage where its diseconomies and disadvantages are making themselves

\textsuperscript{38} Ibid, p 118
\textsuperscript{39} Winston D, “The Urban Explosion” in Australian Cities, Chaos or Planned Growth, Sydney, Angus and Robertson, 1966, p 10
\textsuperscript{40} Ibid, p 81
\textsuperscript{41} Stretton H, “Housing Policy” in Scott P (ed), Australian Cities and Public Policy, Melbourne, Georgian House Pty Ltd, 1978, P 108
\textsuperscript{42} Spearritt P, Sydney Since the Twenties, Sydney, Hale and Iremonger, 1978, p 105
felt". The focus of most controversy and complaint was the Cumberland County Council's Green Belt which became the "scapegoat for all kinds of irrelevant troubles such as the high price of land and the housing shortage". R W Askin, Leader of the NSW State Opposition in the NSW Parliament questioned the control the Cumberland County Council had over profiteering as areas were re-zoned and where land trusts and investment companies were active. He cited the case of Rooty Hill where industrialists had brought the land in November 1958 for 40,000 pounds and they wanted it re-zoned which would enable them to "increase its value by 200,000 pounds".

Questions were asked in Parliament about the uneven development of the State and the fact that more than 59% of the population of NSW lived in Sydney. While Prime Minister Menzies appeared to support decentralization by opening the new Edgell plant at Bathurst he was reported as saying that State Governments would be unwise to adopt all embracing policies which forced industry outside the metropolitan area. Nevertheless it was a problem in Sydney where houses and commercial building encroached on the existing vacant sites. In an editorial in February 1959 the Sydney Morning Herald commented

"There is a sense that we do not really know where we ought to be going and that if we did we should find it impossible to stick to the course."

This comment reflected the growing disquiet as the urban problems multiplied and the limitations of the Cumberland County Council's town planning became more apparent. When the final release of Green Belt land was made public the protests were

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43 Fry, op cit, p 23
45 Sydney Morning Herald, 20 July 1959, p 2
46 Ibid, 16 September 1959, p 2
47 Ibid, 22 August 1959, p 2
48 Winston, op cit, p 73
49 Sydney Morning Herald, 2 February 1959
considerable for it was seen by many to be inadequate and would eventually lead to a rise in land prices. While the controversy raged the death of the Premier J J Cahill brought about a change in land distribution policy and a new approach to the planning of new areas. P D Hills took over Local Government and proposed to flood the market with more land than the speculators could deal with by releasing an additional forty-six miles of Green Belt. However the Minister's efforts were frustrated by dilatory councils who failed to produce timely plans and speculators thrived as eight months lapsed before the land was released.

In 1963 the Cumberland County Council was replaced by the State Planning Authority which had the financial might to oversee satellite residential and industrial development. The Bill was refused by the Legislative Council, ever the bastion of the "propertied interests" when the new Bill included the Minister for Local Government in the Authority. It was eventually passed with twelve members which included a qualified planner as Chairman, an administrator as Deputy Chairman, one professional nominated by professional bodies, five local government representatives and a number of part-time members. The new authority took over all the planning responsibilities from the Cumberland County Council, the Northumberland County Council, the Illawarra Planning Authority, the Advisory Committee and the Planning Branch of the Department of Local Government. P J Hills argued that "with the expansion of the existing metropolitan areas and the establishment of satellites there will be coming together of the Newcastle-Sydney-Wollongong complex".

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50 Ibid, 25 March, 1959, p 21
51 Clarke, op cit, p 36
54 Harrison, "Planning of the Metropolis", op cit, p 87
55 Hills P, "Commentary on City Planning In Australia", in Wilkes J (ed), Australian Cities: Chaos or Planned Growth, Sydney, Angus and Robertson Ltd, 1966, p 7
The 1968 Outline Plan for the Sydney Region prepared by the Authority still pursued this “ultimate concept” of a “closely integrated linear urban complex of 6-7 million people which incorporated Sydney, Newcastle and Wollongong”. But like its predecessor the Cumberland County Council the plan did not cover local government re-organisation or the establishment of “a metropolitan authority to control and manage the Sydney region.” In reviewing the Plan Colman wrote that “the Federal Government continue[s] to ignore the implications of massive urban growth in all our capitals”.

Local Government was slow to accept the changed town planning methods as their “constitution and attitudes [saw] the introduction of statutory town planning as an infringement of their powers and an unwarranted burden upon their resources”. Powell argues that the problem with local government is that “it is chronically short of finance” due to the fact that it fails to charge the full rates because it argues that people cannot afford more and only part of the community pays them while all benefit. While Jakubowicz considers that “Councils could fall on the rate issue and often did and consequently candidates for council constantly pledged themselves to holding the rate steady or to reducing it”. As Ruth Atkins, Associate Professor of the School of Political Science at the University of New South Wales was to argue in January 1966:

What local governments do or fail to do, is important for the resident of any locality and in the aggregate for the metropolitan area. It makes a big difference to a resident and to others if his council provides and maintains and cleans

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57 Ibid, p 11
58 Spann, op cit, p 231
59 Colman, op cit, p 10
60 Powell J M, “Planning Aims and Political Objectives in Australia” in The Australian Economic Geography, April 1968, p 168
streets effectively, plants them with trees ...and removes garbage...but the “big issue in local politics is the rates”.

Sheldon wrote of the financial situation with the City of Greater Wollongong Council that

Until the period of the Whitlam government's generosity, Federal and NSW governments continued to underfund local government. At the same time, they restricted the ability of the councils to seek loan funds and broadened rate exemptions for government property. This worsened the revenue position of local government, a matter of great concern to successive Wollongong councils. Rising costs for labour, machinery and materials from the late 1960s further tested council's budgeting skills. The result everywhere was steeply rising rates and a growing dissatisfaction with local government.

Early in 1960 the new community of suburban homeowners in Wollongong took more than a little interest in Council affairs. Rising rates were to become a source of many anxieties as the homeowners coped with increases in land values. As a result of protests and petitions in September 1960, Hills had established a Special Committee of Inquiry on certain matters arising under the Valuation of Land Act 1916-1951. This Committee of Inquiry seemed to indicate that, at last, the Labor Government was moving in the right direction for this was “the first public review of the valuation legislation since its original formation towards the end of the last century”. Among the matters which were discussed was the contradiction between the general rate which was calculated on the Unimproved Capital Value and that levied by the Water Sewerage and Drainage Board which was the Assessed Annual Value. The latter was calculated from 9/10ths of the actual gross rental capacity of the property or 5% which ever is the greater.

While it was agreed that this contradiction between the method setting the rates by two different statutory authorities was not reasonable it was still in place in 1966. Even more confusion was caused by an amendment to Section 160c of the Local Government Act.

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63 Sheldon, op cit, p 123
64 R F X Connor's Unsorted Papers, Box 3, University of Wollongong Archives
This was intended to relieve the rates burden on people who lived in a “single dwelling house in an area which was not zoned residential”. Instead there were many complaints on the cost to the Councils and the amendment did very little to resolve the complex problems of land valuation and the burden of rates. R S E Gay, the Town Clerk of Mosman, wrote there were “many anomalies and deficiencies in the new system”. By 1963 less than half of the NSW Local Government finances were met from the rates. As H O Thomas', the Chief City Valuer for the Commonwealth Trading Bank of Australia calculations showed.

Table 1

NSW Local Government Finances December 1963

($ million)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount ($ million)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rates</td>
<td>94,333</td>
<td>49%</td>
</tr>
<tr>
<td>Contribution, Charges</td>
<td>42,546</td>
<td>22%</td>
</tr>
<tr>
<td>Fees etc</td>
<td>32,251</td>
<td>17%</td>
</tr>
<tr>
<td>Borrowing</td>
<td>22,725</td>
<td>12%</td>
</tr>
</tbody>
</table>

$191,855 100%

Source, H O Thomas, Financial Considerations for Statutory Planning in NSW, p170

In the meantime the NSW Government continued to dither and the Federal Coalition to deny the existence of the problem despite the continued pressure of the Australian Council of Local Governments. For earlier in 1960 an important document, The Case of Local Government for a New Financial Deal, was produced by A Mainerd and R S Luke, Secretary and President of the Australian Council of Local Governments. They

65 Ibid
were spurred on to address this problem by the failure of Prime Minister Menzies to honour his promise made in November 1950 that

he would urge the holding of a Financial Convention in which the Commonwealth, the States and Local Government should participate, to examine for a prolonged period the financial relationships of the three Arms of Government... Concurrently with this, the State Governments have been asked to appoint expert committees to investigate Local Government finance.  

Mainerd and Luke supported their dissertation by illustrating the evolution of Local Government responsibilities for “community living”. They argued that due to the social and economic revolution that had taken place since World War I Local Governments “had to lift their sights beyond the basic services and material things to meet a wide variety of human needs. Councils were now faced with a demand for Baby Health Clinics, Rest Centres for Women and Children, Libraries, Youth Centres and Recreational and Cultural activities of all kinds”.  

Despite these significant changes in responsibility the authors argued “there has been no material change in the basis of Local Government Finance since its inception 100 years ago” and this placed an intolerable burden on the property-owner who, under the present system, is virtually called upon to finance all Local Government activities “irrespective of the nature and extent of the service given”. To clarify the position a Financial Consultant, Sir Bertram Stevens, was employed to carry out a “comprehensive review” of the Local Government Finance. Initially this was to cover New South Wales only but was later extended to cover the rest of the Commonwealth.  

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69 Ibid, p 1

70 Ibid, p 3

71 Ibid, p 6
The Review showed that

1. In an endeavour to meet obligations, Local Government rating has been increased excessively. “Property owners had to find 61.2% of all expenditure on local services”. Comparable figures for the USA and the UK were 49.1% and 40.1% respectively. As a result rates had increased 313% in ten years while prices had only increased 145%. In some suburban Councils of Sydney the rating had increased to about 800% and in Wollongong to nearly 600%72.

2. Total State Government Grants which were given to assist in the provision of libraries, infant welfare and parks only amounted to 7%.73

3. Local Government was restricted from borrowing for water supply, sewerage disposal or electric power whereas private enterprise could borrow funds to produce goods which “do little to contribute to basic living standards”.74

4. Substantial funds are provided from the Commonwealth Aid Roads Fund for rural and unclassified roads. However the analysis showed that of the nearly ninety-six million pounds spent on roads in 1956 43.2% came from property owners from rates, loan funds and contributions.75

The authors declared that “the tragedy of it all is that this situation arises in a time of increasing prosperity, but the fact is that the property-owner (the milch cow for Local Government Finance) is not sharing as other sections of the community are, in this economic improvement”.76 And given Menzies declared support for the home owner and “the symbols of the domestic sphere” it was surely not unreasonable for the authors to appeal directly to the Prime Minister asking “that he should take the initiative in calling together a Financial Convention representative of the Commonwealth, the States and Local Government along the lines suggested by him in 1950”. In the meantime they argued “the Commonwealth by administrative act should make available at least 10 million per annum for distribution through the States to Local Government”.77

72 Ibid, pp 10-11
73 Ibid, p 11
74 Ibid, p 12
75 Ibid, pp 13-15
76 Ibid, p 17
77 Ibid, p 16
Hard on the heels of this strong statement the Association sent a bulletin broadcast to all council and shire officers in January 1960 calling for “a national plan of development and proper integration of National, State and local planning and development”. This would ensure fore-knowledge of large-scale projects and ensure “prompt provision of housing, roads, residential areas, water supply, sewerage and other local amenities”.

But planning was anathema to the Federal Government and its Liberal adherents. Controls “were inconsistent with freedom... planners [fail] to produce prosperity and social security”.

By October the Prime Minister had rejected the Australian Council’s proposals. He wrote:

As local authorities are created and exist under State laws, the Commonwealth takes the view it is essentially the responsibility of the State Governments to determine the extent to which the financial resources of these authorities should be supplemented and the form which any such supplementary assistance should take. This would cover the distribution of funds made available to the States under a more liberal formula provided by the Commonwealth.

This decision reflected Menzies Federalist position that he had “resisted the temptation...to put his Federal principles to one side and by a stroke of the pen arm the central government with power to deal with a number of matters falling within the overall economic picture”. As he was to argue later “the fact that a matter is important to the nation does not mean that it should become primarily the responsibility of the Federal Government. The States are in a better position to assess local needs and to provide for them.”

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78 Local Government Association, Broadcast No 536 January 1960, p 46, Archives of the Local Government Association Library, Sydney
80 Local Government Association Bulletin 1 October 1960, Item 3, Local Government Finance, p 9
81 Tiver, op cit, p 136
The results of the 1961 election, however, reflected the mounting dissatisfaction of his constituents and forced him to address the problems caused by his “maladroit handling” of the economy.\footnote{Whittington D, \textit{The Rulers}, Melbourne, Lansdowne Press, 1965, pp 53-55} Initially at a meeting of the Loan Council the Commonwealth Treasurer had refused a request for an additional five million pounds for local government in New South Wales but a few days later the approval was given. Hills stated during Question Time in the New South Wales Parliament that

> Agitation by local government authorities about approval for borrowings has apparently had some bearing on his most recent announcement. I sincerely hope that local authorities throughout the State will press for increased local government borrowings to meet their needs.\footnote{NSW Parliamentary Debates, 39th Parliament, 1959-1962, Fourth Session, 16 August 1961 to 12 September 1961, 16 August 1961, p 29}

This support for local authorities to press their case at the Federal level did not last long. At the Conference held in May 1962 the State Ministers of Local Government agreed unanimously that it should remain the responsibility of the States to deal with the needs of local government.\footnote{Report on Conference of all State Ministers of Local Government, May 1962} No doubt they felt threatened by the existence of an influential Local Government Association for as McPhail notes that “a resurgent and active local government provides a challenge in both political and administrative terms to the operation of the State”\footnote{McPhail I, “Local Government” in Troy P (ed), \textit{Federal Power in Australian Cities}, Sydney, Hale and Iremonger, 1978, p 105}.

Nevertheless 1962 was an election year for the NSW Government and there was a rally of support for local government from all State political parties. R J Heffron, the leader of the Labor Party assured his constituents that

> He would try to arrange a Conference with the Commonwealth, States and Local Government to examine the matter of local government financial problems. He understood that the Commonwealth would only attend if all the States requested it and he was working towards that objective.\footnote{Local Government Association Bulletin, February 1962, p 2}
R W Askin, the leader of the Liberal Party declared

that we will take the lead in calling a conference of Federal, State and Local Government and explore ways and means at the national level of finding more finance to help local government.

And C B Cutler, the leader of the Country Party stated that

In government we will co-operate with the Federal Government in the calling of an immediate financial convention of Federal, State and Local Government authorities to determine a suitable formula to implement these policies.\(^7\)

Despite these assurances from State politicians the Australian Council of Local Government Associations declared at its Annual Conference in August 1962 that

The Commonwealth is not relieved of its obligation to assist local government where national policy impacts on local government obligations and resources. What we are seeking is a share of national resources.\(^8\)

As a Bulletin issued in March 1962 stated

One of the most significant features of the existing systems of local government finance in all the States of Australia is that there is not now and there never has been any substantial general grant from either the State Governments or the Commonwealth Government to councils for general expenditure.\(^9\)

But very little was done and Menzies continued to maintain that it was the responsibility of the States and the States maintained that the funds provided by the Commonwealth were insufficient to meet local and semi-government needs. Davies argued that the system “tends to blur development responsibilities of Governments” and “facilitates buck-passing and makes rational judgment by the respective electors somewhat difficult”.\(^10\)

\(^7\) Ibid, p 8
\(^8\) Annual Conference of the Australian Council of Local Government Associations, August 1962, p 6
\(^9\) Local Government Association Bulletin on Local Government Finance, 6 March 1962
While West contended that Menzies was overwhelmingly concerned with the game of politics and that he would only act “when political circumstances forced him to do so”. And the political setback in 1961 was just such an occasion. But despite the additional five million pounds granted to New South Wales Local Government was not a “political circumstance” which would force him to act and while it languished in a political backwater education took on a greater significance for the Federal Coalition. Like local government schooling had always been considered by Menzies to be the responsibility of the States, however immediately before the 1963 election Menzies announced that the Government would provide five million pounds towards the provision of science laboratories in both private and public schools. Macintyre argued that this strategy was aimed at “maintaining the DLP preferences” and promoting the “divisions over state aid within the Labor Party”. Although the science block grants did not commit the Coalition to the broader question of “educational entitlements” it did open the door to wider enrichment in secondary education.

Scholarships and grants for fees were available for students attending both public and private schools and the newly created Department of Education provided grants for libraries etc. These efforts, however, did not reduce the gap between rich and poor schools but as Macintyre commented

During the 1960s education became an increasingly important political issue. The lengthening of the educational experience, the increased importance in determining life chances, the failure of State governments to keep up with public expectations and the Commonwealth Government’s accentuation of inequalities all played a part in creating an awareness that schools mattered.

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83 Ibid, p 106
84 Ibid, p 107
The Coalition was interested in education for political reasons because parents who had lived through the Depression came to see the advantages of secondary and tertiary education for the advancement of their children. In addition there was an increased demand in manufacturing industry for technicians, engineers and other professionals to meet the requirements of sophisticated production systems. From this background a new group of people emerged who came to be known as the new middle class; people with tertiary education who were employed in universities, large corporations and the public service.

The establishment of Canberra and the growth of the Commonwealth Public Service attracted many of these well-educated middle-class people. They created a new community in a city where Government Ministers were arrogant and where the normal democratic rights of citizens in Australia were denied. This was a middle class community which voted Labor. This new middle class differed significantly from Menzies' definition of the 1940s. Their interests were not just centered on their homes but on the industrial strength of their professional organisations. In this they had a great deal in common with blue collar workers in that they used the Arbitration system to achieve their aims.

In two cases in 1961 and 1962 the Professional Engineers of Australia presented a case to the Commonwealth Arbitration Court to establish their claims to be a fully professional group. Their objective was to obtain salaries which "will enable all Professional Engineers of Australia to maintain a standard of living and a status in keeping with reasonable needs of a professional man". These needs were defined as owning a car, a house and a couple of decent suits. They were joined in these claims by the Professional Officers Association and by the Architects, Engineers, Surveyors and Draftsmen of Australia. In the judgment that "this is a technological age in which the
needs of mankind continue to become more comprehensive and more complex” the

court recognised that the skills of the engineers which were required to meet these needs
and that “low salaries prevent the professional engineer from occupying the honoured

place in the community which was his right and entitlement”. Even earlier, in 1954, the

Public Service Arbitrator agreed “the higher education gave a research workers’

occupation special work value”. And in 1956 the Australian Council of Salaried and

Professional Associations was formed which pursued a policy of attracting white collar

workers to unionism.\textsuperscript{95}

In Sydney by 1965 many suburbanites were better educated, self-confident and affluent

and held expectations that Governments would supply public transport, schools,
hospitals and other services.\textsuperscript{96} Their impatience with a Government who failed to meet

these expectations was reflected in the protests mounted by the Teachers’ Federation, the

New South Wales Police Association and the Retired Police Association. Public

Servants held protest meetings. The election of 1965 saw Menzies’ Middle Class

reinforced by “police, public servants, railwaymen and commuters”. Not only had the

middle class lost faith in the ability of the NSW Labor Government to deliver the goods

but many traditional Labor voters deserted the party.\textsuperscript{97}

This rejection of the long-lived Labor Government in New South Wales may have been

seen by some observers as evidence that the urban working class had deserted the Labor

Movement. The defeat coupled with the poor showing of the Labor Movement both

Federally and in other States certainly would have re-inforced the proposition. More

important was the changing expectations of the electorate. Whereas in the 1950s

workers were happy with the performance of Governments who provided full

\textsuperscript{95} Davies A F and Encel S, “Class and Status” in Davies A F and Encel S (eds),


\textsuperscript{96} Hagan and Turner, op cit, p 194-195

\textsuperscript{97} Ibid, p 193
employment, improved working conditions and the opportunity to acquire the trappings of the middle class. But it was not enough; times had changed and so had the expectations of the electorate. The deterioration of the urban environment and the failure of all levels of government to address the problem encouraged a significant level of dissatisfaction among both the middle and working classes. It was a signal to all political parties that they could not just rely on old loyalties and past performances and in the future the Labor Movement, in particular, must be able to address the expectations of an affluent and confident constituency. However by 1971, when the Labor Movement had acquired a new direction and focus, all the electorates of the Illawarra from Heathcote to Port Kembla had returned a Labor Member to the NSW Parliament.

But changing political parties did not change local government from being “the cinderella arm of government”. By 1968 local government debt had increased nine times and semi-government bodies increased twelve times. Together they now carried over three-quarters of the States debt. In September 1969 E G Whitlam, the leader of the Federal Opposition called upon the Shires Association and the Local Government Association to “become forums [for the discussion of] such crucial issues as ... better urban planning, better housing and for the provision at a higher standard of those services without which life in urban areas becomes a source not of pleasure or of profit but increasingly of discomfort and dismay”.

To the new middle class these were words which they understood and responded to. By 1970 the rumblings of discontent were heard and seen again in local government where Jakubowicz considered the new middle class “had a striking effect”. Resident action groups were set up and were most successful “when they were linked to professional

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98 Emy, op cit, p 110
100 Jakubowicz, op cit, p 343
expertise and had access to professional decision makers with the ability to bring out large numbers of people over single issues”. A North Sydney Group led by an ex-school teacher and the Mayor succeeded in controlling the expansion of industrial and commercial enterprises in the district. Their formula was

A lot of people have seen a lot of Australia ripped off, now they want to keep some to enjoy. The myth of progress at all cost is slowly being cracked.101

These were the people who came to put pressure on all political parties on matters concerning local government. As the Mayor of Mosman Alderman V B Parkinsons argued “Councils are shaping the total environment in which people live. Additional revenue for them must be found”.102 R J Basto, Deputy Mayor of the Municipality of Kuring-gai, agreed. He protested that the State Government had received thirty-two million dollars in levies for semi-government bodies in 1970 from the Sydney Councils alone. These charges, he argued, did not exist in other States and if they had not gobbled up thirty-three percent of the Council's income there would have been no need to increase the rates. He demanded to know “why should ratepayers alone bear the cost of the community services enjoyed by everyone”.103 He was supported by Alderman S L Hedges, the Mayor of Auburn, who declared, “councils have become collecting bodies for a number of ad hoc authorities over many of which they have no control”.104

On the same day D Syme of Moorbank demanded that the State and Federal Governments pay rates “on large tracts of land which they owned and which were non-rateable”. H W Groenewegen, Honorary Secretary of the NSW Library Association, protested at the discrepancy between State and Local Government funding for libraries. Local Government contributed nearly six million dollars in 1969 while the State Government contributed a little over one million. The councils' expenditure increased

101 Ibid, p 345
102 Sydney Morning Herald, 3 February, 1970, p 5
103 Ibid, 5 February 1970, p 2
104 Ibid, 3 February, 1970, p 5
significantly as they tried to meet a loans rate growing at over one million items per year.\textsuperscript{105}

In the Legislative Assembly S G Mauger, the Member for Monaro, asked

\begin{quote}
Is the Minister aware of a number of protest meetings held by people protesting against large and varying increases in rates imposed on ratepayers by shire and municipal councils in the Monaro Electorate?\textsuperscript{106}
\end{quote}

Later in that year J Clayton of Ulladulla questioned “whether our present system of assessing rates is outmoded, whether the problem of the burden of ratepayers is related to the complete examination of Australia’s income tax system”. He complained that home owners who had invested in the development of the district might now have to give up their homes because of the increasing rate burden. He argued that the Federal and State Governments must provide specific grants to local government while a new method of rating was devised. He proposed that “main roads, fire protection, kindergartens, libraries, church properties and pension concessions” should become the responsibility of the State and Federal Governments.\textsuperscript{107}

In early 1971 in a dramatic attempt to reduce the ratepayers’ burden, Alderman Wetherall of the Wollongong City Council declared that

\begin{quote}
As long as Councils were prepared to increase their rates there would be little chance of support from State or Federal Governments. [The Council intended to] continue to hammer the State Government for an end to an unjust and discriminatory system of roadworks finance. It will press for distribution to councils of road maintenance tax amounting to seventeen million dollars presently retained by the Department of Main Roads.\textsuperscript{108}
\end{quote}

The agitation increased as the NSW Local Government Association, The Shires Association, the Graziers’ Association of NSW and the United Farmers and

\begin{footnotesize}
\begin{enumerate}
\item Ibid, 5 February, 1970, p 2
\item Ibid, 28 December 1970, p 14
\item Illawarra Mercury, 21 February 1971, p 1
\end{enumerate}
\end{footnotesize}
Woolgrowers' Association "jointly asked for aid from the State Government".109 The undercurrent of dissatisfaction came to a head when the Ratepayers Association of New South Wales proposed "withholding rates in some parts of the State". At the same time the Association sent its report on local government finances to the Minister arguing that "rates had reached saturation levels" and should be replaced by a "progressive poll-tax".110 The idea of introducing a poll-tax had been raised on a number of occasions by various groups since the 1967 Report of the NSW Royal Commission established to investigate local government finance. The report stated clearly that

It is plain that local government requires more money and whilst rates on land constitute the most convenient, logical and lucrative means of raising revenue for Local Government purposes, it is clear that they should not be the sole source of revenue. First and foremost, we have regarded it as essential for the present system of Local Government to be maintained on its present democratic basis and strengthened so that it will be more capable of meeting the increased demands of society to-day.111

However the Commission's recommendation that a poll tax should be imposed on non-ratepayers was rejected by both Labor and non-Labor parties. The Askin Government argued and continued to do so whenever the matter was raised that it was outside the State Government's power to raise additional taxes.112

The report stirred the Local Government and Shire Association as well as the Government. In a passionate statement Councillor Yabsley, the President of the Shires Association, declared

Shire Councils...are the only mouthpiece for ratepayers because only they were elected by full and free democratic process covering virtually the whole State. Over many years, when other voices were silent, your Council and Councillors

109 Sydney Morning Herald, 19 January 1971, p 1
111 Quoted in the Local Government Policy Committee Report to the NSW State Conference, June 1972, pp 57-58
112 Local Government Association Bulletin 3, 30 April 1971, p 4
were working and fighting and achieved real results measured in hard cash. We are still doing it.\textsuperscript{113}

Eventually, at a meeting of the State Ministers for Local Government in Hobart in April 1971 it was resolved that additional financial resources were essential and this could be obtained by including a contribution to local government finances from the annual reimbursement grants of income tax made by the Commonwealth to the States.\textsuperscript{114} And in the NSW State Budget for 1971/72 a number of significant policy measures were put in place which were to go some way to resolve the financial crisis for local government.

The most important of these were

- abolition of contributions towards Main Roads works
- regular and substantial increase in allocations of the Local Government Assistance Fund
- increases in each of the next three years of the next Parliament of the Library subsidy
- increased allocation for bush fire fighting
- subsidies for social welfare conducted by Local Government
- million five year scheme for rural electrification
- mandatory pension rate relief of 50\% the cost to be borne by the Government\textsuperscript{115}

After more than ten years a State Government directly addressed some of the matters raised by Sir Bertram Stevens in 1960; the contribution towards main roads works, libraries, social welfare, power supply and a resolution of the problem of who would pay the discount on pensioner homeowners' rates. But these provisions did not effect the question of how the demands for water and sewerage services, hospitals and education facilitates could be met in the face of the increase in demand and population. Moreover State Governments were very sensitive to any change to control over their own policy

\textsuperscript{113} Ibid, 11 March 1971, p 4
\textsuperscript{114} Ibid, Bulletin 4, 31 May 1971
\textsuperscript{115} Ibid, Bulletin, August 1971, p 5
responsibilities and therefore they would not support more involvement of local government at the Federal level.\textsuperscript{116}

However as Mainerd and Luke had argued in 1960 for local government to succeed there should be a national plan of development and equal representation on the principal institutions in the Federal Financial Relations, The Commonwealth Grants Commission, the Loan Council and the Constitutional Convention. Without admission to these organisations Local Government remained a mendicant, dependant upon the whims of State Government of whatever particular brand of politics. It had become apparent over the years as the Federal Government came to exercise more power and control over the financial and administrative arms of Government that the long standing problems of the urban environment could not be resolved by State Governments but required the commitment of considerable resources by the Federal Government. While the flagging Federal Coalition in the late 1960s came to realize that the concentration of most of the Australian population in its urban centres created severe problems for the environment. They were slow to understand that Australia had changed and that the Liberal policies that provided a rallying call to the middle class in the 1940s were no longer relevant. The new middle class community in Canberra who had become accustomed to organising their own challenge for what they considered was "a reasonable standard of living" decided with other Australians it was time to vote for a resurgent Federal Labor Party which offered policies to meet the needs of a small industrialised country and a modern urban society.

\textsuperscript{116} Emy, op cit, p 108
The problems of the urban environment of towns like Wollongong and the apparent obstacles to providing a democratic process for the people of Canberra were almost endemic in Australia. The determination of colonial governments in NSW to maintain supremacy over any form of local government and the lack of interest in urban matters existed before Federation. Following Federation a new power struggle developed between the States and Federal Governments. Changes to the Commonwealth Constitution were frustrated by powerful State interests and for more than fifty years unsuccessful attempts were made to introduce new states, decentralisation or regions. But the Federal Government controlled the major source of finance in the country, income tax. This ensured that urban planning and the growing problems of development of the cities and towns was overshadowed for most of the twentieth century by the conflict between these two levels of government. This conflict was reflected in the planning for Canberra where the most powerful States, New South Wales and Victoria strove for a solution which would further their own causes. In the two phases of the development of Canberra 1925-1928 and 1957-1965 little or no attention was paid to the democratic needs of the people. And in these cities matters only came to real importance when the consequences of economic growth and the steadily increasing population 'transformed national attitudes, as citizens and scholars ...[became] aware of the urban dimension'.

But this is also a story about inequity. Wollongong was an industrial town where considerable resources from both State and Federal Governments supported the development of the new industries. Equal resources were not provided to protect the city and its workers from the decay of the urban environment or to provide health and social welfare facilities. In Canberra the city was built as the Nation's Capital. All the money and effort was poured into producing an environment which was worthy of a Capital
City. But the people who lived there were unequal partners in the enterprise. Not only did they lack democratic representation but decisions were made by politicians who were not their elected representatives and their decisions affected the quality of the peoples' lives. From 1965 dramatic changes took place within the Federal political parties as old leaders retired and new leaders with new ideas emerged. At the same time powerful popular movements attacked the bastions of State power and the incompetence of the Federal Coalition.
PART 3
THE TURBULENT YEARS
1965 - 1972
In 1965 R G Menzies resigned as Prime Minister of Australia and although this was not evident at the time his departure signalled the demise of the Federal Coalition. In the seven years from 1965 politics in Australia were transformed. Harold Holt, the new Prime Minister and the Liberal Party were returned to government in 1966 with the largest majority since 1946. This landslide was considered by many to be due to the Federal Labor Leader A Calwell's conviction “that strident attacks on Vietnam and conscription would pay electoral dividends”. But it can also be argued that many dissatisfied voters were pleased to see the end of the “benevolent dictatorship” of R G Menzies and certainly many Liberal backbenchers were looking for a different and more inclusive leadership.

But as, Holt's undistinguished career as Prime Minister was short-lived, it was not to be. The Coalition was dogged by dissension and encumbered with policies which were no longer useful in a climate of social and economic change. Following Holt's sudden death the efforts of Prime Ministers Gorton and McMahon to respond to the “changing circumstances of the Australian electorate” were equally unsuccessful as they were in conflict with “important and effective elements” within the Liberal Party. They lacked the ability to deal with the parliamentary strength of the new Labor Leader, E G Whitlam.

At the same time the Federal Labor Party was itself involved in a mighty struggle between the modernists and the traditionalists; a struggle which was not resolved until the

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The South Coast Labour Council continued to provide strong leadership and the whole period was marked by militant opposition to the Federal Coalition and a determination to improve the urban environment of the Illawarra. Conferences which attracted a wide cross-section of the community discussed difficulties with health facilities, work for women, poverty among the elderly and the perennial problems of the lack of good roads, sewerage and other attributes of a modern city. Close collaboration was established between the political wing of the Labor Movement and the ACTU. There was a new confidence as the Council and the community looked forward to the election when they believed the Federal Coalition Government would be defeated.

In Canberra the community progressed to a more dynamic and militant phase. The influence and authority of the National Capital Development Commission declined with the departure of R G Menzies. Although the city was still promoted as “a great success story” the development program which was so successful for a small country town was no longer applicable to the largest inland city in Australia. The community itself was well established but plagued by problems created by hostile ministers and an incompetent and divided administration. Self-government for the Nation’s Capital assumed a new importance and questions of who and how to pay for the future development were being posed. It was 1970 before the Department of the Interior was able to produce accounts which gave some indication of the size of the problem. Jim Fraser continued his defence of his community in the face of rising land rents and a chronic land short-

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11 South Coast Labour Council Minutes, UWA, D169/2/1 5/2/65
12 Ibid, D169/35/34, 3/10/65, D169/2/10, 12/5/65
15 J R Fraser’s Private Papers, Editorial in the Canberra Times, MS2802, Box 2, 22/4/68
Popular protest took on a new urgency as the educated and informed community rebelled against the Coalition and a bureaucracy which put the building of a national capital before the needs of the people. In the by-election which followed the death of Jim Fraser the Liberal candidate was defeated by the Independents as well as the Labor Party candidate. It was generally recognised that the Coalition Government had lost the trust and support of the middle-class. This was confirmed in the 1972 Election when Kep Enderby won the ACT seat with 40,147 first preference votes. In the Federal Seat of Cunningham R F X Connor won 64.42% of the primary votes. And these voters were affluent workers who supposedly changed their political affiliations as they became more affluent.

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17 J R Fraser, op cit, Canberra problems, Box 7, 10/8/66
18 Sparke, op cit, p 200
19 Electoral Commission, ACT Electoral Results, 2/12/72
Encel, writing in 1971, argued that during the period in Australian history from 1949 to 1970 “political change has virtually frozen”.¹ The Federal Coalition achieved a long period of ascendancy in the Commonwealth Parliament due to the consummate political skills of Prime Minister Menzies together with the benefits of prolonged economic growth. In November 1963 he brought the Coalition back from the near electoral defeat of 1961 when the Liberals lost thirteen seats and retained government by one seat. In his promotion of political survival Menzies put in place strategies that would promote success for his Party.² To overcome continued criticism of the Government’s economic performance he appointed the Vernon Committee of Economic Inquiry, whose recommendations he largely ignored. In the early 1950s he exploited “the Cold War fear of communist influence within the ALP”³ and attempted to outlaw the Communist Party of Australia.⁴ He focused on issues in which the Labor Party was particularly vulnerable and which guaranteed continuing support from the Democratic Labor Party.⁵ State Aid, the establishment of an American base at North West Cape and threats to the peace and stability of the region by Indonesia, the Cuban Crisis and the assassination of the American President John Kennedy ensured that voters, lulled by the long period of prosperity, in Australia, would play it safe and continue to vote for the Coalition.⁶

⁵ Ibid, p 516
And the Labor Party appeared unable to mount a challenge to the Coalition hegemony. In NSW in 1965 the Party suffered severe electoral losses and lost Government.7 The traditional Labor seat of Wollongong/Kembla was won by M W J Hough, a Liberal who held the seat until 1971 when a previous President of the South Coast Labour Council, E D Ramsay, returned the seat to Labor.8 In that same year, 1965, the Party also lost control of the City of Wollongong Council to the Independents. The unexpected win by Rex Patterson in the Dawson by-election in 1966, gave the first hint of a changing policy direction within the Federal Labor Party. Patterson's campaign focused on regional development and important local issues and he refused to be diverted by questions of state aid and conscription. Although he secured a swing of 12% this did not stop the ongoing conflict among the Party leaders and factions.

But times were changing. Affluence brought home ownership to Australian workers and with new confidence they questioned the failure of the State and Federal Governments to meet the needs of a more sophisticated society. The States, besieged with demands for health and education facilities and improved urban environment, were critically short of funds and were becoming more dependent on Commonwealth grants.

But this potential crisis was not obvious; Harold Holt, the new Prime Minister and the Federal Liberal Party were returned to government in 1966 with the largest majority since 1946.9 This landslide was considered by many to be due to the Federal Labor Leader, A Calwell's conviction "that strident attacks on Vietnam and conscription would pay electoral dividends".10 But for many dissatisfied voters the Menzies' path to

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8 Peterson, G, Preface of his unpublished paper, How Labor Governs - Part 2, Chapter 2, Labor Politics in an Industrial Area, pp 13-14
10 McMullin, op cit, p 313
happiness was not working." Voters were re-assured by Holt's affable and optimistic personality and his election promises appeared to be focussed on the major problems of the day. However the continuing intransigence of the Deputy Prime Minister and Leader of the Country Party John McEwen was more evident with the "less awesome" Holt at the head of Government. Cracks began to appear in the facade of the dominant Federal Coalition as the conflict between McMahon as Treasurer and McEwen grew. It was a conflict which was to affect the choice of Liberal Party Leader and Prime Minister when Holt's unexpected death left these positions vacant. McEwen had spent many years transforming his portfolio from Commerce and Agriculture in 1949 to Trade and Industry in 1963 and establishing the enlarged Department as a "policy rival" to the Treasury. With his eyes set on the Prime Ministership and the dominance of the Country Party McEwen abandoned traditional free trade policies in favour of tariff protection. While he intended to improve the Party's contacts among manufacturing interests he encountered opposition from the Vernon Committee, the Tariff Board and Treasury. In the ensuing Cabinet battle McMahon was defeated and the Cabinet endorsed the submission on "motor vehicles and agreed to tariff protection for industrial chemicals".

With a runaway win at the 1966 election and an increased majority of 61 seats it seemed possible that the Liberal Party would be able to govern in their own right and eschew their dependence on the Country Party. The election highlighted the discord in the Country Party promoted by the new Basic Industries Group (BIG), who were concerned with the Coalition's neglect of the wool industry. Although the group's challenge was successfully resisted by McEwen, his position was tenuous due to the shrinking rural

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12 Hudson, op cit, p 516
13 Ibid, p 514
15 Ibid, p 57
16 Hudson, op cit, p 516
population and the growing disquiet of the Liberal Party officials with his policies. J Pagan, the Federal President of the Liberal Party, attacked these tariff policies when he declared “let us avoid subsidising inefficiency and let us be mindful of the impact of protective policies on our major earners of export income.”

Apart from the ongoing conflict between two senior ministers and their electoral success the Liberals were not as secure as an expanding economy and full employment would suggest. The Country Party’s defeat in Dawson in February 1966, the resounding rejection by the voters of the referendum designed to increase the size of the House of Representatives in May 1967, the success of the Federal Labor Party in Corio and Capricornia and the loss of two seats in the half-Senate election did not bode well for the Coalition.

The antagonism between McMahon and McEwen continued and was heightened by the British Government’s decision to devalue the pound. This affected the $715 million Australia held in British currency. If the Australian dollar was not devalued it would also affect the value of primary products which was a matter of concern to McEwen and his Department. Treasury advised against devaluation. It was argued that of “the world’s leading trading nations only Britain had devalued” and that by a “modest percentage”. In an official statement from his office Holt supported this view contending that “Devaluation at this stage would have brought costs and penalties”. While this position seemed initially acceptable to the Country Party McEwen, shortly after his return to Australia in November 1967, issued a statement decrying the failure to follow Britain’s decision.

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17 Reid, op cit, p 62
18 McMullin, op cit, p 317
19 Reid, op cit, p 80
20 Ibid, pp 82-83
He declared that "It is sad and serious that the decision strikes in a most selective manner at our wealth-producing industries, both primary and secondary".  

These were fighting words and their subsequent rejection by Holt placed the future of the Coalition in jeopardy. At the end of 1967 it seemed that McMahon and the Treasury had won and the way lay open for him to attack McEwen's tariff policies. But on 17 November Holt disappeared in the sea at Portsea and McEwen became kingmaker. As Acting Prime Minister he declared that the "Country Party would not support a Coalition led by McMahon". But there were rumblings of discontent among the Liberal backbenchers who were tired of the autocratic rule of the leaders. However the recent electoral losses made the Party uncertain and in the end it was the survival of the Coalition and the continuing influence of the "forty-niners" which was the determining factor in the choice of a new Liberal Leader. In the fight for leadership which was as complicated and adversarial as any conducted by the Labor Party J G Gorton emerged as the winner.

This was a unique situation as it was the first time in the history of Federation in Australia that a leader had been chosen from the Senate. And it was to signal a serious attempt on the part of the new leader to change "the concept of the Liberals as custodians of the status quo" to turn the "Liberal Party into the symbol of Australian Nationalism". As Whitlam was to comment later John Grey Gorton and his successor McMahon tried to respond to what we can now see were rapidly changing circumstances in the Australian electorate, the Australian economy and the international climate. They were beaten, in the end, not so much by the resurgence of Labor as by the

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21 Ibid, p 90
22 Hudson, op cit, p 517
23 Ibid, pp 517-518
24 Reid, op cit, p 171
25 Ibid, Preface

Political Parties in Transition
deadweight of the Menzies legacy and the sullen opposition of those in the conservative ranks who claimed possession of the Menzies legacy to undermine his nominal heirs and successors.26

Gorton's attempts to change the health insurance scheme, the Federal-State financial relations, resource exploration, the reduction of involvement in the Vietnam War27 and his "casually assertive personality"28 were to contribute to his undoing. In the 1969 elections the Liberals huge majority was reduced from forty to seven. By 1971 his continuing unpopularity with his Ministers led to the challenge to his leadership and McMahon was at last successful. Whitlam argues that "The great Australian Establishment procured his destruction not because he posed a real threat to their interests but because he made them feel uncomfortable".29

But McMahon was unable to fulfill the promise of his successful years as a senior Minister. He inherited a conservative coalition which was "dedicated to stability", to "electoral survival" with very little appeal to "national imagination or an occasional grand manifesto of government intent".30 But although he understood the "need for change in a changing world" he failed to make the decisions to achieve this.31 And he was faced with an outstanding Labor team in Opposition with E G Whitlam as Leader in the House of Representatives and Lionel Murphy in the Senate. Despite Encel's contention that "Whitlam seemed never able to link a wide variety of social issues"32 a new and invigorated Federal Labor Party led by Whitlam brought to an end the unparalleled political ascendancy of the Liberal Party in 1972.

27 Ibid, p 11
28 Hudson, op cit, p 517
29 Whitlam, op cit, p 11
30 Hudson, op cit, p 518
31 Whitlam, op cit, p 12
32 Encel, op cit, p 66
And as the years from 1966 were to bring conflict and turmoil to the Federal Coalition matters were not much better within the ranks of the Federal Labor Party where the "modernists struggled with the traditionalists". The question of State Aid, Vietnam and conscription faded into insignificance by comparison with Whitlam's public criticism of the "extremists controlling the party". He declared

The issue is not the Right or the Left. It is between those who want a broadly based Socialist and radical party and petty men who want to reduce it to their personal plaything. This extremist group broaches the party policy, it humiliates the party's Parliamentarians it ignores the party's rank and file. It is neither representative nor responsible. It will and must be repudiated.

And matters were to go from bad to worse. Despite the success of the Dawson by-election Whitlam was soundly defeated in his challenge for the leadership in 1966 and the Federal Election was a disaster for Labor. The popularity of Prime Minister Holt and the visit of the American President, Lyndon B Johnson coincided with the public dispute between Whitlam and Calwell. Almost inevitably the Federal Labor Party's election result was the worst since 1949.

Calwell held to his April 1966 promise and resigned as Leader and Whitlam won easily despite a number of contenders for the position. But the battle was not over. In mid 1967, heartened by the support of the WA party for organisational reform, he attacked the Victorian Branch and encountered considerable opposition. But the success of Whitlam's new strategies in assisting an eleven percent swing in the Federal Seat of Corio highlighted the incompetence of the State Branch which was easily defeated in the Victorian Elections. Consequently at the Federal Conference later in the year the proposed reforms were endorsed.

33 McMullin, op cit, p 311
34 Ibid, p 312
35 Whitlam, op cit, p 756
36 McMullin, op cit, p 316
37 Ibid, p 317
38 Ibid, p 318
From 1967 the position of the Federal Leader was strengthened when the Leader and Deputy Leaders of the House of Representatives and the Senate attended the Federal Conference and Executive together with the six State Parliamentary Labor Leaders. The latter also became involved with the six standing committees on Economic Planning, Social Services, Education, Health, Foreign Affairs and Rural Policy.38

But overall matters had not improved. By 1969 the Labor Party was out of government in all States; the last time this occurred was in 1910.39 In Victoria the DLP continued to prosper and the share of Labor's vote in that State was five percent less than its share nationally. Whitlam had still not achieved the reform of the Victorian Party and was opposed by senior members of the Executive. He was criticised by the previous leader Calwell who considered that he was “a careerist and opportunist”.40 In the face of this lack of support Whitlam resigned and was challenged for the leadership by Dr J Cairns who was also outspoken in his criticism of Whitlam's leadership for he was opposed to what he considered was Whitlam's “intellectual arrogance and dangerous folly”.41 In later years he was to become the “left's leading intellectual activist” but he was unsuccessful in his challenge to Whitlam and later suffered the same fate in his contest with Calwell for the seat of Melbourne.42

The continuing leadership questions, the problems of the Victorian organisation and six years of frustration and difficulty took its toll on the National ALP Secretary Cyril Wyndham who resigned in March 1969.43 Mick Young, a SA delegate, who was elected National Secretary was faced with a Federal Conference in three months and the

39 McMullin, op cit, p 320
40 Ibid, p 322
41 Ibid, p 321
42 Ibid, p 323
43 Ibid, p 324

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prospect of Federal Election a few months later. Fortunately for the Party he brought to the job a new spirit of enterprise and the skills he had developed as organiser of the South Australian State Branch. He complimented Whitlam's more imperious style with “an intuitive understanding of the electorate’s likely reaction to particular events and policies”. The success of the Federal Conference boosted the stocks of the Federal Labor Party and the position of Whitlam as the Leader. As Whitlam was to write of the Melbourne Conference in 1982

This was the first national conference of any party in Australia’s history which was fully open to the media. The presence of ten Parliamentary leaders in their own right raised the quality and political relevance of the debate to unprecedented levels. The negotiating, diplomatic and social skills of the new Federal Secretary, Mike Young, were invaluable. Altogether, it was the most creative and constructive Conference in the Party’s history. Above all, it was a great reforming Conference which rewrote two-thirds of the platform and gave the Party’s imprimatur to the progress of reform which I and my colleagues had been developing since 1967. And it was a magnificent springboard for the elections in October 1969.

The results were obvious in the 1969 Election when the Coalition’s majority was slashed and Labor’s share of the vote increased. Cairns acknowledged the success of the campaign when he wrote “His [Whitlam’s] conduct of the campaign was first rate. I think his presentation has been more articulate and successful than any since the wartime days of John Curtin.”

And these skills were reflected in Parliament where the Labor Party began to demonstrate its dominance over the Coalition. In November 1968, ten months after the return of the Gorton Government Whitlam moved a vote of “want of confidence” in the Federal Coalition.

44 Ibid, p 323
45 Whitlam, op cit, p 7
46 McMullin, op cit, p 326
He declared the

Goodwill [of the people] has been dissipated, the peoples' confidence has been eroded. No Australian Government had been in such disarray since the fall of the Fadden Government in 1941.

In a wide ranging speech he referred to more than a dozen Ministers or matters and concluded that

The Public Service is demoralized. Business has never been so anxious and confused. Backbenchers have never been so confused or in such disarray."

A glance through the Index of Speeches from that year onwards shows Whitlam's total domination of the Parliamentary activities. While some questions were merely requests for detailed statistics the breadth of the matters covered and the consistency of his performance far outweighed that of both Gorton and McMahon." His leadership gave new life and impetus to other members of the Federal Labor Party so that in 1969 a former rival considered that "we have functioned extremely well over the past twelve months in the Opposition"."

This was supported by the efforts of a large band of committed adherents who, often at short notice, provided advice to Whitlam. As Race Mathews wrote

Well before 1969, the point was reached when authoritative views in any area of policy could be tapped at short notice, to provide the substance of a major

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" McMullin, op cit, p 326
address, respond to a government attack or shape a parliamentary question without notice as the case may be.\textsuperscript{50}

The Whitlam rule was that all policies had to be adequately researched and as can be seen in the Hansard records it was the parliamentary question on notice “which he elevated to an art form”.\textsuperscript{51} One of the outstanding demonstrations of this level of organisational ability was in dealing with the question of the relationship between three levels of government in Australia, Federal, State and Local Government. The Liberal Party maintained through the twenty years of its dominance of the Federal Parliament that the problems of Local Government belonged to the States and as late as 1971 Prime Minister Holt wrote to the Australian Council of Local Government Authorities “that direct consultation between representatives of the Local Government Association and the Commonwealth would be improper”.\textsuperscript{52}

In the Federal Parliament in May 1969 D E Costa, the Member for Bankstown, argued that Local Government bodies “have had to delete a large number of amenity and improvement works for parks, playing fields, reserves and beaches all of which are in great demand” due to State Government demands for payroll tax.\textsuperscript{53} At the Federal Conference of the Labor Party in October of the same year a new policy was announced which was directed to balancing “the functions and finances of the Australian State and local governments to ensure adequate services and development of resources”.\textsuperscript{54}

In June 1970 Whitlam wrote to the Speaker of the House of Representatives on “a matter of public importance” which was the “need for the Commonwealth to assist the

\textsuperscript{51} Ibid, p 9
\textsuperscript{54} Whitlam, op cit, p 712
finances and functions of the semi-government and local government authorities". In his speech to the House he focused on "the plight of local and semi-government authorities" which illustrates the characteristic of Commonwealth-State-municipal finances and functions over twenty years of Liberal rule. The real characteristic is federal affluence and civic squalor...the whole phony war about States' rights is the protection of private affluence and the perpetuation of public squalor...Inequality in Australia is more public than private."

In April of the following year Whitlam again raised a matter of public importance which was concerned with "the lack of machinery for government consultation and public information on Commonwealth, State and regional finances and functions". In the debate which followed Dr Patterson, the Member for Dawson, argued that the Commonwealth is shirking its responsibilities. Local Authorities should not be the cinderella of Government."

During the debate on Supply Bill No One Mr Luchetti, the Member for Macquarie, appealed to the Government to give assistance to Local Government. During this period the State Ministers for Local Government meeting in Hobart agreed that the State Governments should increase the current level of re-imbursements that their Treasurers made to Local Government. Further at the Premier's Conference in July 1971 the Commonwealth agreed that the "States will now levy and retain the proceeds of the payroll tax". This was made possible because of the introduction in, May 1971, of the States Grants Bill which provided "additional payments to the States as

56 Ibid, pp 3128-3129
58 Ibid, p 1478
59 Ibid, p 2319
60 Local Government Association Bulletin 4, 31/5/1971, p 3
compensation for loss of receipts duty revenues... in addition for provision for the non-payment of payroll tax". While this decision was seen as an advance on previous situations it did not totally fulfill the requirement by the Local Government Association for the Commonwealth to finance local government services.

1972 was a busy year for local government. The Ratepayers Association produced a report advocating the introduction of “a progressive poll tax as a substitute for Local Government Rates” and proposed to withhold rates in some parts of NSW. While the Local Government Association was anxious to have the support of the Ratepayers Association in its discussion with the State and Federal Governments they rejected the Ratepayers' Association's proposal as did H Morton, the Minister for Local Government in NSW.

But a Federal election was pending and the Local Government Association renewed its efforts on all fronts so that “Federal Parliamentarians on both sides of the House [were aware] that something must be done and done soon”. The Association's August Bulletin highlighted a speech by Whitlam when he argued that “the real crisis in the Australian federal system is not legal or constitutional. It lies in the imbalance between finances and functions of the three levels of government”.

And in the Federal Parliament Mr N Brown, the Member for Diamond Valley, asked “if the Local Government Association would be represented at the proposed Convention on

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62 Local Government Association Bulletin 6, August 1971, p 6
63 Ibid, Bulletin 7, October 1972, p 17
64 Ibid, Bulletin 1, January 1972, p 4
66 Local Government Association Bulletin 5, August 1972, p 9
the Constitution". Mr F L O'Keefe, the Member for Paterson, spoke about “the plight of local government”. In May Mr J Corbett the Member for Maranoa, declared that “The cold hard facts are that it has to be the responsibility of someone to see that local government gets its just deserts in the provision of revenue". While Mr F Crean, the Member for Melbourne Ports, argued that “The means of financing the needs of citizens are scarcely adequate anymore”.

But the real sea-change was the decision by Prime Minister McMahon to meet a deputation from the Australian Council of the Local Government Association in Canberra in July for more than twenty years had elapsed since the Association had been received by a Prime Minister. McMahon agreed that the Association should be represented at the Convention on the Constitution which had been proposed by the State Governments. However at the Local Government Association Conference Luncheon he stated that “it was a matter of decision for the States themselves”. Despite his support for the proposal to re-imburse the State Governments in the matter of exemption of the Councils from payroll tax he was careful to mention that

The Commonwealth does not wish to disturb at present the constitutional structure whereby the responsibility for determining revenue-raising powers and supplementing the resources of Local Government lies with the State Parliaments.

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68 Ibid, p 781
69 Ibid, p 1549
70 Ibid, p 2043
71 Whitlam, op cit, p 721
72 Prime Minister McMahon's address at the Local Government Association Conference Luncheon, 23/10/1972, p 13
73 Ibid, p 13

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The Leader of the Country Party and the Deputy Prime Minister, D Anthony, however was more conciliatory and considered that Local Government must not only be represented at the Convention but also be allowed to express its views.

Again the real support came from Whitlam who declared

> The future of Australian Federalism depends far more upon municipalities than upon the Commonwealth and the States, federalism is threatened not by a drift of power from State capitals to Canberra but by the States imposing upon municipalities functions which are beyond their means.

He went on to quote Justice Else-Mitchell as Chairman of the 1967 New South Wales Royal Commission, that

> Present centralised policies which have reduced Local Government to a state of vassalage and Councils to a role of mendicants, need drastic re-appraisal, though I wonder if State Governments are very anxious for local authorities to gain any substantial measure of financial independence or to develop qualities of strong local autonomy.

By October, with a Federal Election looming, Prime Minister McMahon took a major step towards consideration of the country's overwhelming urban problems when he introduced the National Urban and Regional Development Authority Bill with Sir John Overall as First Commissioner. Unlike the Federal Labor urban policy it was all too late and too little to save the Federal Coalition. As Whitlam was to write in 1985

> Yet not until the late 1960s, largely as a result of the initiatives of the FPLP, did the condition of our cities become an issue in national politics.

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74 Statement by the Deputy Prime Minister and Leader of the Country Party, J D Anthony, at the LGA Conference on 25/10/1972, p 36
75 Address by E G Whitlam, Leader of the Opposition, at the LGA Conference, 25/10/1972, p 38
Labor's campaign on urban issues contributed significantly to its 1972 election victory. The Australian people, for the first time, decided to elect a National Government which accepted a specific national commitment to the improvement of the conditions of the cities.77

This policy together with some fourteen others gave "permanent direction for national development" for universal health and welfare, tertiary education, women and aboriginal issues and the establishment of a Prices Justification Tribunal.78 Whitlam's period as a leader was to demonstrate "that the Australian Parliamentary system could produce significant social change".79

But it was also to demonstrate that the Australian Labor Party was "a very resilient party".80 From 1966 when the Party suffered a crushing defeat it was re-built, "the organisation was re-structured, the Victorian state branch was reorganised by the national body, new policies were formulated and a modern image was presented".81 This was an image that was built to fit modern Australian society and its new communities. This image offered new and attractive policies to the Illawarra community and the hope that the problems of the urban environment would be resolved. It also offered to the new middle class society of educated and affluent white collar workers a return to the status and certainty which they expected as citizens of Australia's National Capital. For the Liberal Party had failed to meet the challenges of the 1960s. Its leaders were unable to re-organise the party to meet the demands of its backbenchers or to develop the capacity for detailed party policy necessary to deal with the complexities of a modern industrial country.

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77 Whitlam, op cit, p 371
79 Ibid, p 17
80 Woodward D F, op cit, p 153
81 Ibid, p 155
From 1966 urban Illawarra grew from a "steel town" to a "steel city region".¹ In that year the population for the three Local Government areas, Kiama, Shellharbour and Wollongong had reached 177,432 and was still rising.² Unlike regions such as Newcastle which serviced a large hinterland the Illawarra was constrained by the geographical features of the district. Winding roads and heavy vehicular traffic made access from the well-settled districts of the tablelands unattractive and encouraged residents to by-pass Wollongong for Sydney. Consequently industrial growth remained closely allied to the steel industry and there was limited diversification into the service industries. The small size of its white collar sector made it different from other regions and did not follow the pattern of the 1960s when the expansion of the professional and administrative classes was significant. There were less State and Federal public servants and fewer self-employed people than either Sydney or Newcastle.³ The lack of service industries and clerical work meant that for many women there was a lack of paid employment. In 1968 twenty-three percent of the female workforce was unemployed. In BHP the female tinplate sorters were paid seventy-five percent of the male rate and could not be employed in the process work because of restrictions in NSW State legislation.⁴

By 1966 the Illawarra, like Canberra, was a clearly defined community with a "well-developed common consciousness forged in an environment remarkable for the

²Ibid
⁴NSW Parliamentary Debates, Legislative Assembly, Address-in-reply, p 5
omnipresence of [BHP]". But they were bound by more personal bonds for the people of the Illawarra also shared with other Australians the preference for home ownership.

By 1971 suburban development, both public and private, extended from Stanwell Park to Shellharbour and onto the hills and slopes around Port Kembla, Warrawong, Unanderra and Dapto. The southern shores of Lake Illawarra and Oak Flats, once the site of small villages, had blossomed into new suburbs of single family houses. However it was at the ballot box that the ideals of this working-class community were expressed and by 1969 its commitment to the Labor Party made Cunningham and Hughes among the safest blue-ribbon Labor seats in the country. The South Coast Labour Council continued to be influential in the community's affairs and the type of social democracy that "[Whitlam's policies] offered [was] electorally attractive" to a militant and socially aware Trade Union organisation.

Full employment and affluence had not diminished their allegiance to the Labor Movement but had seen a steady increase in the number of workers who joined Trade Unions. In 1961 there were six hundred and eight thousand males in union membership in NSW by 1969 it had increased to six hundred and eighty-three thousand. The number of female union members in NSW increased from one hundred and forty three thousand to two hundred and five thousand in the same period. Although the National average was some three percent less than NSW it was to increase over the next few years.

Not only were there more of them but they had rebuilt the Trade Union Movement.

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5Keys C L & Wilson M G A, op cit, p 8
6Ibid, p 5
7Ibid, p 8
Markey wrote that

Politically, the ALP and the unions also enjoyed far more unity than they had since perhaps the early 1900s. Fractional differences and campaigns persisted in both levels of organisation, often pursued vigorously, but this rarely, if ever, led to the damaging conflicts and splits of earlier years.¹⁰

In a demonstration of their success and capacity to re-fashion and strengthen the Trade Union Movement unionists challenged the penal provisions of the arbitration system which had been used by Governments since the Coal Strike of 1949 to break the dominance of the unions. In 1969 the Victorian Tramways Union Secretary, Clarrie O'Shea, was jailed for refusing to give evidence against his union in the Industrial Court of Melbourne. The Union was fined $8,100 for refusing to accept the penal provisions. In Melbourne thousands of workers and their supporters became embroiled with the police who attempted to prevent the march on the Industrial Court and the demand for O'Shea's release.¹¹ Nationally 400,000 workers stopped work on the waterfront and in the metal industries. In NSW the Labor Council organised a rally at the Paddington Town Hall. Eventually an anonymous benefactor paid the fines and O'Shea was released from jail. Although it was more than ten years before the penal clauses were actually abolished they were no longer effective for it was now obvious that their implementation could create more industrial chaos than they could prevent.¹²

This industrial strength was to extend itself to a growing opposition to the Vietnam war and the emergence of a new radicalism and demands for “landrights, social justice,

¹⁰Ibid, p 446
¹²Markey, op cit, p 448
housing, sexual equality, equal pay, child care and abortion on demand". Cottle argued that

The workers' struggle and the anti-war movement created the political conditions in which the material interests of those forgotten in the Cold War of the 1950s and 1960s - the poor, the driven and silenced - could be actively pursued. The Labor Party under Whitlam successfully appealed to this burgeoning extra-parliamentary oppositional force, spearheaded by the workers' movement.

Nowhere was this more evident than in the South Coast Labour Council whose tradition was radical and activities covered both the industrial aspects of the workers' lives and the conditions of their social environment. In 1965 the first attempts were made towards the re-affiliation of the Wollongong Branch of the Federated Ironworkers Association. From 1966 there was a drive by the Council, the FIA and the craft unions and the officials from BHP to achieve 100% financial union membership, establish shop committees and encourage migrant workers to join the union. The FIA had been in dispute with the Council since 1954 but reconciliation seemed closer when Laurie Short, the National Secretary of the FIA, spoke at the Council meeting about the need to establish a financial union within BHP and to fight for modern wages levels.

But the concerns of the Council were much broader than affiliation with the FIA for as Ted Harvey, the Secretary of the Council stated in December 1965:

The continual rise in the prices of essential commodities such as food, clothing and transport and the resultant effect in lowering the standard of living of the Australian wage earner and his family has been the concern of the Trade Union Movement for a number of years.

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13 Cottle, op cit, pp 412-413
14 Ibid, p 413
15 South Coast Labour Council(SCLC), Minutes, UWA, D169/2/1, 5/2/65
16 Ibid, D169/35/17, 25/11/65
In this vein, over many years, the members of the Council were dealing with problems as disparate as that of air pollution, the failure to complete sewerage works in the area and the eviction of people who were forced to live on camp sites because of the serious housing shortage. In 1965 there were reports on the deplorable conditions at the Port Kembla Coal Loading Depot. 520 delegates from every metal union expressed “grave concern and indignation at increasing prices, taxes, land prices and valuations, rates, gas and electrical charges”. There was discussion at the Council meetings on equal pay for women and the need for the basic wage to be based on full family needs. Council representatives attended the Teachers' Federal Conference in Canberra and the Old Age and Invalid Pensioners' Association. In October a Conference on Poverty and Economic Hardship was held and in December there was a special meeting on Price Control and the twelve months hold on wage rises.

The highlight of 1966 was the Conference in Sydney in July on How to Improve Living Standards. It was called by the Labor Council of NSW and was opened by the Lord Mayor of Sydney, Alderman J Armstrong and attracted speakers from universities and the NSW Parliament as well as trade union delegates. Papers were given on Australian Economic Policy by J D Kenny MLC, Education by H Schoenheimer, Senior Lecturer of Monash University, Housing by B McFarlane of the ANU and Social Services by Dr G Ford of the University of NSW. The Conference which was attended by an estimated fifteen hundred or more people was followed by a general rally in the Town Hall and a set of demands was prepared for Government action.

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1Ibid, D169/2/10, 5/2/65
2Ibid, D169/26/29, 25/4/65
3Ibid, D169/35/34, 3/10/65, D169/2/10, 12/5/65
4Ibid, D169/2/11, 1/7/66
The South Coast Labour Council re-affirmed its commitment to assisting pensioners and the Save Our Sons Committee. Rising rates, medical fees, hospitals and a clean air policy were the subject of keen discussion. In October 700 union members attended a mass rally in Canberra calling for wage rises, repeal of the penal clauses, 35 hour week, improved social services and a national health scheme.22

In early November before the Federal Election the Miscellaneous Workers' Union (MWU) declared that

[Their members] want to do all that is possible to bring about the defeat of the Holt Liberal Government as the policies of this Government have nothing in common with the policies of the Australian Council of Trade Unions and the policies pursued by the South Coast Labour Council.23

Despite this enthusiastic support the Federal Labor Party suffered a humiliating defeat and L Johnson the Labor Party candidate for Hughes was defeated and Connor was returned with a reduced majority. 24 But the MWU returned to the fight with a number of proposals which the Secretary, M Nixon, put to the Executive of the SCLC. They included demands for

1. An immediate grant by the State and Federal Governments to the City Council for completion of all sewerage in the area.
2. The Local Government Act to be amended whereby heavy industry would be compelled to share the costs of the development of the city.
3. Ten percent of Annual Federal Revenue to be granted for Local Government needs
4. Commonwealth and State Governments to pay rates on all their properties in the area.
5. Loans at cost from the Federal Government
6. A full return of Petrol Tax to the State Governments for road use.25

None of these demands were new but they showed the continuing determination of the trade unions and the Council to pursue the Federal Government and attempt to find a

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22 Ibid, D169/2/11, 30/3/66, 28/9/66
23 South Labour Council Minutes, UWA, D169/30/32, 9/11/1966
24 Election Results, Electoral Commission, Canberra, 26/11/66
25 South Coast Labour Council Minutes, UWA, D169/2/14, Box 8, 7/12/66
fiscal solution to the problems of Local Government. Unfortunately Holt, in the heady days which followed his 1966 Election success was unlikely to concern himself with the problems of a community which had demonstrated at the polls its continuing allegiance to the Federal Labor Party.

In July of the following year, a seminar on Living Standards was held at the Wollongong Town Hall Theatre. Discussion centered around the decline in average wages; the lack of quality housing and schools; high unemployment, lack of employment, equal opportunity and pay for women and the need for a comprehensive National Health Scheme. The Seminar was described as “poverty in action” and was attended, among others by Dr Wallace, the Medical Officer for Health in Wollongong, J Steinke of the Economics Department of the University of Wollongong and Senator Lionel Murphy of the Federal Parliamentary Labor Party.26

Dr Wallace spoke of the need for recreational, health and medical facilities, baby health centres, dental clinics and education and training. Dr Steinke declared that the Government should provide low cost housing. Pat Clancy, Secretary of the Building Workers' Union, argued that there was a “Lack of planning and concern for the people and more than twenty years after the war we still have a serious housing shortage”. Senator Murphy was concerned with the need for legislation to “control price rigging, profiteering and exploitation” and highlighted the belief of trade union and political experts “that for some years...Wollongong's facade of affluence hides a life of hardship for many”.27

In April the NOW Committee set up an employment agency to find temporary or part-time work for women. And in early May a Conference on Poverty was held in the Board Room of the Trade Union Centre to discuss among other things the effect of low wages

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26Ibid, D169/31/3, 2/7/67
in an “affluent” society. And in the Annual Report for 1967 the Secretary writing on the developments of that year drew attention to the close collaboration that now existed with the political wing of the Labor Movement, George Peterson, Rex Jackson and Laurie Kelly and with the ACTU and the Labor Council of NSW.

The following year, 1968, the Steel Worker called for the restoration of quarterly cost of living adjustments and the establishment of a State Prices Tribunal and the transfer of State price control powers to the Federal Government. The July edition highlighted the fall in Social Service grants to the States from 8.3% to 7.9% and quoted the Financial Review's article on BHP's massive tax concessions of nearly six million dollars. In August Pat Clancy's pamphlet stated that:

> The entire Trade Union Movement is unanimous in its demand that measures must be introduced to control prices, profits, rents and interest rates. Economic policies of the Federal Government are clearly biased against lower income groups.

In July the ACTU sent a submission to the Prime Minister illustrating their concerns with “the widespread degree of poverty in this country”. Throughout 1968 the South Coast Labour Council “prepare[ed] for an all out fight for sewerage in Wollongong. Only 35 percent of Wollongong is sewered. It is a serious and urgent situation”. This declaration followed the failure of the Askin Government to meet its promises of the previous year.

In June 1969 at the Annual Conference of the NSW Parliamentary Labor Party the Leader of the Party, P D Hills, put the question “Is it asking too much that the Trade Union Movement should begin to consider expanding its role by spreading its activities

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[5]South Coast Labour Council Minutes, UWA, D169/35/17, 23/9/68
[7]Ibid, D169/35/37, 12/2/68
into as many areas as will directly or indirectly provide extra protection to the wage earner”. And it was not long before the ACTU Executive responded to his remarks. At the Congress held in September, a campaign was proposed “to establish Social Security as part of the objective to maintain and improve living standards”. In his report on the Congress, M Nixon, the SCLC representative highlighted the declaration that

It is our responsibility to ensure that the people who produce for and serve the nation receive a return in keeping with industrial expansion. Such a return to include a need for a living family wage, adequate education facilities, high standard housing, full employment, free medical and hospital care etc... The Trade Union Movement should be associated with this development."

In October the newly-elected President of the ACTU R J Hawke took part in the March Against Poverty held in Wollongong. And Hawke was at the Taxation and Prices Rally that was held in Wynyard Park in July 1970. The rally was organised by the NSW Labor Council because of the increase in Land Prices and the cost of building homes which had risen by 10.2% in Sydney and Wollongong between 1969 and 1970. Later in the year the NSW Labor Council was again active in promoting a two day conference on the Quality of Life in the Environment which was chaired by the Governor of NSW Sir Roden Cutler.

And the South Coast Labour Council was active throughout July and August. The Council supported the Combined Pensioners Rally at the Wollongong Town Hall and the Delegates Rally at the Trade Union Centre to discuss the Federal Budget, Price and Profit Control, Taxation and Social Services.

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33J Hagan's ALP Resources, UWA, D176/9/6, 14/6/69
34"South Coast Labour Council Minutes, UWA, D169/2/14, 24/9/69
35Ibid, D169/27/4, 14/10/69
36Ibid, D169/26/1, 27/7/70
37Ibid, D169/27/14, 17/7/1970
The new Secretary of the Council, M Nixon, wrote to R Hawke in July that

We feel that the Budget Deputation will receive support from the general public as well as the trade unionists as all are becoming aware of the poverty existing in Australia, particularly as it effects on our old ex-worker citizens 38

For it was the retired workers who were really affected by the rise in prices etc. for they were victims of a hole in the welfare safety net and an increase in their incomes could not be negotiated through the Arbitration system. 39 And they had reason for concern, as Encel noted the long period of Prime Minister Menzies leadership

was marked by a steady rise of affluence which made the fact that national levels of expenditure on social welfare and on public services in general extremely low by international standards. By 1970 Australia was one-fifth in terms of GNP per head but thirteenth in expenditure on health and welfare. Welfare expenditure was seven percent of GNP, compared with OECD average of ten percent, and pension rates, which had been twenty-five percent of average weekly earnings in 1946 fell to twenty percent by 1970. 40

In November Nixon asked R Marsh, Secretary of the NSW Labor Council, to call "a meeting of Provincial Councils to discuss among other things, pollution, social services and a medical health scheme". 41

And the momentum of protest and rally increased in 1971. Nixon reported to the Council that at the ACTU Congress "The decisions were of a more positive nature in the attitude to the welfare of the Australian wage and salary earner that had been the case at past Congresses". 42

38Ibid, D 169/27/4, 21/7/1970
41South Coast Labour Council Minutes, UWA, D169/26/1, 5/11/70
42Ibid, D169/27/4, 1971, Report to the SCLC on the ACTU Congress
In the SCLC Annual Report for 1971 Nixon wrote

Growing awareness of the value and responsibilities of the trade unions and the Labor Council which involves every area of affairs where the welfare of our members and their dependents is involved within our district and community.

Cottle argued that the struggle for better living standards for both the workers and the disadvantaged in society blossomed into political life with the militant protests against the Penal Clauses and the growth of the anti-war movement. But it is important to note that strengthening of the Labor Movement began before the growing affluence and low unemployment in the 1960s. Moreover organisations like the South Coast Labour Council were schooled by necessity and past privation to organise their activities around the whole working class community. This struggle for better living standards which Cottle noted started long before the industrial militancy of 1969. Nixon spelt that out very clearly in his annual report.

The year in itself reflected a period of rising activity and an increase in the tempo of new demands socially, industrially and politically which have given birth in the mid-sixties and has continued since and is being expressed in this year 1971.

The Labor Movement's concept of welfare changed with the re-iteration of the need for a Quality of Life which would not only embrace welfare but the urban environment and a wide range of factors which affected the lives of the workers.

As J F Cairns, a prominent member of the left of the Federal Labor Party, reflected as early as 1966 that

The purpose [of the Labor Party] is to achieve a better life for the people; to improve through social action the quality of life of the individual whatever he may be.

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4Cottle, op cit, p 412
4South Coast Labour Council Annual Report 1971, UWA, D169/19
4Encel, op cit, p 62
While H Mayer considered that

Labor has machinery for transmitting policies which with all its weaknesses still ensures that for some of the time some of the major and persistent demands made by the rank and file rise to Cabinet Level and become law.¹

And the most successful means of transmitting policies in Wollongong was through the State and later Federal Parliamentary Member, R F X Connor. From 1938 to 1944 Connor was an Alderman on the Wollongong City Council. He was elected to the NSW Legislative Assembly in 1950 as the Member for Wollongong-Kembla and quickly established a reputation as a “formidable Parliamentary Speaker”.² At this time the Wollongong-Kembla was not a safe Labor seat and he had to work hard to gain and keep the support of the local business factions and the middle classes.³ He was associated with the Combined Unions’ Steering Committee and with the South Coast Labour Council.⁴ In 1961 Connor stood for the Cunningham Federal Electorate.

Some excerpts from his speeches to the South Coast Labour Council indicate the breadth of his interests and his identification with matters of concern to the Labour Movement in the Illawarra. In June 1965 he addressed the Council on the question of the ALP’s opposition to sending troops to Vietnam and other matters.⁵ In August he declared that “the National Government would neglect Greater Wollongong at its peril. Lack of adequate housing could have a serious effect upon steel production”.⁶ In April of the following year he highlighted the serious tensions within the Federal Coalition. He argued that “the end of the Menzies era had brought great discontent within the

⁴Petersen G, How Labor Governs - Part 2, Unpublished draft papers, p 7
⁵Ibid, p 10
⁶South Coast Labour Council Minutes, UWA, D169/2/1, 9/6/65
⁷Ibid, D169/33/5, 25/8/65
Liberal Party and there is a generally adverse reaction by the people to Liberal Party policies”. In August during the discussions on how to re-vitalise the FIA he declared “every worker has a legal and moral obligation to join the union and keep himself financial”.

He was one of the first political environmentalist and sponsored the clean air legislation in the NSW Parliament in the early 1960s. As early as 1959 he was discussing the problems of pollution in Port Kembla which at that time had the “largest blast furnace in the Southern Hemisphere”. He declared that

[At] Monteith St Cringila, in twenty-eight days, there was a total precipitation of 54.6 tons of insoluble matter, 28.5 tons of combustible matter and 26.1 tons of ash. By comparison with Newcastle [which had] 46.7 tons of solid matter, 35.8 tons of insoluble matter, 11.5 tons combustible matter and 24.3 tons of ash. Port Kembla was now worse off than the Black Country.

In the NSW State Parliament from 1968 was the Member for the new seat of Kembla, George Peterson. He won the seat with 61.7% of the primary vote and was a staunch advocate for the Illawarra area. In his address in reply on the 13 August 1968 he covered a wide range of problems in his electorate from low wages among the steelworkers, penal clauses, unemployment among women and pollution from heavy industry. But his greatest emphasis lay in the failure of governments to provide essential services. He highlighted the lack of sewerage services in old and new homes and the resulting prevalence of infectious diseases like hepatitis and the pollution of Lake Illawarra. He called for the provision of schools, community halls, baby health centres,

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9Ibid, D169/2/1, 1/8/66


libraries, police stations and public transport. He drew the attention of the members to a
resolution of the 1966 New South Wales Conference of the Australian Labor Party that
all future developments in the Newcastle-Sydney-Wollongong area be handled
by the State Government in the same way that the development is handled by the
Commonwealth Government in Canberra, that as in Canberra, all civilized
services such as sewerage, water, roads etc. be provided by a developing
authority prior to sale.58

In 1966 the problems of the urban environment of Wollongong were not going to be
easily solved as the Coalition hegemony seemed unassailable. In April 1970 the
Unanderra Newsletter of the local electoral committee recorded that

Last year we organised a petition which was presented to the Metropolitan Water
Board without result. Last meeting we decided to see whether some definite
information can be obtained on when the present disgusting primitive system of
drainage and excreta disposal will be replaced by main line sewerage. We may
find it necessary to organise a vigorous public campaign. 59

In 1971 Nixon, Secretary of the South Coast Labour Council, re-affirmed the trade
union organisation's commitment.

[There is a] growing awareness of the value and responsibilities of the trade
unions and the Labour Council which involves every area of affairs where the
welfare of our members and their dependents is involved within our district and
community.60

But 1972 was to demonstrate the resilience of the Federal Labor Party for in six years it
had recovered from a humiliating defeat and had shown that a remarkable turn around in
policies had brought their own reward. And Nixon also was able to recount the
increasing tempo of the 1970s when he wrote of the

challenges of technological advances; unemployment; social services, penal
clauses; crisis in education and the NSW teachers' struggle; the oil industry
dispute; South Clifton take-over; radicalism; and the need for more recognition

58 NSW Parliamentary Debates, Legislative Assembly, Address in Reply, 13/8/68, pp 5-8
59 Unanderra Newsletter No 1, April 1970, D48/11/3, UWA
60 South Coast Labour Council Annual Report, UWA, D169/19, 31/12/71
of our own Australian Aborigines; medical and health needs; housing perspectives for women; protection of the environment; defeat of Clutha [and] the qualities of life being challenged by various sectors of the community.

But most of all the Council and the unions were able to celebrate the defeat after twenty-three years of the Coalition Government which they considered had

ruled without any regard for the workers and their families and had instituted policies and legislation based on monopoly interests and foreign control of our country.⁶¹

⁶¹South Coast Labour Council Annual Report, 1973
By 1965 the new community of Canberra was well-established and the city “was being promoted as a great success story ... and one whose lesson could be applied elsewhere”.¹ And in 1966 it was further distinguished because it was one of the few electorates in which the Australian Federal Labor Party increased its vote. In the 1966 Federal election Labor's share of the vote nationally had plunged to less than 40%. But in Canberra Fraser defeated his Liberal opponent by more than 6,000 first preference votes. This success demonstrated the importance of Rex Patterson's views. Patterson had advised Arthur Calwell in July 1966 that

In an affluent society education standards are continually rising ...finance, education and rearing a family are of the highest importance. The more or less educated salary earner with his wife sees their family position in society as distinct from the general trade unionist and traditional Labor Party supporter. If the Labor Party is to gain seats we have to find out what the major problems are in those areas where we have a chance of winning seats.²

With this success Fraser continued to show that, despite the expansion of the electorate he was still in very close contact with his community. He shared a vital interest in education with most of his constituents and was prepared to resist party lines if he considered they did not benefit his community. In his broadcast in February 1966 he stated that

For more than ten years the Commonwealth has been paying the ACT for new classrooms and accommodation. This undoubtedly has been of great assistance not only to the Catholic Church, which maintains so many fine schools in Canberra, but also to the Church of England with its interest in our Grammar Schools.³

² J Fraser's Private Papers, MS2802, Box 5, Correspondence, Folio 20
³ Ibid, Keeping In Touch Broadcast on Channel 7, Box 4, 18/2/66
And Fraser was aided to some extent by the changing pace of the Coalition's commitment to the development of the City and the increasing antagonism of the successive Ministers of the Interior. In fact, like the Federal Liberal Party, the development of Canberra began to decline with the departure of Prime Minister Menzies from the political scene. The National Capital did not recover until the Whitlam Government was elected in 1972 with the new Federal Labor policies on urban and regional development. Although there was no change in ongoing expenditure the next three Liberal Prime Ministers, Holt, Gorton and McMahon did not take a personal interest in the work of the National Capital Development Commission. It was difficult for the Commission to cope with a situation in which it no longer enjoyed the patronage of the most powerful political figure in Australia. As John Overall wrote in 1995 "none of [Menzies'] successors were to regard Canberra or the NCDC in the same benevolent fashion".

A further complication to the development of the City was the effect of the influx of newcomers. They migrated from other parts of Australia and overseas and their expectations were substantially different from the old timers who were grateful to the Federal Government and the National Capital Development Commission for the improvements in their urban environment. This well-educated, affluent community discovered that they had "lost virtually all the rights, privileges and responsibilities" of a democratic society as "Canberra was a rarity among cities in having no government of its own". Strangely the Federal Government still had the legal right to impose the death penalty for some thirteen specific crimes. For the newly arrived workers there was no

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6 ACT Electoral Council of the ALP, Australian National Library Manuscripts, J R Fraser's Papers, MS2802, Box 2, 24/4/68
7 Ibid, Canberra Times, Box 2, 19/2/62
8 Ibid, Sun, Box 6, 7/2/67
senior Arbitration Inspector, Workers’ Compensation Ordinances or full-time industrial awards inspector.9 The Advisory Council, despite ongoing disputes with the various Ministers of the Interior, was powerless10 to resolve many of the complaints it received so that the only bulwark against the inequities of the administration was the Federal Member for Canberra, Jim Fraser.

Fraser, who had recently been granted full voting status in the Federal Parliament, declared in February 1966 that “I tie myself to no man and to no group within the Parliamentary Labor Party”.11 With contentious issues such as state aid he maintained his commitment to his constituents and argued that any change of state aid “would be disastrous for the [Canberra] electorate”.12 He identified with “a generation of rapidly expanding young, affluent middle class society [who] possess an outlook on present day life and on Labor politicians [which is]dramatically different from that of the troubled depression, post depression and war years”.

In August 1966 he highlighted the concerns of these voters as the rising cost of living in the Nation’s capital; the Federal Government policies which did not allow for rent control and the high price of land and rents.14 In Insight in October there was a call for a separate wage for Canberrans and the appointment of a Prices Commissioner to respond to the complaints of Canberra Consumers and the Housewives Association.15 In May of the following year D Anthony, the Minister for the Interior, presented to the Federal Parliament a paper on self-government for the ACT. He spoke of the one hundred resolutions which had been submitted to him by the Advisory Council over a two year

9 Building Workers’ Industrial Union Correspondence, ANU Noel Butlin Archives Centre, Z253, Box 38, 1965
10 Australian, op cit, MS2802, Box 2, 5/5/65
11 Viewpoint broadcast by Jim Fraser on 2CA, 16/2/66
12 MS2802, Fraser’s Report for the Canberra ALP Branch, Box 4, Document 10, 28/2/66
13 Ibid, R Patterson, MHR for Dawson, letter to Fraser, Box 6, 8/9/67
14 Ibid, Canberra Problems, Box 7 10/8/66
15 Ibid, Insight, Box 7, 25/10/68
period and the twelve hundred questions on notice that had been asked in the Parliament. He contended that these highlighted the problems associated with self-government as Canberra was the seat of Government and the National Capital. In reply Fraser argued strongly that "The people of the Territory should no longer be denied the right to govern themselves and should no longer be allowed to escape the responsibilities of governing themselves".16

In April 1969 in a motion to disallow the proposed Sewerage Rates Ordinance of 1968 Fraser attacked the Government for its failure to provide a balance sheet "for the Australian Capital Territory". He accused the Government of imposing new charges without consultation or consent of the Canberrans.17 He declared

In this alleged centre of democratic government Big Brother decides, Big Brother implements...Big Brother can terminate your tenancy if you fail to pay what he and he alone says you must...Democracy? Democracy is for others, not for those who are fortunate enough to live in the seat of government."18

The support he received from his stand was evident in the 1969 election when he received 67.7% of the primary vote, an indication that he had recovered from the setback of 1963 when his overall majority fell by nearly 8000 votes. The Canberra Times reported that

Fraser's overwhelming victory is the result of a very strong anti-Government and anti-Prime Minister feeling in the electorate. The ACT result could be interpreted as a vote of no-confidence in the Government."19

When Fraser died suddenly in 1969 Prime Minister Gorton accorded him a State funeral which was attended by many thousands of Canberra mourners.20 In the results of the

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18 Ibid, p 1512
19 Canberra Times, 27/10/69, p 1
20 Sparke, op cit, p 199
ensuing by-election the unpopularity of the Coalition was confirmed. The choice of a well-known and well-respected Canberra identity as the Liberal candidate for the vacancy and the fortuitous announcement by Prime Minister Gorton that land rents would be abolished failed to achieve more than a marginal increase in the Liberal vote. The drift away from the Labor vote which was sufficient to force Kep Enderby to preferences went to the Australia Party and an Independent Jim Pead.21

Jim Pead had been a member of the Advisory Council for many years and as Chairman engaged in many robust exchanges with Nixon, the Minister for the Interior on the matter of the Council's powers.22 The Advisory Council which was formed in 1930 under the assumption that “within a few years we shall be able to give full civic control of the city to the people themselves. In 40 years no progress has been made” .23 This was written in 1969 when eight members of the Advisory Council resigned in protest at the hostile behaviour of Minister Nixon. In particular the Council members complained that he had ignored fifty of their recommendations; that the Government introduced new taxes without consultation and proposed to close down the Abattoir.24 The unrelenting confrontation between the Minister and the Council was exacerbated from 1965 when successive Government Ministers, freed from Prime Minister Menzies' control, took the view that Canberrans “should be prepared to forego the usual municipal rights for the privilege of living in Canberra”.25

Inherent to this view was the question of funding. In 1928 the Public Accounts Committee of Parliament concluded that

All costs and charges connected with the establishment and upkeep of the national capital should be distributed amongst the people of Australia on an

21 Ibid, p 200
22 Australian, MS2802, Box 2, 5/5/65 Letter from P Nixon, Minister of the Interior, to J Pead, Chairman of the Advisory Council, Box 2, 31/3/68
23 Canberra Times, Ms2802, Box 2, 22/12/69
24 Minutes of the Advisory Council, Box 2, 31/3/69
25 Editorial in Canberra Times, Box 2, 22/4/68
equitable basis and that the citizens of Canberra should not be expected to pay more than a reasonable rate for the services provided for them.26

And in 1955 the Select Committee recommended that

the necessary finance should be assured irrespective of the changes in economic circumstances. The Committee is convinced that the re-assertion of a vigorous programme of development is a matter of immediate necessity and it also believes that in the event of an economic depression the construction involved should be pursued even more vigorously.27

However by the mid 1960s the problem was how to divide the city's finances into those for national development and those for the civic development. And the accounts were so unclear that it was 1970 before the Department of Interior produced the first separate accounts for scrutiny. Even then the whole problem of who should pay and how much remained a contentious issue.28

And equally confused was the question of who really governed Canberra. For the diverse administrative activities were carried out by many Government Departments. The National Library and the Public Service Board were the responsibility of the Prime Minister's Department. Budgeting was limited and controlled by the Treasury. The Attorney-General's Department was involved with drafting laws and looking after the courts. The railways were controlled by the Minister for Shipping and Transport and Civil Aviation supervised the airport. Labour and National Service, the Department of Health, the Department of Works and the Department of Primary Industry were involved in areas particular to their portfolios. Overall management responsibilities lay with the Department of the Interior. Schools, prisons and mental hospitals were controlled by the relevant NSW Government Departments. In addition the National Capital Development

26 Sparke, op cit, pp 273-274
27 Report from the Select Committee appointed to inquire into and report upon the Development of Canberra, September, 1955, Noel Butlin Archives Centre, ANU
28 Sparke, op cit, p 274
Commission, the planning and building authority, had no formal requirement to keep the public informed or involved in the planning proposals.29

In this maze the Advisory Council was often by-passed and ignored. As early as 1965 the then Minister of the Interior, D Anthony, responding to the Council's demand for answers to questions on Government policy declared that "the council is not entitled to answers on policy".30 From 1968 the new Minister of the Interior, P Nixon, quickly earned a reputation for an "uncompromising attitude and a complete disregard for the needs and views of the people of Canberra".31 And the ACT Branch of the Administrative and Clerical Officers' Association, with more than five thousand members, was particularly critical of Nixon's behaviour.32 Nixon, was not only opposed to the Advisory Council but as defender of the Department of the Interior and considered that the NCDC "took policy decisions without much consultation with Interior who had to carry the administrative responsibility".33 But the plans of the NCDC were opposed by more than the Minister of Interior. Through 1967 and 1968 the planned sitting of the new Parliament House was a source of contention between the Commission who favoured the lakeside and others who favoured Capital Hill. Meanwhile the old Parliament house was subject to many costly extensions and the matter of the New Parliament was not to be resolved until the Federal Labor Party came to power in 1972.34

The long debate on the site for the New Parliament and the associated ring road project was disastrous for the NCDC who lost the confidence of many parliamentarians.35 The

30 Australian, MS2802, Box 2, 16/3/65
31 ACT Electoral Council of the ALP, Box 2, 27/4/68
32 ACT Branch of the Administrative and Clerical Officers' Association Report, 27/4/68
33 Sparke, op cit, p 192
34 Ibid, p 164
35 Overall, op cit, p 75
attitude of the Joint Parliamentary Committee on the ACT changed from simply rubber-stamping NCDC proposals to requiring that Committee hearings should be recorded in Hansard.\textsuperscript{36} Despite these problems the NCDC still performed in a professional manner producing plans and estimates for the Committee as required. Many big battles lay ahead.

The expanding population of the City now included many residents who were neither prepared nor grateful for the arbitrary operation of the NCDC. As Overall reflected in 1995 that a more democratic authority was needed in the 1960s for

There was also an increasing public awareness of local issues. The new population were accustomed to local government before moving to Canberra and were demanding a greater say in the way their city was run.\textsuperscript{37}

Sparke commented “they were less grateful because they had less to be grateful for, and were much more prone to complain than the longer-term residents”.\textsuperscript{38} And the attacks grew more angry when seven people were drowned in the flooded causeway in the Woden Valley in 1971.\textsuperscript{39}

Sparke and Overall argued that it was the changing composition and attitudes of the population that contributed to the growing disenchantment with the Federal Coalition and its agencies. As Parkin wrote:

Relations between the citizens of Canberra and the Commonwealth are somewhat ambivalent: The Commonwealth is the major employer, the provider of services, the direct taxation authority and a complex bureaucratic apparatus oriented more towards national responsibilities than towards local responsiveness.\textsuperscript{40}

\textsuperscript{36} Sparke, op cit, p 167
\textsuperscript{37} Overall, op cit, p 74
\textsuperscript{38} Sparke, op cit, p 169
\textsuperscript{39} Overall, op cit, p 75
\textsuperscript{40} Parkin A, \textit{Governing the Cities}, Melbourne, The MacMillan Company of Australia, 1982, p 120
And this ambivalence became endemic among the young, affluent and educated who came to the Capital to work, raise their families and stay. They migrated to Canberra because it provided an attractive environment and adequate employment.\textsuperscript{41} This was an aspect of the population that was different from those who lived in Canberra in that period up to the 1950s. Eighty percent of all houses were built by the Commonwealth Government for a population which had been reluctant to come in the first place and did not intend to stay. Although they contributed to the building of a social infrastructure they were not interested in Canberra in the long term.\textsuperscript{42}

Now this change in attitude to Canberra which came about in the mid-1960s produced a community which was more militant and critical of Government failings. In the States the full structure of State and local governments bore the first brunt of public disquiet whereas in the ACT the Federal Government was the prime target of knowledgeable and militant Canberrans camped on the lawns in front of Parliament House.\textsuperscript{43} As early as 1965 sixteen students were arrested for protesting against sending Australian troops to Vietnam\textsuperscript{44} and in 1966 the Trades and Labor Council organised “a big rally on the high cost of living in Canberra”\textsuperscript{45} while Prime Minister Gorton was heckled at Hughes in 1970 by school children demanding more teachers.\textsuperscript{46} But it was the house-hungry population of the mid-1960s that protested loudly against expensive and poor quality private dwellings and the land and leasehold administrative procedures of the Federal Government \textsuperscript{47}

\textsuperscript{41} Department of Urban and Regional Affairs, “The Urban and Regional Budget” in McMaster J C & Webb G R, (eds), \textit{Australian Urban Economics}, Sydney, Australia and New Zealand Book Company, 1976, p 549


\textsuperscript{43} Sparke, op cit, p 153

\textsuperscript{44} Australian, MS2802, Box 4, 26/6/65

\textsuperscript{45} Z253, Box 38, 15/7/66, Noel Butlin Archives, ANU

\textsuperscript{46} Sparke, op cit, p 200

\textsuperscript{47} Sunday Telegraph, p 15, 8/9/63
The Commonwealth owned all the land in the City and a greater part of the rest of the Territory and so it had a significant impact upon the social and economic lives of the inhabitants. By the 1950s when few people were interested in building their own homes and speculation in the property market was almost unknown the supply of land exceeded the demand. Most leases were granted under the "Minister's Reserve Value" and the only payment made was the first year's land rent and the $4.00 survey fee. As the population increased with the transfer of more Government Departments to Canberra so did the demand for land for private house construction. As early as 1950, following complaints about certain discriminatory practices, the auction system was introduced. Successful bidders paid the difference between the Minister's Reserve Value and their bid, the survey fee and the first year's land rent which was five percent of the reserve value. The land rent was to be re-appraised in twenty years.

By the 1960s, however, demand for land exceeded supply with a consequent increase in the market value. Newcomers to the city were disadvantaged at the auction sales and outbid by speculators. The Department of Interior was "practically under siege" over land and leasehold administration for which it was responsible. By 1962, under new arrangements, land was auctioned in two parts, restricted and unrestricted. The first part was open to newly arrived people who were impatient with the long waiting list for Government Housing and the second part to builders. However the system faltered when the supply of land ran out and the prices rose. In its 1962-63 report the NCDC announced that "more serviced land would be made available" and the Government was committed to meeting the lost cost housing needs of the 4000 on the waiting list. However very little housing at low cost was available privately for the average premium

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48 Brennan, op cit, p 149
49 Ibid, p 153
50 Ibid, p 154
51 Sparke, op cit, p 192
52 Brennan, op cit, p 152
53 Z253, op cit, 1965
for a block of land at the unrestricted auction had risen from $530 in 1961 to a peak in 1964 of $3575. Although it reduced in 1965 by 1969 it was again over $3000. It was not a problem that was easily solved for the Department of the Interior, which was viewed by many as a Cinderella Department, had limited legislation and skilled staff to back its commitments. There were some 39,500 hectares still in private ownership within the Territory. An inquiry to be conducted by the Joint Committee on the ACT in 1967 was initiated by Fraser's request in Parliament in March. He directed his request to Anthony, the Minister of the Interior “because of the considerable public concern with the policies followed by his Department and the NCDC”. This request was followed by a question from Fraser about the misuse of business leases and Anthony admitted that he had received complaints from a number of organisations. And the Joint Committee's Report in 1968 highlighted the concern “with unexplained delays in the Department” in dealing with applicants for the sub-division of freehold land. However the matter dragged on until 1970 by which time the Government acquired most of the freehold land.

But the problem of the land shortage faded into insignificance compared with that of the land rent. The first Prime Minister, Edmund Barton, explained that leasehold tenure “will help to take the load of the cost of the creation of the Commonwealth off the backs of the people of Australia”. It was also expected that this method would stop land speculation. The first 99 year lease was offered in 1924. Land rent was charged at five percent of the unimproved value of the land. It was to be re-appraised in twenty years

54 Brennan, op cit, p 158
55 Ibid, p 180
57 Ibid, pp 2487/88
58 Ibid, H or R 61, 1968, p 34
59 Sparke, op cit, p 196
60 Ibid, p 196
and then at intervals of ten years. By 1935 this period was changed to twenty years but with the confusion of the war years the re-appraisal was not carried out until about forty years after the original leases had been granted. For the whole of that period the Canberra leaseholders enjoyed low land rents and annual rates which were considerably less than the rates paid on freehold land in other parts of Australia.

As Brennan wrote in 1971;

> Dark clouds are gathering over Australia's experiment in land nationalisation. The rosy dawn predicted by its sponsors is beginning to look suspiciously like a sunset. The leasehold system of land has not failed in itself but its operation is being obstructed and destroyed by indifferent administration.\(^6^1\)

And the victims of this indifferent administration were dealt a savage blow as many residents of the Territory received notice of the new land rents on the revalued land. For traders in the inner City the value of their land rose from $3100 to $400,000 and the land rent from $155 a year to $20,000. New arrivals in the Territory paid higher rents than older settlers for equivalent sized blocks while the disparity between different business sites could vary from as little as $25 to $10,000. Leaseholders formed protest groups and the Joint Parliamentary Committee on the ACT recommended that an inquiry be set up by the Department of the Interior to deal with the problems.\(^6^2\) But the Federal Government argued that Canberrans should pay their way and by 1967 doubled the rates charged for excess water and brought in charges for sewerage and stamp duty in 1969. The matter was further confused by the revelation by the Department of the Interior that a debt of more than a hundred million dollars had accumulated from past land development costs.\(^6^3\)

However the question of the land rents was speedily resolved by the action of Prime Minister Gorton on the eve of the by-election to fill the Canberra seat following the

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\(^{6^1}\) Brennan, op cit, p 181  
\(^{6^2}\) Sparke, op cit, p 197  
\(^{6^3}\) Ibid, p 198
death of Jim Fraser. Despite opposition from the Senate, NCDC, the ACT Division of the Royal Australian Planning Institute and various members of Parliament he abolished the land rent. Inevitably general rates were increased to cover the loss of land rent. Residential land was auctioned at a reserve price which was intended to cover the cost of the acquisition and servicing of the land. It was the death of a system which was seen by some as a way in which Canberra could pay its way. An overseas critic saw it “as the betrayal of the Australian dream”.

And it was a matter of concern to the Federal Labor Party who viewed Canberra as the model on which they based their policy on urban and regional development. As Whitlam explained:

Apart from its established role as the national capital and seat of government Canberra was also important to my Government's urban and regional strategy. It stood out as a rare case for the exercise of unfettered and undisputed Federal planning powers... Canberra is of strategic urban and regional planning importance and great architectural and environmental interest.

And it was a matter of “grave concern to the people of Canberra. They do not know to what extent rates will go up...Will the imposition of reserve prices on future leases increase the cash burden to the builders”. And so the burden of uncertainty associated with the Federal Government's administration of the Capital Territory increased and with it the level of popular protest. Sparke noted "The 1970s in Canberra had something of the character of an Age of Dissent...Formidable conflicts developed as Canberrans, in a variety of causes, injected meaning into the hitherto, bland, lip-service approach to community involvement". In

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64 Ibid, p 200
65 Ibid, p 201
66 Whitlam, op cit, p 399
68 Sparke, op cit, p 245
May 1971 there was a public march of protest around London Circuit on what was known as the "Day of Rage". A major campaign was waged by local residents, the Australian National University and the Trades and Labor Council against the erection of the PMG Tower on Black Mountain. Overall considered that “NCDC proposals were [increasingly] opposed and in some cases overturned because of the opposition of highly articulate residents’ groups determined to protect their neighbourhoods.” And beyond these parochial concerns people protested against apartheid and pollution and for rights for Aborigines and women and above all an improvement in “the quality of life”.

And most significantly their protest against the Federal Coalition was reflected in the results of the 1972 Federal Election. K E Enderby won the ACT seat with 40,147 first preference votes. In the Federal Seat of Cunningham R F X Connor won 64.42% of the primary vote. And these voters were the affluent workers whom it was argued changed their political affiliations as they became more affluent.

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69 Ibid, p 150
70 Overall, op cit, p 121
71 Ibid, p 119
72 Electoral Commission, ACT, Election Results, 2/12/72
The period in Australia from 1950 to 1972 was unique. It was a time when a nation was united by the sense of prosperity and the feeling that the terrible consequences of the Depression and World War II were overcome. New and old Australians embraced the opportunities that economic growth and full employment gave them. They formed new communities of homeowners and they purchased cars and indulged themselves in middle class consumerism. They looked forward to an improvement in the quality of life and expected that governments would provide it.

Unfortunately as the nation and its people moved forward governments stagnated and expectations were dashed. Faced with dismissive and moribund governments the workers took up the tools which had served them well in the past when they fought for better wages and better working conditions. In their pursuit of a better quality of life they mounted campaigns which attracted the support of a wide range of people and organisations. In Wollongong the South Coast Labor Council brought its experience and leadership skills to the matter of delinquent Governments. In Canberra the new community was ably assisted by Jim Fraser. Public servants became trade unionists and fought against arrogant and dismissive Ministers. Together with the university and trade unions they were united in their popular protests and legal battles against the Government.

This was the time in Australian history when the myth that affluence would change the political affiliations of the urban worker was finally laid to rest. The failure of governments to fulfill the promise of a new order for society assumed real importance as workers became more affluent and more confident. This failure ensured that workers
would remain constant to their Labor Party affiliations and the middle class would reject the Federal Coalition. In 1969 the Federal Labor Party at last came forward with leadership and policies for which the affluent urban workers had waited nearly twenty years. In 1972 they knew that their time had arrived.
CONCLUSION
This thesis has demonstrated that in the period through the 1950s and 60s the embourgeoisement of the urban working class in Wollongong and Canberra failed to change their political affiliations to the Labour Movement. The broad history of these cities consistently shows the emergence of distrust and antagonism toward the conservative political forces. In these cities the needs of the people ran secondary to the demands of industry and the development of the National Capital. As urban workers became more affluent and more powerful, new communities of homeowners were formed and new associations evolved with groups which were not perceived as supporters of the Labour Movement. The concept that the political allegiance of the working class changed is not valid; in the turbulent late sixties it was the middle class who deserted the Liberal Party.

Advances in industrialisation, education and the growth of the service industries changed the structure of Australian society and the expectations of the workers. Full employment, penalty rates and overtime gave blue-collar workers the opportunity to become homeowners and acquire previously unattainable consumer goods. The demand for professional skills ensured the rise of the white collar workers who changed their staff associations into industrial unions. Inevitably the affluent, confident and organised urban workers expected Governments to fulfill the promise of the post-war years for a better quality of life. The NSW Labor Government wanting to promote the development of secondary industry was not concerned with basic social changes. The continuing disinterest of the Federal Coalition in the welfare of the citizens meant that a large number of the affluent urban working class abandoned the Federal Liberal Party. They gave their allegiance to the rejuvenated Federal Labor Party and its Leader E G Whitlam whose coherent and attractive policies met the needs of this modern Australian society.

The examination of the long history of the urban working class and the relationship between the three tiers of Government have shown conclusively that the so-called

Conclusion
“suburbanisation” did not effect the voting patterns of the urban working class. In other westernized countries in the post-war period, suburbanisation took on some significance as workers fled the war-torn and old decaying cities for expanding industrial centres and the new suburbs. But these conditions did not apply in Australia where some cities were only marginally touched by the War and had not begun to decay. More importantly, Australia has long been a highly urbanised society; from the late nineteenth century the population of the towns exceeded that of the rural community. Almost one hundred years before suburban life achieved popularity in some Western countries home ownership in the suburbs was “deeply seated” in the culture of Australian society.\(^1\) Even as early as 1926 Canberra was spoken of as “seven suburbs in search of a city”.\(^2\) By 1960 Wollongong workers identified themselves as homeowners concerned with their urban environment. From 1961 there was a significant increase in the support for the Federal Labor Party and this continued throughout the sixties and the seventies as the suburbs expanded with the increasing population.

The increasing affluence did not see the destruction of the old loyalties to the Labour Movement. In Wollongong the militancy and community solidarity which had its roots in the old mining villages was strengthened and extended by the vicissitudes of the Depression Years. The prosperity of the post-war years of booming industries and expanded population ensured that the South Coast Labour Council and its affiliated unions continued their increase in power and influence. The organisational strengths of the union movement were tested in the 1950s as they succeeded in overcoming bad working conditions and defeating the challenge of the Industrial Groupers. In the 1960s they directed their well-honed skills to the solution of the problems of the poor urban environment of the Illawarra and the many other social inequities that plagued the life


of the workers and their families. And in these activities they challenged the policies of 
Prime Minister Menzies and the Federal Coalition for whom there was inherent distrust. 
The growing strength of the South Coast Labor Council and its objectives through the 
1950s and 1960s belies the argument that the “old alignments had been broken down” or 
“lacked the mission characteristics of the nineties”.

In Canberra as the trade union movement increased in influence with the growth of the 
white collar unions the tradition that the middle classes supported the Liberal Party was 
broken. In the 1950s only senior officers were transferred to Canberra and there were 
few lower ranked public servants who could be classified as Labor supporters. But from 
1951 Jim Fraser the member for the Australian Capital Territory in the Federal 
Parliament was elected by an overwhelming and ever-increasing vote. Only in 1963 did 
this support falter when the population expanded rapidly but it quickly recovered as the 
new settlers discovered the deficiencies in the administration of the city. Jim Fraser was 
committed to his constituency where he worked without fear or favour. The political 
success that attended both him and the Canberra ALP was due in a large part to this 
commitment. This success was bolstered by the Federal Government’s policy of 
transferring public servants to the City under duress, for the city enjoyed a poor 
reputation and the long cold winters made a town with few amenities even less 
attractive. The cost of living exceeded that of other towns and opposition to the 
development of the National Capital was outspoken and encouraged for R G Menzies 
saw it as “a place of exile”. Despite these drawbacks the community worked hard to 
improve the social and cultural life of the city. From the early 1960s the efforts of the 
NCDC, which was by then supported by Prime Minister Menzies, made life in the city 
more acceptable. But the major factor which produced a sustained opposition to the

Cheshire, 1968, p 4

4 Knight J, “Canberra - Product of Antagonism” in *Canberra Historical Journal, New 
Series*, No 7, March 1981, p 36
Federal Coalition was the restrictions on the citizens' participation in major decisions which directly effected their lives. The arrogance and opposition of Ministers and incompetence of the divided administration of the city drove a well-educated and affluent middle class to support the Labor Party.

And this was strange as many saw the Party as old-fashioned, riven by factions and a puppet in the hands of the master politician R G Menzies. It has been argued that the support for the Labor Party in Canberra depended entirely upon the commitment of Jim Fraser to his constituents. However the results of the by-election held following his death in 1969 confirmed the voters rejection of the Coalition Government. In Wollongong the long-held opposition to the conservative political forces was bolstered by the continuing neglect of the urban environment. The underlying cause for this continuing loss of support both in Wollongong and in Canberra was the failure of the Federal Coalition to recognise that times had changed and a new society was emerging in Australia. The old paternalistic policies were no longer acceptable. More than twenty years had elapsed since the Menzies' 1942 broadcast when he spoke of the middle class as "unorganised and unselfconscious... and not sufficiently lacking in individualism to be organised for what in these days we call pressure politics". But the middle classes of the 1960s were able to organise themselves, join unions and become exponents of popular protest. Moreover it was not in their philosophy to be grateful to the Coalition Government.

For although Australian society had changed dramatically the policies and attitudes of Government were locked in old certainties. The suburbs were a constant in the Australian urban landscape but the lack of Government interest in urban planning and successful local government was, by the 1960s, endemic. The State promoted private enterprise and urban expansion was unencumbered by Government regulations or

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5 Brett J, "Menzies Forgotten People" in Meanjin, Vol 43, No 2, June 1984, p 255
planning. Local government with limited funds and power was just one of a number of semi-government bodies. The NSW Government department responsible for these organisations made little attempt to co-ordinate their activities. The last successful attempt at planning for the City of Sydney took place under Governor Macquarie. The Master Plan for the development of Sydney by the Cumberland County Council foundered amidst attacks from Government Ministers and a lack of funding and support from the Federal Coalition. In Wollongong Governments ignored the long standing and historical problems of urban planning and development and workers' homes existed in the same decaying conditions which had been evident in the Depression. The State and Federal Governments' policies were concentrated on the development of a vast industrial complex and disregarded the requirements of a rapidly growing urban centre. Until the late 1950s in Canberra town planning was subject to the whims and antagonisms of Federal Members of Parliament and the much vaunted Burley Griffin Plan for the city deteriorated into a mere road map. Development was divided among a number of Government Departments and was unco-ordinated and ineffective. When eventually in 1957 the planning and development of the Nation's Capital started, it excluded local government as a democratic forum for popular representation as the Federal Coalition did not give cognisance to the third tier of Government.

The argument that the hegemony of the Coalition Government was a period when the electorate was “lulled by twenty years of relative economic stability” ignores the underlying discontent. With the expansion of suburbia in NSW local government and councils now had to respond to a much larger population who wanted to see a return for their rates. Uncontrolled inflation creating rising costs for the provision of services and increasing rates was seen by householders as a threat to their homes and security. Appeals to the State Government for funds were met with the now well-known excuse that they themselves were short of funds due to the fact that the Commonwealth controlled the most lucrative source of finance, income tax. In Canberra the long
standing complaints against the lack of consultation reached a new dimension as major changes were made to the rates and the land and leasing systems. It was seen by one critic “as the betrayal of the Australian dream.” Moreover as the city expanded new problems arose which the bureaucracy and the NCDC were unable to resolve. It was not just dissatisfaction with the way the city was run but the uncertainty associated with the Federal Government's policies which contributed to the citizens' discontent.

But uncertainty and dissatisfaction extended to the State as well as Federal Government. The NSW Labor Party's loss at the 1965 State election can be seen as an obvious demonstration of the dissatisfaction of citizens with the performance of Governments who failed to meet the needs of a modern society. The obvious inequities created a demand for an improved method of administration and the dissolution of powerful centralised states. The push for new states, regions and decentralisation was well supported by the Labor and Country parties but ignored by the Liberals who saw these proposals as a challenge to the structure of the Party. But the real underlying and all-pervading problem was the fiscal imbalance between the three tiers of Government. The continuing friction between the States and the Federal Coalition added confusion and uncertainty to the political scene. Prime Minister Menzies' dogmatic opposition to change in either the economy or the Constitution was seen by many as evidence of his and his party's inability to formulate an acceptable, working solution to this long-standing and difficult problem.

The late 1960s ushered in a period of political turbulence which demonstrated conclusively the failing power of the Federal Coalition. It was a party which had been maintained in power by the support of the DLP. The apparent success of the 1966 election masked the decline of the Coalition as its policies were challenged on many fronts and by dissenters within its own ranks. In Wollongong the South Coast Labor

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Council and its affiliated unions which were well supported by their Federal Member, Rex Connor and well-versed in popular protest extended their activities to a range of questions including the Vietnam War. In Canberra, where there was a strong affiliation between the Trades and Labour Council, the Federal Member, Jim Fraser and the Australian National University, residents took to the streets and the courts in an attempt to restrain the activities of the Government administration. After twenty years of agitation the Australian Council of Local Government Associations finally convinced Prime Minister McMahon that the Council should attend with the States the Conference on the Constitution. The Ratepayers Association added their voice to the clamour. The fiscal relationship between the three tiers of Government rapidly reached crisis point when the debt of the States alone had risen by 1970 to eleven thousand, three hundred and thirty five million dollars. Throughout the country the desire for a Government in tune with modern Australia was evident as the people organised protests against apartheid and selective conscription and called for rights for Aborigines and women and a better quality of life for everyone.

In Parliament E G Whitlam dominated the debates and ably, assisted by a revitalized Federal Labor Party, brought to the House of Representatives and to the people, a blueprint for the resolution of the problems. The Federal Labor Party proposed to extend membership of the Loans Council and the Commonwealth Grants Commission to local government and semi-government bodies. A number of Commissions would be formed to overcome the problems of a deteriorating urban environment and the shortage of schools, hospitals and houses. And through co-operation and consultation the ongoing fiscal imbalances between the three tiers of government would be resolved. Moreover Canberra would become a model for urban and regional development. In the December 1972 election the hegemony of the Federal Coalition was terminated when the affluent urban working class voted for the Federal Labor Party.
The analysis of the allegiance of the affluent urban working class carried out in the 1960s failed to recognise the consistency of the overall voting patterns in these two quite different cities. Affluence, which changed workers into homeowners, brought them respectability. Education gave many of their children the opportunity to move into the professional classes and the experience of the Depression years ensured that the distrust of conservative politicians would live on. But over and above these conditions was that there was a certain sameness about these two cities which gave the citizens common cause. Wollongong was a large industrial complex plagued by pollution and a deteriorating urban environment. After a bad start Canberra became, for a few years, a model of urban development where the technical problems of providing housing, sewerage, roads, paths and playing fields were resolved. The problem which assailed the people of both cities was the inability of governments to realise that these cities were the homes of thousands of people and not just centres of industry or government. In Wollongong the needs of industry were given priority by both State and Federal Governments and those of the people were disregarded. In Canberra the needs of the people ran second to those of providing a nation's capital. Moreover there was a deep and abiding hostility among the Country Party Ministers who were responsible for the administration of the Capital. The attitude of the 1926 Federal Capital Commission still held sway in the corridors of power of the Federal Parliament in 1966. At the same time and for all the years of the Federal Coalition's ascendancy, "any comprehensive plan for urban and regional development [was shuffled] into an administrative limbo".\(^7\)

This lack of urban policies was in contradiction with other western industrialised countries. Nevertheless the problems of urban Australia were similar to those of the suburbs of America and the outskirts of Paris where six million commuters and their families lived. In many of these suburbs there was a lack of community services, paved

streets, sewerage, hospitals and schools. Unlike Australia the urban problem was considered to be of such importance in America that a task force was formed to assess its extent. The French Government put in place new policies to overcome the deficiencies of the suburbs surrounding Paris. The British and the Netherlands Governments formulated radical plans for new towns to cope with the over-spill. Castells noted that governments recognised the importance of the “urban question” and the problems of the environment and their effect upon “electoral politics”.

However in Australia “the notion that the public sector might consider intrinsically urban problems or developments was alien to national tradition”.

The importance of the urban question was further highlighted by Fox who argued that the new white collar class of workers wanted to create a new community with its foundations in the home and the suburbs. Many aspects of Fox’s argument could apply to the new communities in Wollongong and Canberra created with their foundations in the home and the suburbs. However Fox considered that the new community would distance itself from its working class background and families.

This was an argument that was advanced by Crisp and Overacker in Australia. However their arguments are flawed because they ignored the fundamental fact that these new communities needed more than a home; they needed an attractive urban environment. They needed streets with curb and guttering, sewerage, space for recreation, hospitals and schools at the very least.

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However this aspect of the urban problem became the concern of some academics who were interested in the division of public and private responsibilities. In Britain, Tawney argued that “society [must] make collective provision for needs which no ordinary individual, even if he works overtime all his life can provide for himself”.\(^{11}\) In America Galbraith contended that to achieve social balance the “production of goods within the private economy” must bear close relationship to the production of other kinds of products.\(^{12}\) Hirsch concluded that “future social progress (increase in equity) could only be achieved by government intervention in planning and development”.\(^{13}\) However these questions were rarely if ever discussed in Australia.

The continuing lack of interest on the part of the Federal Coalition and the inadequacy of the States with respect to the urban environment ensured that it would become for affluent workers a political matter; a matter for collective action. As Galbraith argued, people who are experiencing a prosperous life-style come to realize that they have something to protect.\(^{14}\) 1960 was to witness the first glimmer of unrest as rising rates and uncontrolled inflation threatened the life-style of affluent workers. Later, in Canberra, the chaos resulting from rising rates and land allocation policies created an atmosphere of uncertainty and distrust in the Federal Government. The 1961 election when the Federal Coalition suffered a substantially reduced majority was an indication that affluent workers would not change their old affiliation to the Labor Movement and the middle class were deserting the Coalition.

\(^{14}\) Galbraith, op cit, p 84
Affluent workers no longer felt inferior and the trade union movement became "more powerful" with the addition of the white collar unions.\textsuperscript{15} Thus began a persistent and effective program of collective action against the conservative government. The evidence of the struggle by the workers rejects the contention that affluence caused them to desert their long-held affiliation. The affluence that made workers home owners also provided them with the power to organise against the benevolent dictatorship which dominated Australian politics for twenty years and to bring about its downfall.

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Bowen S, Amalgamated Miners' Association Women's Auxiliary, former Member of the Communist Party of Australia
Forbes E, Secretary of the Miscellaneous Workers Union
Graham M, Teachers' Federation
Harvey T, Past Secretary of the South Coast Labor Council
Hegen R, Federated Ironworkers' Association, former CPA Activist
Lelli F N, former Secretary of the FIA 1970
Malcolm T, former Secretary of the Federated Ironworkers' Association 1950-1965
Melleto M, former Secretary to the South Coast Labor Council Executive, Organiser of the Farmborough Heights Progress Association
Murray G, Past Secretary of the Waterside Workers Federation now the Maritime Union of Australia
Perry B, Teachers' Federation
Roberts G, Present Secretary of the Federated Ironworkers' Association
West S, Past Member of the House of Representatives for the Federal seat of Cunningham

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