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Manufacturing and Services in New South Wales

by

John Wilkinson

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Stephanie Baldwin (BSc (Hons), PhD) Environment ....(02) 9230 2798

Lenny Roth (BCom, LLB), Research Officer, Law ....(02) 9230 3085

John Wilkinson (MA, PhD), Research Officer, Economics.......................(02) 9230 2006

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CONTENTS

EXECUTIVE SUMMARY

- Manufacturing has expanded and contracted (during the twentieth century) in terms of its contribution to the state's gross domestic product. A contributing influence has been the dramatic increase in oil prices, in the second half of the twentieth century, and the subsequent reorganisation of the steel and automotive industries (pp.2-14)

- Within manufacturing there has been a significant change in the hierarchy of output, with food and beverage production currently predominating over metal products manufacturing (pp.14-17)

- At the same time that manufacturing has contracted, the services sector has expanded until it now constitutes 73% of economic activity in the state (p.15)

- A significant number of key concerns, within the services sector, were founded and consolidated during the time when New South Wales was still a colony of Britain (pp.19.25,34,46,57)

- While challengers, to the old established concerns, have appeared during the twentieth century, the latter have not only stood their ground but have even (in some instances) absorbed their competitors (pp.30,41)

- Some components of the services sector have significantly contrasting features. Finance and insurance, on the one hand, ranks second in terms of value of output but only eighth in terms of contribution to employment. Retailing, on the other hand, ranks fourth in value of output but first in terms of contribution to employment (pp.19,34,42)

- Government policy has played a decisive role in the expansion of certain components of the services sector (pp.26,28-29,36-37,46-53,57,60)

1.INTRODUCTION

In recent years there has been a fundamental shift in production in New South Wales. Whereas, thirty years ago, manufacturing accounted for 25% of gross state product (GSP), today the services sector accounts for around 73% of GSP while manufacturing's share has fallen to 11%. This backgrounder attempts to look at the course of manufacturing in NSW, the changes that have taken place within it, and the expansion of the services sector in the last three decades. It also attempts to examine how the principal institutions, in the various areas of the services sector, have emerged and the nature of the positions they now currently occupy.

2. EXPANSION AND CONTRACTION OF MANUFACTURING IN NSW

(a)Beginnings of Manufacturing

In the early days of British settlement, the first manufacturing concerns that were established largely produced items for basic household consumption. This is indicated by the number and types of concerns that were in existence in the 1840s:

Manufacturing Concerns in New South Wales (by Sector): 1840s[1]

Flour Mills	223
Tanneries	62
Breweries	51
Soap and Candle Works	30
Foundries	27
Potteries	8
Rope Works	7
Salt Works	5
Hat Manufacturers	4
Sugar Refineries	2

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[1] Brian Carroll, *Australian Made: Success Stories in Australian Manufacturing since 1937* (Institution of Production Engineers, Melbourne, 1967), p.2. In 1835, John Tooth had established Tooth's brewery. In 1875, John Toohey, a descendant of Irish emigrants, established a large brewery in Elizabeth Street. Although Toohey's was a smaller concern than Tooth's, Toohey's brewery had a considerable production capacity. See *The First Hundred Years: A Brief History of the Kent Brewery* (Tooth and Company, Sydney, 1935), pp.11-12; J. Peter Thoeming, *Here's Too'ee: The History of Toohey's* (Crawford House Publishing, Bathurst, 1997).

(b)The Inauguration of the Railways and the Advent of Metal Trades Manufacturing

By the end of the 1800s, a new feature had emerged in manufacturing in (what was still then) the British colony of New South Wales: metal trades manufacturing. This was stimulated by the advent of the railway. Rail transport had been inaugurated in Britain, in 1829, with the opening of the Liverpool and Manchester Railway. This led to a railway boom, in Britain, during the 1830s and early 1840s. M.C. Reed has written that by 1842 railways were "the largest single group of joint-stock companies quoted in London."[2]

British settlers, in New South Wales, similarly clamoured for railways to be built in the colony. In 1849 the NSW Legislative Council passed an Act authorising the recently created Sydney Railway Company (formed by a group of Sydney businessmen) to build a railway from Sydney to Goulburn.[3] By 1855 this company had run out of money and it was bought out by the NSW government which completed the company's half-finished line as far as Parramatta.[4] Towards the end of the 1880s, the NSW colonial government had overseen the construction of 1,688 miles of railway throughout the colony.[5]

Although the greatest number of locomotives were imported (395 in all, between the 1850s and the 1880s) railway development also provided opportunities for local manufacturing. During the 1870s two Sydney companies (Henry Vale and Company and Mort's Dock and Engineering Company) gained contracts from the NSW government to supply locomotives for the railways. Godfrey Linge noted that, "by the end of 1890 colonial manufacturers had built 54 locomotives for the government railway system".[6]

Wagons and carriages, for the railways, were also made locally and, in the 1860s, P.N. Russell and Company was awarded a contract from the government to supply rolling stock. In the late 1870s, the firm of Hudson Brothers also gained a large contract to supply wagons and carriages for the railways. This induced the company, according to Linge, "to erect new works on the western outskirts of Sydney at Clyde."[7]

By 1890 there were nearly 50,000 workers employed in manufacturing and, as Linge has observed, "New South Wales led the other colonies in heavy engineering activities by

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[2] M.C. Reed, *Investment in Railways in Britain 1820-1844: A Study in the Development of the Capital Market* (Oxford University Press, Oxford, 1975).

[3] Robert Lee, *The Greatest Public Work: The New South Wales Railways 1848-1899* (Hale and Iremonger, Sydney, 1988), pp.15-23.

[4] Gary Wotherspoon, "The Development of Sydney's Transport" in Garry Wotherspoon (ed.), *Sydney's Transport: Studies in Urban History* (Hale and Iremonger, Sydney, 1983), p.15.

[5] Augustus Morris, *New South Wales: Its Progress, Present Condition and Resources* (NSW Government Printer, Sydney, 1886), p.143.

[6] Godfrey Linge, *Industrial Awakening: A Geography of Australian Manufacturing 1788-1890* (Australian National University Press, Canberra, 1979), pp.432-438.

[7] Ibid., p.440.

1890".[8] The marked increase in metal trades manufacturing is indicated by the following table:

Workers Engaged in Manufacturing in NSW (by Sector): 1890 [9]

Food, Drink and Tobacco	9,840
Clothing	6,980
Metals, Engineering	6,064
Sawmilling and Joinery	4,772
Paper, Printing	4,672
Skins, Tanning	2,871
Footwear	2,481
Bricks, Potteries, Glass	2,305
Railway Workshops	2,229
Coaches and Wagons	1,958
Furniture, Cabinets	1,448
Boats, Ships and Slips	1,123
Chemicals	869
Non-Metallic Mineral Products	670
Power and Light	532
Textiles	376
Jewellery	220

(c)The Arrival of the Steel Industry

After gaining office (in 1910) as premier of the first ALP government in NSW, James McGowen succeeded in obtaining passage of the *Newcastle Iron and Steel Works Act 1912* which paved the way for the opening of BHP's Newcastle plant: the works being opened by the governor-general of Australia in June 1915.[10] Imports of steel, which had mainly been supplied from Britain, were significantly curtailed by the outbreak of war in Europe in 1914. The newly opened steelworks at Newcastle took take advantage of this and, during the remainder of 1915, BHP was able to gain orders from the railway departments, in the various states, for a total of 106,000 tons of rails. Between 1915 and 1919, BHP produced 693,349 tons of steel and 454,244 tons of pig iron.[11]

By 1920 the metal industries had become the largest employers in the state, as indicated

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[8] Ibid., p.436.

[9] Ibid., p.470.

[10] Graham Freudenberg, *Cause for Power: The Official History of the New South Wales Branch of the Australian Labor Party* (Pluto Press, Sydney, 1991), pp.96-98; Helen Hughes, *The Australian Iron and Steel Industry 1848-1962* (Melbourne University Press, Melbourne, 1964), p.70.

[11] Hughes, op.cit., pp.73,84.

by statistics for the different sectors of employment:

Workers Engaged in Manufacturing in New South Wales (by Sector): 1920[12]

Metal Trades	44,100
Textiles and Clothing	31,200
Food	20,000
Wood and Furniture	13,600
Non-Metallic Mining	8,100
Chemicals	5,500
Leather	2,200
Other	14,700

(d)The Advent of the Electrical and Automotive Industries

More complex manufacturing processes emerged in NSW with the electrification of the suburban railways in Sydney and the expansion of the car industry.

In England the London Underground trains began to be electrically operated in 1890. A year after the war broke out in Europe (in 1914) the chief engineer for railway construction in NSW, John Bradfield, produced a report, which was presented to the state parliament, on electric railways for Sydney. Subsequently the ALP state government, of which Holman had become premier in 1913, obtained passage through parliament of the *City and Suburban Electric Railways Act 1915*.[13] During the 1920s, English companies set up subsidiaries in Sydney to supply equipment for the electrification of the railways, and gain contracts for the expanded use of electric power in general. The manufacture of alternating current motors was begun in Australia by Parkinson (Australia) Ltd at Five Dock.

The most important Australian manufacturer of heavy electrical equipment was Standard-Waygood Ltd. which went into business with the English Electric Company and, in 1921, a large works was constructed at Clyde. The company employed between four hundred and four hundred and fifty people. Meanwhile, in 1922, Babcock and Wilcox established a factory on a 20 acre site at Regents Park. Babcock and Wilcox proceeded to produce a range of equipment for generating power. The company obtained considerable business from the growth of electric power stations in Australia.[14]

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[12] Graeme Snooks, "Manufacturing" in Wray Vamplew (ed.), *Australian: Historical Statistics* (Fairfax, Syme and Weldon, Sydney, 1987), p.293.

[13] John Gunn, *Along Parallel Lines:A History of the Railways of New South Wales* (Melbourne University Press, Melbourne, 1989), pp.278,282,302.

[14] Colin Forster, *Industrial Development in Australia 1920-1930* (Australian National University Press, Canberra, 1964), pp.119-121.

Car production expanded when the Ford Motor Company, in 1925, established assembly plants in all states. Chassis and engines were imported but the bodies were added locally. Ford's assembly operation in Sydney was set up at Granville.[15] In 1926 the General Motors company acted likewise: GM's Sydney assembly plant being established at Marrickville.[16] The output of the Ford and GM factories in Sydney – combined with the output of the Ford and GM operations in other states – led to the beginning of mass use of cars and trucks in Australia, as the following figures illustrate:

Car and Truck Registrations in Australia: 1922/23 to 1928/29[17]

	Cars	*Commercial Vehicles*
1922-1923	116,658	13,438
1928-1929	474,359	71,851

After the revival of conditions – following the crash of the early 1930s – Ford expanded its assembly plant operations in Sydney: opening its Homebush operation in 1936.[18] General Motors also expanded its Sydney operations: opening a new assembly plant at Pagewood and by January 1940 had built a new administrative building and assembly plant.[19] By now employment in the metal trades was nearly double that of the next biggest employing sector:

Workers Engaged in Manufacturing in New South Wales (by Sector): 1940[20]

Metals	86,800
Textiles and Clothing	49,400
Food	29,300
Wood and Furniture	15,700
Non-Metal Mining	12,400
Chemicals	8,700
Leather	4,800
Other	26,600

[15] Geoff Easdown, *A History of the Ford Motor Company in Australia* (Golden Press, Sydney, 1987), p.34.

[16] Norm Dixon, *The History of Holden since 1917* (E.L. Ford Publications, Newstead, Victoria, 1983), pp.3-4.

[17] Forster, *Industrial Development in Australia*, p.30.

[18] *Ford's History at a Glance* (Ford Motor Company, Melbourne).

[19] Carroll, op.cit., p.22.

[20] Graeme Snooks, op.cit., in Vamplew (ed.), p.293.

(e)The Apex of Manufacturing in NSW: The War against Japan, the Car Industries and the Multinational Companies in the 1960s and 1970s

The outbreak of the second great war in Europe in 1939 – but more particularly the onset of the war in the Pacific in late 1941 – acted as a stimulus to the expansion of manufacturing in Australia. This can be seen by the figures for employment in manufacturing from the beginning of the First World War to the end of the Second World War:

Employment in Manufacturing in Australia: 1914-1945[21]

1914	320,000
1939	565,000
1945	751,000

Production increased in both the more basic, and the more complex, forms of manufacturing. By 1940, BHP was producing around 1 million tonnes of ingot steel per year.[22] Tanks were assembled at the Chullora railway workshops, where more than 2,000 components for each tank were brought together from forty-seven contractors."[23] The Commonwealth Aircraft Corporation - a private company established in 1936 by a consortium that included BHP, GMH and ICI – had already established its principal works at Fishermens Bend, in Melbourne. Following the start of the Pacific War, CAC built a factory at Lidcombe to make engines for the British designed Bristol Beaufort bomber. By 1944, 700 Bristol Beauforts had been built via production contributions from all over Australia. [24] By the end of the war the Australian aircraft industry at the end of the war employed 40,000 people.[25] In naval shipbuilding, 113 vessels were built at ten Australian dockyards.[26]

After the war, the car industry expanded: both as a result of householders gradually gaining increased purchasing power, and the experiences of production, during the war, convincing manufacturers that car engines, as well as bodies, could be made in Australia

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[21] Carroll, op.cit., p.32.

[22] Ibid., p.30.

[23] Ibid., p.42.

[24] Ibid., pp.43,45.

[25] Jenny Stewart, *The Lie of the Level Playing Field: Industry Policy and Australia's Future*(Text Publishing Company, Melbourne, 1994), p.101 citing *The Future of the Aerospace Industry*, report prepared by the Combined Unions Shop Committee of the Aerospace Industry and presented to the Minister for Defence Support, 1983.

[26] Senate Standing Committee on Foreign Affairs, Defence and Trade, *Blue Water Ships: Consolidating Past Achievements* (Parliament of the Commonwealth of Australia, Canberra, 2006), p.41.

(leading to General Motors embarking on full-scale car production, in Melbourne, in 1948). The surge in car ownership is shown by the following figures for motor vehicle registrations during the late 1940s, the 1950s and the 1960s:

Car and Truck Registrations in Australia: late 1940s to the late 1960s[27]

1948	1,007,149
1958	2,410,809
1968	4,163,168

The expansion in car production stimulated the growth of component manufacturing. A 1974 Industries Assistance Commission report, into car production in Australia, noted that "The 50 specialist component manufacturers which gave evidence [to the inquiry] operate 73 plants. . .of which. . .[25 were located in] Sydney".[28]

On a general level, the overall growth of manufacturing production, in New South Wales, also contributed to the expansion of BHP's steel production, as evidenced by the following output statistics:

BHP Raw Steel Output: late 1940s to mid-1970s[29]

1947-1956 total	7,491,000 tonnes	(average: 749,100 tonnes)
1957-1966 total	24,157,000 tonnes	(average: 2,415,700 tonnes)
1967-1976 total	39,178,000 tonnes	(average: 3,917,800 tonnes)

A further significant element in the expansion of production in New South Wales, and in Australia generally, was the increased presence, and activity of multinational companies in a number of areas of manufacturing, not just in car building. In 1974 the Whitlam government had asked Gordon Jackson, general manager of CSR, to chair a committee to advise on policies on manufacturing. In 1976, the first full year of the Fraser government, the committee produced volume three of its report, in which it dealt with the presence of multinational companies in Australia. The committee provided a list of the areas of manufacturing where such concerns were most prominent:

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[27] Peter Stubbs, *The Australian Motor Industry: A Study in Protection and Growt*h (Cheshire, Melbourne, 1972), p.23.

[28] Industries Assistance Commission, *Passenger Motor Vehicles* (Government Printer of Australia, Canberrra, 1974), p.50.

[29] P.N. Richards, "Manufacturing Industry" in Australian Academy of Technology Sciences and Engineering, *Technology in Australia 1788-1988: A Condensed History of Australian Technological Innovation and Adaption During the First Two Hundred Years* (Australian Academy of Technology Sciences and Engineering, Melbourne, 1988), p.880.

Prominent Multinational Companies in Australian Manufacturing: 1970s[30]

Primary Metals	Consumer Durables	General Industrial Products	Telecomm-unication, Electrical Products, Electronic Products	Petroleum. Chemicals and Rubber	Textiles, Paper and Informatio-n Systems	General Consumer Products
Alcan (Canada)	Chrysler (USA)	Borg Warner (USA)	EMI (UK)	Amoco (USA)	Bonds, Coates and Patons (UK)	Amatil (UK)
Alcoa (USA)	Ford (USA)	Caterpiller (USA)	GEC (UK)	Portland Cement (UK)	Bowater (UK)	Avon (USA)
BHAS (UK)	General Electric-Kirby (USA)	Monier (UK)	Lucas (UK)	BP (UK)	Control Data (USA)	Borthwick (UK)
Comalco (USA-UK)	GMH (USA)	Containers (USA-UK)	Ericsson (Sweden)	Caltex (USA)	Courtaulds (UK)	Bunge (Neths)
CRA (UK)	Hoover (UK)	GKN (UK)	Noyes Bros (UK)	CIG (UK)	IBM (USA)	Bushells (UK)
MIM (USA)	Malleys (USA)	Internation-al Harvester (USA)	Philips (Neths)	Dow Chemical (Swiss)	Kodak (USA)	Cadbury-Schweppe-s (UK)
Nabalco (Swiss)	Renault (Fr)	John Lysaght (UK)	Plessey (UK)	Esso (USA)	3M (USA)	Colgate (USA)
Qld Alumina (USA-Fr)	Sunbeam (USA)	Massey Ferguson (Canada)	Pye (UK)	Firestone (USA)	NCR (USA)	Heinz (USA)
Sulphide Corp (UK)		Metal Manufactu-rers (UK)	Siemens (Germany)	Goodrich (USA)	Rank (UK)	Kimberley Clark (USA)
		Sperry Rand (USA)	STC (USA)	Goodyear (USA)	Xerox (USA)	Kraft (USA)
		Tubemak-ers (UK)		Hoechst (Germany)		Nabisco (USA)
		Vickers (UK)		ICI (UK)		Nestle (Swiss)

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[30] Committee to Advise on Policies for Manufacturing Industry, *Policies for the Development of Australian Manufacturing Industry*, vol.III (Australian Government Publishing Service, Canberra, 1976), pp.121-122.

Primary Metals	Consumer Durables	General Industrial Products	Telecomm-unication, Electrical Products, Electronic Products	Petroleum. Chemicals and Rubber	Textiles, Paper and Informatio-n Systems	General Consumer Products
				Mobil (USA)		Phillip Morris (USA)
				Monsanto (USA)		Reckitt and Colman (UK)
				Shell (UK)		Rothmans (UK)
				Taubmans (UK)		Unilever (UK-Neths)
				Union Carbide (USA)		Westons (UK)
				Uniroyal (USA)		

Total employment in manufacturing, in New South Wales, reached a peak, in 1974, of about 27% of the workforce. There were then around 516,000 people employed in manufacturing in the state: 239,000 in the metal trades.[31]

Workers Engaged in Manufacturing in New South Wales (by Sector): 1970[32]

Metals	247,700
Textiles and Clothing	65,100
Food	64,600
Chemicals	31,300
Wood and Furniture	29,100
Non-Metal Mining	22,600
Leather	4,400
Other	67,400

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[31] Graeme Snooks, "Manufacturing" in Vamplew, op.cit., p.293. See also NSW Government, *Official Year Book of New South Wales 1976* (NSW Government, Sydney, 1978), pp.533,788.

[32] Graeme Snooks, "Manufacturing" in Vamplew, op.cit., p.293.

(f)Onset of the Decline of Manufacturing: 1970s

During 1974-1975 there was an international recession, triggered by the USA's support for Israel in its October 1973 war with its Arab neighbours, and by those same Arab nations, in retaliation, increasing the pricing of oil, temporarily, from $6 a barrel to $23 a barrel. As Michael Niemira and Philip Klein observed, this led to the "1973-1975 recession" in the USA.[33]

This development had instant repercussions in Australia. From a low of around 2% in 1974, unemployment rose to 5% in 1975.[34] A slump in car manufacturing, and in manufacturing associated with car production, emerged. In 1974 the one non-American car producer in Sydney (British Leyland) announced that it would dismiss 1,000 of its workers.[35] Dunlop Australia tyre company announced that it would cut its workforce by up to 4,000 workers.[36] By 1977 manufacturing had still not recovered, with unemployment actually increasing to 5½%. A year later, however, BHP began to reduce the scale of its operations, nationally, by closing its shipbuilding and engineering works at Whyalla, in South Australia.[37]

From a peak of 516,000 people employed in manufacturing in NSW in 1974, the total number declined by 79,600 (to 436,400) as the following table indicates:

Workers Engaged in Manufacturing in New South Wales (by Sector): 1980[38]

Metals	202,400
Food	60,200
Textiles and Clothing	37,100
Chemicals	30,200
Wood and Furniture	26,700
Non-metal Mining	16,800
Leather	2,200
Other	60,800

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[33] Michael Niemira and Philip Klein, *Forecasting Financial and Economic Cycles* (John Wiley and Sons, New York, 1994), p.291.

[34] Frank Crowley, *Tough Times: Australia in the Seventies* (William Heinemann, Melbourne, 1985), p.143.

[35] Alf Rattigan, *Industry Assistance: The Inside Story* (Melbourne University Press, Melbourne, 1986), p.208.

[36] "100 Years of Dunlop", insert, in *The Australian*, 4 November 1993, p.2.

[37] Crowley, op.cit., p.385.

[38] Graeme Snooks, "Manufacturing" in Vamplew, op.cit., p.293.

(g)Further Decline in Manufacturing: 1980s-1990s

Another recession in global production occurred between 1980 and 1982: following the overthrow of the Shah of Iran in 1979 and the new revolutionary government's raising the price of oil to around $34 a barrel. As described by Niemira and Klein, "this caused major disruptions to the US economy."[39] Chrysler Corporation nearly went bankrupt in 1979 and in 1980 sold off its operations in Europe and Australia (essentially those in Adelaide).[40]

During 1980, as a result of this global slump in business conditions, General Motors began to reduce the scale of its operations worldwide: announcing in July 1980 that it would close its Pagewood assembly plant in Sydney.[41] BHP also began to experience difficulties. Jenny Stewart has recorded that, "Unemployment in the industry spread rapidly in Newcastle and Port Kembla. Three thousand jobs were shed between June 1981 and May 1982, and a further 2,700 between May and September 1982."[42] By 1983 unemployment, Australia-wide, had risen to 9% of the workforce.[43]

All of the above developments led to another 33,000 jobs lost in manufacturing, by the end of the 1980s, as the following table illustrates:

Employment in Manufacturing in New South Wales: 1980 - 1990[44]

1980	436,400
1990	403,000

The combined effect of this decline in manufacturing had a noticeable effect on New South Wales. In 1992 the Australian Bureau of Statistics (ABS) reported the following figures for manufacturing's contribution to the state's gross state product:

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[39] Niemira and Klein, op.cit., p.292.

[40] Jonathan Hughes, *American Economic History*, third edition (Scott Foresman and Company, Glenview, Illinois, 1990), p.566; Ron Hammerton, "TKM Deal hints at Chrysler Comeback" in *The Australian*, 5 September 1991, p.21.

[41] Crowley, op.cit., p.398.

[42] Stewart, op.cit., p.142.

[43] Peter Ewer, Ian Hampson, Chris Lloyd, John Rainford, Stephen Rix and Meg Smith, *Politics and the Accord* (Pluto Press, Sydney, 1991), p.24.

[44] Anthony Kosturjak and Joshua Wilson-Smith, *The Relative Decline of Manufacturing in South Australia* (South Australian Centre for Economic Studies, Adelaide, 2004), p.13; Snooks, ibid.

Manufacturing as a %age of NSW Gross State Product: early 1980s to early 1990s[45]

1981	21%
1991	15%

The ABS observed that the fall in manufacturing's contribution to NSW gross state product, during this period, "was the largest fall of any industry."[46]

Once more, in the early 1990s, there was another end-of-decade global recession: this time an outcome of the 1987 investment crash in the USA. In 1991, General Motors made a loss of $4.5 billion and Ford Motor Company recorded a loss of $2.3 billion. A year later, General Motors lost $23.4 billion and Ford made a loss of $7.4 billion.[47] Manufacturing concerns, in Australia, again suffered corresponding falls in profit. BHP reported a 50% decline in profit during the second half of 1991 (from $828 million down to $407 million). It subsequently announced that it would be reviewing its operations at Newcastle.[48] Ford of Australia made a loss, during 1991, of $114 million.[49] Unemployment, in 1991, rose to 8.7%. A year later (when in November 1992 the all ordinaries sank to 1357) it increased to 11%. According to Laura Tingle, throughout Australia, between 1990 and 1992, "Around 120,000 jobs were lost in manufacturing".[50]

Ford, globally, continued to focus on rationalising its operations and, in September 1994, closed down its plant at Homebush (the last remaining car building concern in Sydney).[51]

BHP initially recovered well between 1992-1993: in financial year 1992-1993 the company made a profit of around $1.2 billion and, in late 1993 the company was reporting its highest level of raw steel production in 11 years.[52] In financial year 1994-1995, BHP made another

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[45] Australian Bureau of Statistics, *Australian National Accounts: State Accounts 1991-92*, catalogue no.5220.0, p.5.

[46] Ibid.

[47] John Durie, "GM Posts Record US Loss" in The Australian, 26 February 1992, p.27; "one-Off Costs Give Ford Record Loss" in the *Sydney Morning Herald*, 12 February 1993, p.21; Tom Krisher, "Ford $16b in the Red and Still Bleeding" in the *Sydney Morning Herald*, 27 January 2007, p.64.

[48] Graeme James, "BHP Slumps 51pc to $407m" in The Australian, 21 December 1991, p.33; Mark Skulley, "Shock $515m BHP Result" in the *Sydney Morning Herald*, 27 June 1992, p.30.

[49] Richard Gluyas, "Ford Looking to Break Even after $114m Loss" in *The Australian*, 27 March 1992, p.15.

[50] Laura Tingle, *Chasing the Future: Recession, Recovery and the New Politics in Australia* (William Heinemann, Melbourne, 1994), p.122, 176,300.

[51]Peter McKay, "Homebush Quiet after a Million Vehicles" in ibid., 3 September 1994, p.8.

[52] Mark Furness, "Miners and Banks Star in Earnings and Payout Lists" in *The Australian*, 22 September 1993, p.32; Bruce Hextall, "Steel at Peak, but BHP Still Cautious" in the *Sydney Morning Herald*, 20 October 1993, p.37.

profit of $1.6 billion.[53] Then between 1998 and 1999 the company made a loss of $2.3 billion.[54] Finally, in October 1999, BHP closed down its steel works at Newcastle: focusing the remainder, of its NSW production, at its Port Kembla plant.[55] As a result of the above closures, a further 40,000 jobs were lost in NSW, as indicated below:

Employment in Manufacturing in New South Wales: 1990 - 2006[56]

1990	403,000
2000	362,200
2006	320,700

Consequently the proportion of manufacturing, in the output of the state, has decreased even more as the present figures demonstrate:

Manufacturing as a Percentage of NSW Gross State Product: 1991/2005-2006[57]

1991	15%
2005-2006	11%

3.CHANGES IN THE CONTRIBUTION AND COMPOSITION OF NSW MANUFACTURING

(a)Current Contribution of Manufacturing to Production in New South Wales

At the beginning of the new century, the contribution of manufacturing to economic activity in NSW was just below what it was in 1991: with the services sector far outstripping manufacturing as the leading component. This is demonstrated by the accompanying table:

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[53] Mark Westfield, "Prescott Faces up to Harsh Realities" in *The Australian*, 1 July 1999, p.25.

[54] Jane Counsel, "BHP Reconsiders Industrial Minerals" in the *Sydney Morning Herald*, 20 December 1999, p.32.

[55] Brad Norrington, "BHP's Big Steel Sell-Off" in ibid., 6 October 1999, p.1.

[56] Kosturjak and Wilson-Smith, op.cit., p.13; Australian Bureau of Statistics, *Labour Force Australia (Detailed)*, ABS Catalogue 6291.0.55.001 (Australian Bureau of Statistics, Canberra, 2006).

[57] Australian Bureau of Statistics, *Australian National Accounts: State Accounts 1991-92*, catalogue no.5220.0, p.5; ibid., 2005-2006, p.7.

Industry Sector Contribution to Economic Activity in NSW: 2005-2006[58]

Services	73%
Manufacturing	11 %
Ownership of Dwellings	9%
Mining	3%
Agriculture	2%
General Government	2%

(b) Changing Composition of Manufacturing in New South Wales

Whereas, during the period between the 1940s and the 1970s, the metal trades sector of manufacturing was the most significant component of the sector, by the beginning of the new century, with the closure of the Ford Plant in Sydney (in 1994) and the BHP works in Newcastle (in 1999), food and beverages production had overtaken metal products as the most significant element of manufacturing in NSW. This is illustrated by the table below:

Sectors of NSW Manufacturing by Sales and Service Income: 2004-2005[59]

Food, Beverage and Tobacco	$22.6 billion
Petroleum, Coal and Chemical	$20.6 billion
Metal Products	$18.7 billion
Machinery and Equipment	$15.8 billion
Printing, Publishing and Recording	$10.2 billion
Wood and Paper Products	$5.7 billion
Non-Metallic Mineral Products	$4.5 billion
Textile, Clothing, Footwear and Leather Products	$3 billion
Other Manufacturing	$4.2 billion

(c) Expansion of the Food and Beverage Sector in New South Wales

As mentioned in the section above, it is the food and beverage component of manufacturing which is now the largest element of the sector. Indeed the biggest growth in the sector has occurred in New South Wales.

The development of the food and beverage sector of manufacturing has been assisted by both the Keating and Howard governments. In 1992 the Keating government oversaw the

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[58] Australian Bureau of Statistics, *Australian National Accounts: State Accounts 2005-2006*, ABS Catalogue 5220.0 (Australian Bureau of Statistics, Canberra, 2006), p.7.

[59] Australian Bureau of Statistics, *Manufacturing Industry*, ABS Catalogue 8221.0 (Australian Bureau of Statistics, Canberra, 2006), p.35.

establishment of an Agri-Food Council (AFC). During the first half of the 1990s membership of the AFC included John Cook (managing director of Kellogg Australia) and Graham Blight (president of the National Farmers Federation). The objectives of the AFC included increasing the access of Australian agri-food companies to the Asian market; improving freight distribution; and improving packaging.[60] After his election in 1996 the new prime minister (John Howard) replaced the AFC with the Supermarket To Asia (STA) program.[61] This, in turn, was terminated in 2002 and replaced with the National Food Industry Initiative.[62]

It is thus as a result of the efforts of government, as well as that of industry itself, that the food and beverage sector has become the biggest component of manufacturing: most noticeably in NSW. As the Australian Bureau of Agricultural and Resource Economics (ABARE) observed in 2006,

> In real terms (2005-06 dollars) the value added from food manufacturing increased by more than $3 billion between 1995-96 and 2004-05. . .[A great part of] the. . . increase during this period occurred in New South Wales ($1.6 billion).[63]

The major companies in the food and beverage industry, in the state, are listed in the following table:

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[60] Bureau of Industry Economics, Evaluation of the Agri-Food Strategy: An Assessment of Recent Government Assistance to the Agri-Food Industry (Bureau of Industry Economics, Canberra, 1996), pp.36-38.

[61] Prime Minister's Supermarket To Asia Council, *Action Plan* (Supermarket To Asia Limited, Canberra, 1999).

[62] National Farmers Federation, *Reform*, winter 2002, p.5.

[63] Peter Berry, Courtney Chester and Christopher Short, *Australian Food Industry: Performance and Competitiveness* (Australian Bureau of Agricultural and Research Economics, Canberra, 2006), pp.7-9.

Major Food and Beverage Companies Operating in New South Wales[64]

Fosters	Lindemans, Rosemount and Rothbury EstateVineyards
Goodman	"Buttercup" Bakeries at Sydney and Tamworth
Coca Cola	Bottling Works at Northmead and Smithfield
Swift and Co. (AMH)	F.J. Walker Operations at Blacktown (supplies McDonald's)
Nestle	Factories at Smithfield and Blacktown
Assoc. British Foods	"Tip Top" Bakeries at Chullora, Newcastle and Orange
Cadbury Schweppes	Soft Drinks Plant at Huntingwood
Ridley	Plant at Corowa
Dairy Farmers	Operations at Lidcombe, Wetherill Park, Hexham, Bomaderry
Mars	Masterfoods at Wyong and Uncle Ben's at Bathurst
Inghams	Primary Plants at Hoxton Park, Cardiff and Tahmoor
Cargill	(with Graincorp) Operations at Summer Hill, Henty
San Miguel	Runs National Foods Works at Penrith and Leeton
Fonterra	Plants at Wagga Wagga and Bega
Unilever	Factory at Minto
Nippon Meat Packers	Processing Plant at Wingham, Feedlot at Walla Wallah
Ricegrowers Co-op	Produces Rice in south-western NSW under the SunRice brand
Simplot	Processing Plants at Bathurst and Kelso
Campbell's	Operates Arnott's Factory at Homebush
Diageo	Bottling Works at Huntingwood
Bartter	Processing Works at Newcastle and Griffith
Pernod Ricard	Operates Vineyards at Griffith and Branxton (Wyndham Estate)
Manildra Group	Plants at Manildra, Gunnedah, Narrandera and Bomaderry
Australia Meat Holdings	Feedlots at Qurindi and Griffith
Kellogg	Factories at Botany and Charmhaven
Heinz	Plant at Wagga
PepsiCo	Runs Smiths Snackfoods Plant at Thornleigh
Bindaree Beef	Meatworks at Inverell and Orange
Riverina Wines	Vineyards in the Griffith area
Golden Circle	Juice Processing Operation at Griffith
Baiada Poultry	Processing Operations at Pendle Hill and Tamworth
Sanitarium	Runs Factories at Tuggerah, Cooranbong and Berkeley Vale

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[64] Peter Berry, Courtney Chester and Christopher Short, *Australian Food Industry: Performance and Competitiveness* (Australian Bureau of Agricultural and Research Economics, Canberra, 2006), pp.51-52; Howard Partners, *Study to Support the Development of a National Food Strategy: Management Capabilities and Culture* (Howard Partners, Canberra, 2001), pp.86-87.

4.EVOLUTION OF THE SERVICES SECTOR IN NEW SOUTH WALES

(a)Definition of the Services Sector

According to the New South Wales Year Book 2004, the following areas of activity comprise the services sector:

- Accommodation, Cafes and Restaurants

- Communication Services

- Cultural and Recreational Services

- Education

- Finance and Insurance

- Government Administration and Defence

- Health and Community Services

- Personal and Other Services

- Property and Business Services

- Retail Trade

- Transport and Storage

- Wholesale Trade

(b)Contributions of the Individual Components of the Services Sector

On an overall level, within the services sector, some areas of operations account for a much larger share of activity than others. The New South Wales department of state and regional development has calculated the value of output, of the different components of the services sector, as follows:

Services Sector NSW/Australia (Value of Output): 2005-2006[65]

	NSW	*Australia*
Property and Business Services	$42 billion	$107.9 billion
Finance and Insurance	$30.8 billion	$66.4 billion
Health and Community Services	$18 billion	$56.2 billion
Retail Trade	$16.9 billion	$53 billion
Wholesale Trade	$15.3 billion	$42.5 billion
Education	$12.6 billion	$38.7 billion
Transport and Storage	$12 billion	$36.2 billion
Government Administration and Defence	$9.9 billion	$32 billion
Communication Services	$7.5 billion	$22.7 billion
Accommodation, Restaurants and Cafes	$7 billion	$19.2 billion
Personal and Other Services	$5.2 billion	$16.2 billion
Cultural and Recreational Services	$4.6 billion	$12.4 billion

(c)Property and Business Services

Property and business services is the foremost component of the services sector. Commercial involvement in property has been a significant feature of business activity from the first arrival of British settlers. Initially, property activity focused on residential housing. Professor Noel Butlin wrote that, during the 1800s,

> Residential investment. . .was the leading field of investment during the second half of the nineteenth century, rivalled only by the pastoral. . .industry. . .[66]

Accompanying the rise of the property sector, legal and accounting firms were established that facilitated its growth. The present day firm of Allens Arthur Robinson was first begun in 1822, when George Allen established a solicitor's office in Sydney.[67] The first firm of chartered accountants, C.W. Stirling, was established in Sydney in 1892.

A new feature of property development after the Second World War was the emergence of investment in office building: principally led by British concerns. Insurance companies such as Royal-Globe, Prudential, Legal and General, Royal Exchange, Guardian and Sun-Alliance began to invest in office building, in Sydney, during the 1950s.[68] Other British companies, purely concerned with property development, also began to establish operations in Australia. These included Hammerson's, Arndale, Town and Country, City of London

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[65] NSW Department of State and Regional Development, *Industry Structure: New South Wales and Australia 2005-2006* (NSW Department of State and Regional Development, Sydney, 2006).

[66] Noel Butlin, *Investment in Australian Economic Development 1861-1900* (Cambridge University Press, London, 1964), p.211.

[67] George Allen, *Early Georgian* (Angus and Robertson, Sydney, 1958), p.60.

[68] Ibid., p.43.

Real Property, London County Freeholds, MEPC, Artagen and Brixton Estates.[69]

Another new feature, in property development, was the introduction of the shopping mall in during the 1950s: inaugurating a major change in the housing of retailing and heralding the emergence of local Australian companies which, thirty to forty years later, would become major property dealing companies. Three of these were Lend Lease, Stocks and Holdings (later Stockland) and Westfield.[70] As Peter Spearritt has described:

> The rapid growth in car ownership after World War II enabled the development of vast suburban shopping malls which, along with industrial parks and universities, became the largest site developments in the suburbs. . .[the first was] Brisbane city retailer Allan and Stark['s]. . .drive in shopping centre [at Chermside]. . .opened by Premier Vince Gair in May 1957. . .Sydney got its first free-standing car based centre in the same year. . .'Top Ryde' provided a department store, 41 specialty shops and 400 parking places. . .Chadstone [operated by Myers]. . . opened [in Melbourne in 1960]. . .Myer [launched]. . .Miranda Fair in the southern Sydney suburbs in 1964. . .Premier Robert Askin. . .[opened] Roselands [run by Grace Brothers]. . .in 1965. . .[71]

During the 1970s new connections developed between financial concerns and property undertakings. Henry Pollack (the founder of Mirvac) recently wrote that, in the early 1970s,

> AGC [a subsidiary of the then Bank of New South Wales] lent money to the giants of the development industry. . . [such as] Westfield, Harry Triguboff. . . .So too did other finance companies such as Custom Credit, which was owned by the National Bank, and Esanda, an offshoot of ANZ. . .Custom Credit and Esanda were the first to enter joint ventures. . .AGC. . .wanted to jump on my bandwagon. . . negotiations started in mid-1972. . .A new company called Mirvac. . .was purchased 'off the shelf.'. .[72]

During the 1980s there was a massive property boom. Although this boom collapsed in the general recession of 1990-1992, it elevated property into the position that it occupies today. Christopher Kent and Patricia Scott observed that,

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[69] Rod Reader, "The Poms Who Came, Saw and Conquered", interview with John Robinson (founder of the first Jones, Lang and Wootten office in Sydney, in 1958) in *The Australian*, 15 July 1989, p.54.

[70] Susan Marsden, *Urban Heritage: The Rise and Postwar Development of Australia's Capital City Centres* (Australian Heritage Commission, Canberra, 2000), p.46.

[71] Peter Spearritt, "Suburban Cathedrals: The Rise of the Drive-In Shopping Centre" in Graeme Davison, Tony Dingle and Seamus O'Hanlon (eds.), *The Cream Brick Frontier: Histories of Australian Suburbia* (Department of History, Monash University, Melbourne, 1995), pp.89,96-97,101.

[72] Henry Pollack, *The Accidental Developer: The Fascinating Rise to the Top of Mirvac Founder Henry Pollack* (ABC Books, Sydney, 2005), pp.263-266.

over the 1985/86 to 1988/89 investment boom. . .just over one quarter of the growth in real non-farm capital expenditure was in the real estate and property development industry.[73]

Adverse experiences, during the 1980s property boom, caused Australian banks to turn from investment in commercial property back to lending for housing. In 1989, Westpac had an exposure of $11.2 billion to commercial construction and property.[74] The crash in the property market (which led Westpac to a $1.6 billion loss for the half-year October 1991-March 1992)[75] initiated a change in the banks' policy, as Ross Gittins later described:

> When commercial property prices fell. . .the banks' huge bad debts left their own balance sheets in disrepair. . .in the mid-90s. . .the banks. . .lost all their appetite for lending to big business, so they turned to something a lot safer: lending for housing.[76]

During the second half of the 1990s, and the early years of the twenty-first century, there has been a renewed expansion in the property industry. The leading property funds managers in Australia, in recent years, are as follows:

Australia's Ten Leading Property Fund Managers by Value of Assets under Management: 2001-2003[77]

Westfield Holdings Limited	$27. 93 billion
Colonial First State Group	$15.48 billion
Lend Lease International Pty Ltd (including GPT)	$12.91 billion
Deutsche Asset Management (Australia)	$11.16 billion
AMP Global Investors	$10.13 billion
Challenger Financial Services	$6.02 billion
Macquarie Bank	$5.79 billion
Stockland	$5.64 billion
Centro	$5.46 billion
ING Group	$4.95 billion
TOTAL	$105.48 billion

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[73] Christopher Kent and Patricia Scott, *The Direction of Australian Investment from 1985/86 to 1988/89*, research discussion paper no.9106 (Economic Research Department, Reserve Bank of Australia, Sydney, 1991), p.25.

[74] Carew, *Westpac: The Bank that Broke the Bank* (Doubleday, Sydney, 1997), pp.69,75,208.

[75] Ibid., pp.238,338.

[76] Ross Gittins, "housing Boom is Just a One-Off Adjustment" in the *Sydney Morning Herald*, 16 August 2003, p.46.

[77] Yen Keng Tan, *Strategic Investment Issues For Listed Property Trusts* (PhD Thesis, University of Western Sydney,2004), p.3.

A great deal of the investments by these groups remains in shopping centres, a selection of which is provided below:

Property Funds Investments in Selected Shopping Centre Locations (NSW): 2000[78]

Macquarie	Westfield	Stockland	Lend Lease/GPT	AMP
Bathurst	Bondi Junction	Batemans Bay	Bankstown	Dapto
Camden	Burwood	Bathurst	Carlingford	Marrickville
Cardiff	Chatswood	Baulkham Hills	Castle Hill	North Ryde
Caringbah	Eastgardens	Bay Village	French's Forest	Northbridge
Cooma	Figtree	Corrimal	Macarthur	Riverside
Cootamundra	Hornsby	Forster	Penrith	Randwick
Earlwood	Hurstville	Glendale	Prospect	Warringah
Glen Innes	Kotara	Glenrose		
Goonellabah	Liverpool	Green Hills		
Jerrabomberra	Miranda	Jesmond		
Kings Langley	Mount Druitt	Merrylands		
Moree	North Rocks	Nowra		
Morisset	Parramatta	Shellharbour		
Mudgee	Penrith	Sydney		
Murwillumbah	Sydney	Wetherill		
Narrabri	Tuggerah			
Orange	Warrawong			
Parkes				
Rosehill				
Singleton				
Tumut				
Wellington				
Young				

Office buildings are also a major attraction for investors, with Sydney having an estimated 58 prime office buildings.[79] A major part of investment in office property is through listed property trusts. According to the Australian Stock Exchange, the top 10 LPTs are as follows:

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[78] See www.burnett.com.au.

[79] Axiss Australia, *The Prime Office Market in Australia* (Axiss Australia, Sydney, 2005), p.1.

Top 10 Listed Property Trusts by Market Capitalisation: 2007[80]

Listed Property Trust	Market Capitalisation
Westfield	$36.7 billion
Stockland Trust Group	$11.8 billion
Macquarie Goodman	$11.7 billion
GPT Group	$10 billion
Centro Properties	$7.3 billion
Mirvac	$5.3 billion
DB REEF	$4.9 billion
Multiplex	$3.74 billion
Investa Property	$3.7 billion
ING Office Fund	$1.9 billion

The big four banks continue to remain major lenders to the housing sector, as the following table highlights:

Big Four Banks' Lending for Housing: 2003-2004[81]

Commonwealth Bank of Australia	$108.3 billion
Westpac	$85 billion
National Australia Bank	$84.4 billion
Australia and New Zealand Bank	$67.5 billion

On an overall level, property and business services having the highest rate of growth of any industry sector in Australia. This can be illustrated accordingly:

Property and Business Services Employment Growth, Australia: 1985-2002[82]

Industry Sector	Average Employment Growth
Property and Business Services	5.4%

Property and business services is the second highest employing component of the services sector in which, in New South Wales, over 400,000 people are employed:

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[80] See www.asx.com.au/LMI

[81] Tom Boreham, NAB Loses Lending, Deposit Share" in *The Australian*, 1 December 2004, p.28.

[82] Bureau of Transport and Regional Economics, *Focus on the Regions, No.1: Industry Structure* (Bureau of Transport and Regional Economics, Canberra, 2003), p.8.

Employees in Property and Business Services, NSW v. Australia: 2006[83]

New South Wales	423,200
Australia-Wide	1,245,800

On a general level, some of the major companies, currently involved in the property and business services sector in NSW, are as follows:

Selected Property and Business Services Companies in New South Wales: 2005-2006[84]

Company	Number of Employees
ISS Facility Services Australia (formerly Tempo)	21,844
WorleyParsons	14,310
Transfield Services	13,000
Brambles	12,249
Lend Lease	9,815
IBM Australia	9,277
PricewaterhouseCoopers	5,445
Sinclair Knight Merz	5,000
GHD	4,518
Westfield	4,417
Ernst and Young	4,046
EDS (Australia)	3,980
Henry Walker Eltin	3,971
CSC Australia	3,323
Mirvac	3,152
Deloitte Touche Tomatsu	3,000
Minter Ellison	2,069
Mallesons Stephen Jacques	1,900
Freehills	1,732
Mulpha Australia	1,626
Clayton Utz	1,610
Allens Arthur Robinson	1,578
Stockland	1,467
Accenture	1,459
Blake Dawson Waldron	1,347
Hudson Global Resources Australia	967
Macquarie Goodman	850
Hays Specialist Recruitment (Australia)	824
Investa Property	733

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[83] Australian Bureau of Statistics, *Labour Force Australia (Detailed)*, ABS Catalogue 6291.0.55.003 (Australian Bureau of Statistics, Canberra, 2006).

[84] See www.ceoforum.com.au (company snapshots).

Company	Number of Employees
Chandler Macleod	720
Australand	639

(d)Finance and Insurance

In 1817 a group of British magistrates and merchants founded the Bank of New South Wales (BNSW): the present day Westpac. [85] It was on the basis of the profits that the company made during the 1850s gold rush, and the profits that it made through lending in the approaching wool boom, that, in Holder's words,

> between 1865 and 1870. . .[the Bank of New South Wales] established itself as the largest bank in Australasia".[86]

Meanwhile, thirty-one years after the founding of the BNSW, five other British individuals (including at least two prominent businessmen in the colony) held a meeting to form a friendly society. The five were the Reverend W.H. Walsh, Thomas Holt, Thomas Mort, Charles Lowe and William Perry. In 1849 the Australian Mutual Provident Society (AMP) was registered under the Friendly Societies Act of NSW.[87]

Just over fifty years after it began operations, AMP (like the Bank of NSW) had become the outright leader in Australia, in its area of finance, as the following figures illustrate:

Value of Current Life Policies on Issue in Australia: 1905[88]

AMP	£55 million
National Mututal	£16 million
Colonial Mututal Life	£11 million
Mututal Life Association	£6 million

Meanwhile, in the opening years of the twentieth century, the then ALP federal government established the Commonwealth Bank: as a government-owned competitor to the commercially-owned banks. The first branch was opened in Melbourne in 1912 and all 489 post office branches in Victoria became agents for the Commonwealth Bank. Four years later, in the midst of the First World War, the Commonwealth Bank's headquarters were shifted to Sydney.[89]

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[85] Reginald Holder, *The Bank of New South Wales: A History*, vol.I, *1817-1893* (Angus and Robertson, Sydney, 1970), pp.11,18,161.

[86] Holder, op.cit., p.267,281.

[87] Geoffrey Blainey, *A History of the AMP 1848-1998* (Allen and Unwin, Sydney, 1999), pp.2-5.

[88] Blainey, op.cit., p.148.

[89] Stephen Martin, *Labor and Financial Deregulation: The Hawke/Keating Governments, Banking and New Labor* (PhD Thesis, University of Wollongong, 1999), p.233.

During the trade depression of the early 1930s, the Government Savings Bank (GSB) of NSW collapsed after a run on its deposits. Subsequently, as Stephen Martin has described, "the Commonwealth Bank. . .[acquired] all the buildings of the GSB at book value, the savings bank deposits and the majority of its staff. At a stroke, the Commonwealth became the biggest bank in New South Wales."[90]

Despite the Commonwealth Bank's sudden increase in size, the Bank of New South Wales retained its status as the foremost bank in Australia. In 1936 a compilation of the balance sheet assets of the nine major banks in Australia showed the Bank of New South Wales in a commanding position:

Major Australian Trading Banks: Balance-Sheet Assets in 1936 [91]

Bank of New South Wales	£111,557,000
Commercial Banking Company (of Sydney)	£60,204,000
Bank of Australasia	£50,846,000
National Bank of Australia	£47,497,000
Union Bank of Australia	£44,733,000
English, Scottish and Australian Bank	£43,536,000
Commonwealth Bank of Australia	£33,760,000
Queensland National Bank	£14,411,000
Bank of Adelaide	£9,189,000

Just before the outbreak of the war against Japan, the Mair UAP government, in New South Wales, facilitated a new direction in the AMP's activities when it obtained the passage of the *Australian Mutual Provident Society (Amendment) Act 1941*. Whereas, under the society's 1857 legislation, it had been forbidden from investing in shares, the Mair government, in Blainey's words, allowed the AMP to invest "for the first time in ordinary and preference shares."[92] After the end of the war, and on the basis of the Mair government's legislation, the AMP rapidly became one of the largest investors in the nation. This coincided with the society's involvement in superannuation. Blainey has described how,

> The society's interest in shares was accentuated by the public's increasing interest in superannuation. Super funds would not grow at a high rate unless part of their assets were in shares and property – assets which exploited capital gains. So arose in the 1950s the 'managed funds' – then known as Deposit Administration Contracts. Qantas, the largest superannuation scheme under the society's

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[90] Martin, op.cit., p.234.

[91] Commonwealth of Australia, *Royal Commission into the Monetary and Banking Systems at Present in Operation in Australia* (Commwealth Government Publishing Service, Canberra, 1937), p.372. The BNSW's deposits in 1934 amounted to £83 million. See Holder, op.cit., vol.II, p.841.

[92] Ibid., p.262.

management, became in effect a managed fund rather than a traditional scheme in about 1954.[93]

From the mid-1950s onwards, AMP began to establish other managed fund arrangements for other companies' superannuation under its care, some of which were as follows:

AMP Managed Funds Superannuation Schemes (Selected Companies): 1950s-1960s[94]

Woolworths
Caltex
Ansett
Mount Isa Mines

By the early 1960s, AMP had become a major investor in a number of Australia's most important companies. The number of companies, that the NSW branch of AMP held shares in, were accordingly:

Public Companies in NSW with AMP as a Shareholder: 1961[95]

Number of Companies	120

Meanwhile, in 1969, the British merchant bank Hill Samuel established a subsidiary in Sydney: Hill Samuel Australia. This would become the foundation of the subsequent Macquarie Bank.

In 1982 the BNSW took over the Commercial Bank of Australia (then the fifth largest bank in Australia). As a result of this merger, the bank emerged with $30 billion in assets and continued to be the pre-eminent bank in the nation. Accompanying the merger, the bank decided on a new name: Westpac.[96]

Fundamental financial restrictions on the banks' lending were removed by Bob Hawke after his election in 1983 as the prime minister of an ALP government: particularly the requirement that they place a fixed proportion their funds with the Reserve Bank. This policy enabled Westpac, like AMP, to become instrumental in the Hawke government's strategy for expanding the financial services sector.[97]

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[93] Ibid., p.264.

[94] Ibid.

[95] Ibid., p.263.

[96] Edna Carew, *Westpac*, pp.16-19.

[97] It had, indeed, been a previous ALP federal government (that of Ben Chifley) which had introduced the requirement that the banks lodge 25% of their funds with the Reserve Bank. This was to allow the Reserve Bank to restrict the banks' lending during booms, and to

Another policy alteration introduced by Hawke, which furthered the growth of the finance sector, was the gradual departure of government involvement in the provision of superannuation, and the corresponding entry of big commercial concerns. As Bernard Mees has written,

> The new superannuation laws of the late 1980s led directly to the establishment of the first. . .master trusts as small super fund trustees sought expertise and economies of scale. The days of defined benefit super schemes soon went. . .[98]

In 1985, meanwhile, Hill Samuel Australia obtained a licence to operate as a commercial trading bank: changing the name of its operations to the Macquarie Bank.

In the meantime, the 1987 share market crash prompted a process of demutualisation amongst the insurance companies. Bernard Mees has written that,

> Capita [the former City Mutual]. . .in 1990 was absorbed into Lend Lease's MLC. . .the swallowing of Capita by MLC occasioned the first of the demutualisations that were to be a feature of the 1990s.[99]

These demutualised bodies quickly proceeded to operate as financial organisations. Monica Keneley wrote that,

> the large life offices sought to enter the banking sector. AMP. . .attempted to negotiate a joint venture with the Chase Manhattan Bank. . .Colonial Mutual acquired the State Bank of New South Wales [privatised by the Fahey government in 1995] to form the Colonial Bank.[100]

In the 1990s, AMP expanded even further. In 1990, AMP acquired the Pearl life insurance company in Britain: according to Blainey, "The completed takeover proved to be the

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loosen it during busts. See Boris Schedvin, *In Reserve: Central Banking in Australia 1945-1975* (Allen and Unwin, Sydney, 1992), pp.68-70. In 1988 the Hawke government effectively announced the conclusion of these arrangements. See Edna Carew, *Fast Money 4* (Allen Unwin, Sydney, 1998), p.20.

[98] Bernard Mees, "For Security" in Pamela Hanrahan, Bernard Mees and Monica Wehner (eds.), *Fifty Years of Managed Funds in Australia* (Centre for Corporate Law and Securities Legislation, Melbourne University, 2005), p.33. David Tomlinson wrote in 1993 that "Basically a master fund is a fund that provides a means by which a single investment by an investor can direct money to more than one investment portfolio managed by one or more investment managers. In other words, the investor makes one investment in one fund but the money ends up in a variety of different places." See David Tomlinson, "Master Funds Run Risk of Collapse" in *The Australian*, 6 November 1993, p.38.

[99] Mees, op.cit., p.30. MLC was the Mutual Life and Citizens assurance company: established in 1908 and acquired by Lend Lease in 1985.

[100] Monica Keneley, *The Life Insurance Industry in Australia: An Historical Perspective* (School of Economics, Deakin University, Warrnambool, 2001), p.23.

largest in the history of life insurance in the United Kingdom."[101] In 1993, Anne Lampe reported that ,

> AMP Society is Australia's largest fund manager with more than $40 billion in funds under management.[102]

The directors of the society then proceeded to change the nature of the organisation once more. In Blainey's words, "By the close of 1995 the principal board was virtually persuaded that the AMP should be converted into a public company. In 1997 the Carr government in the New South Wales parliament introduced a special bill so that the AMP could make the conversion."[103] A year later AMP listed on the Sydney Stock Exchange and established AMP Financial Services (AFS).

At the same time that AMP was expanding in Britain, the St. George Co-operative Building Society transformed itself into a bank (in 1992) and five years later increased its size by absorbing the Advance Bank.

Meanwhile the Hawke government decided to sell 30% of the Commonwealth Bank to commercial interests: securing passage of the *Commonwealth Banks Restructuring Act 1990*. Three years later the Keating government obtained passage of the *Commonwealth Banks Amendment Act 1993* providing for the commercial sector to acquire 49.9% of the bank. In 1995, the Keating government secured the passage of legislation to finalise the bank's sell-off: the process being completed, by the following Howard government.[104]

In 1996 the Macquarie Bank publicly listed on the Australian Stock Exchange: preparing the way for the bank to become predominantly Australian-owned.

AMP continued to expand in the late 1990s. In 1998 (the year that it listed on the ASX) it acquired the British funds manager Henderson.[105] A year later, the company took over GIO Australia. Bryan Frith wrote in 2000 that AMP then had "$71 billion. . [in] funds under management."[106] By the early twenty-first century, as Andrew White observed, it was "in

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[101] Ibid., pp.303,307.

[102] Anne Lampe, "AMP Corporate Super Outperforms Indices" in the *Sydney Morning Herald*, 26 October 1993, p.37.

[103] Ibid., p.329. The legislation, passed in parliament, was the *Australian Mutual Provident Society (Demutualisation and Reconstruction) Act 1997*.

[104] Martin, op.cit., pp.240-241,276-277.

[105] Andrew White observed, in 2001, that "AMP has hitched its star to the UK and European markets were it already earns 70 per cent of its profits. See Andrew White, "In on the Ground Floor" in *The Australian*, 17 April 2001, p.30.

[106] Bryan Frith, "How Burgess's Rebuff Steered Cicutto to Lend Lease" in *The Australian*, 11 April 2000, p.22. AMP had a range of assets of many kinds. In 2000 the company ran 11 shopping centres. See Finola Burke, "Ten Bags AMP Malls in Outdoor Ad Deal" in *The Australian*, 18 December 2000, p.35.

Britain where AMP has most of its. . .shareholder funds invested."[107]

AMP, however, suffered significant losses through the acquisition of GIO and Henderson: culminating in a loss of $5.54 billion for 2003.[108] Even before the 2003 result, AMP decided to sell GIO to Suncorp Metway (in 2001) and, two years later, parted company with Henderson (setting up AMP Capital Investors orAMPCI).

Its rivals took the opportunity to expand. The Commonwealth Bank of Australia gained control of Colonial Bank, and the NAB took over Lend Lease's MLC: both developments occurring in 2000. In 2002, Westpac took over Bankers Trust.

The Commonwealth Bank of Australia and Westpac have increased their profits even more, as the accompanying figures illustrate:

Australia Big Four Banks' Profits: 2003-2004[109]

National Australia Bank	$3.2 billion
ANZ	$2.8 billion
Commonwealth Bank of Australia	$2.6 billion
Westpac	$2.5 billion

The big four banks also remain major lenders to the housing sector, as the 2003-2004 figures in the previous subsection indicate.

In 2006, amongst the four major banks in Australia, the Commonwealth Bank of Australia now ranks first and Westpac third in terms of assets as the following table highlights:

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[107] Andrew White, "AMP Not in Buying Mood" in *The Australian*, 28 February 2002, p.19.

[108] See Andrew White, "AMP Not in Buying Mood" in *The Australian*, 28 February 2002, p.19; Tim Boreham, "Worst is Over for AMP" in *The Australian*, 5 March 2004, p.17.

[109] Tim Boreham, "NAB Stumbles as New Boss Warns Worse is Yet to Come" in *The Australian*, 11 November 2004, p.5.

Major Australian Banks' Assets: 2006[110]

Organisation	Assets
Commonwealth Bank	$293.2 billion
National Australia Bank	$278.5 billion
Westpac	$236 billion
ANZ	$234 billion

In terms of funds management, seven out of the top ten funds managers in Australia are based in Sydney and, between them, have 70% of funds under management:

Top Ten Funds Managers (Australia); 2006[111]

Commonwealth/Colonial (Sydney)	$87.8 billion
National Australia Bank (Melbourne)	$84.3 billion
AMP (Sydney)	$75.8 billion
Macquarie (Sydney)	$53.7 billion
ING Australia (Sydney)	$59.5 billion
AXA (Melbourne)	$42.4 billion
Westpac/Bankers Trust (Sydney)	$35.5 billion
St. George (Sydney)	$29.6 billion
Russell Investment Management (Sydney)	$18.9 billion
Aviva (Melbourne)	$18.3 billion
TOTAL SYDNEY	$351 billion
TOTAL AUSTRALIA	$495 billion

By 2005 the amount of superannuation had increased exponentially, as the accompanying table illustrates:

Superannuation Funds Growth: 1995-2005[112]

1995	$229.3 billion
2000	$458 billion
2005	$710.5 billion

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[110] Australian Prudential Regulation Authority, *Monthly Banking Statistics: December 2006* (Australian Prudential Regulation Authority, Sydney, 2006); Ernst and Young, *Bank Results 2006* (Ernst and Young, Sydney, 2006), p.4; AMP, *Annual Results 2006* (AMP Limited, Sydney, 2007).

[111] See Plan For Life (Media Release), *Analysis of Retail Managed Funds During December Quarter 2006*, p.3; *Analysis of Unitised Wholesale Funds During December Quarter 2006*, p.1.

[112] Christopher Viney, *McGrath's Financial Institutions and Markets*, fifth edition (McGraw-Hill, Sydney, 2007), p.145.

In 2005 commercially provided superannuation (retail funds) was the largest individual component of superannuation as the table below indicates:

Superannuation Assets and Entities (Australia): 2005[113]

Commercially Provided Superannuation (Retail Funds)	$235 billion
Self-Managed Super Funds	$159.5 billion
Public Sector Funds	$122.7 billion
Industry Funds	$104.3 billion
Corporate Funds	$65 billion
Other Super Funds	$23.4 billion
TOTAL	$709.9 billion

The previously-troubled AMP soon returned to profitability, producing a profit of $915 million for 2006,[114] and continues to predominate in the area of commercially supplied (or retail) superannuation (as do Sydney companies on an overall basis):

Top Ten Funds in Commercially Provided (Retail) Superannuation: 2006[115]

AMP (Sydney)	$42.2 billion
National Australia/MLC (Melbourne)	$40.3 billion
Commonwealth/Colonial (Sydney)	$31.9 billion
ING Australia (Sydney)	$21.8 billion
Westpac/BT (Sydney)	$15.3 billion
Mercer Investment (Melbourne)	$13.4 billion
AXA Australia (Melbourne)	$12.9 billion
St. George (Sydney)	$10.7 billion
Aviva (Melbourne)	$7.7 billion
Australian Wealth Management (Sydney)	$5 billion

While other concerns have entered the field of finance since the 1980s, big business predominates in the area as figures from the Australian Bureau of Statistics 2001 census of small business illustrate:

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[113] Ibid., p.132.

[114] Katherine Jiminez, "Giant Falls Despite 16pc Profit Surge" in *The Australian*, 16 February 2007, p.21.

[115] See Plan For Life (Media Release), *Analysis of Retail Managed Funds During December Quarter 2006*, p.8.

NSW Employment in the Finance and Insurance Sector: 2000-2001[116]

Businesses employing more than 20 people	97,700 employees
Businesses employing less than 20 people	10,200 employees

On an overall level, David Elias (writing in 2003) described the contrast between Sydney and Melbourne, as centres of finance, as follows:

> 67 Sydney-based [funds management] companies have a combined market capitalisation of nearly $300 million. This compares with. . .a combined market capitalisation of $220 billion for the 27 Melbourne [funds management] companies. . .the. . .Investment and Financial Services Association. . .represents an industry that is responsible for $670 billion. . .At least $450 billion of this money is centred in Sydney. . .[117]

The Commonwealth Bank and Westpac still remain the biggest employers as the following table illustrates:

Selected Finance and Insurance Companies in New South Wales: 2005-2006[118]

Company	Number of Employees
Commonwealth Bank of Australia	36,664
Westpac	27,224
Insurance Australia Group	12,093
St. George Bank	8,598
Macquarie Bank	8,183
QBE Insurance Group	7,800
HBOS Australia	4,167
AMP	3,500
Allianz Australia	3,336
Citigroup	2,563
ING Australia	2,308
Marsh Mercer Holdings	2,257
American Express	2,112
Aon Corporation	1,736
MBF Australia	1,391
Zurich Financial Services	1,138

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[116] ABS Catalogue 1321.0 (2001), p.40.

[117] David Elias, "Tell Melbourne, it's Over, We Won" in the Sydney Morning Herald, 31 December 2003, p.21. Elias added that, "It is five years since then Victorian premier Jeff Kennett. . . [suggested] that Melbourne should abandon any grand ideas of own and back Sydney's drive to become the financial powerhouse of the Asia-Pacific region."

[118] See www.ceoforum.com.au (company snapshots).

Company	Number of Employees
Challenger Financial Services	958
Perpetual	906

Despite its standing as the second most important component of the services sector, in terms of its contribution to GSP, finance and insurance is only eighth most important in terms of its contribution to employment, as indicated by the following figures:

Employment in Finance and Insurance, NSW v. Australia: 2006[119]

NSW	152,600
Australia-Wide	377,600

(e)Health and Community Services

The first hospital was established in Sydney on the arrival of the first fleet: the Rum Hospital (the present day Sydney Hospital in Macquarie).

An outbreak of smallpox in 1880 (on a scale similar to a cholera outbreak in Britain in the 1840s) led Parkes's colonial government in New South Wales to embark on a fundamental expansion of public health services. Parkes achieved this by obtaining passage of the *Infectious Diseases Act 1881* which established a board of health and oversaw the inauguration of the Prince Henry Hospital in 1881 and the Royal Prince Alfred hospital in 1882.[120] St. Vincent's Hospital, run by the Sisters of Charity, had previously been established in Darlinghurst in 1870. Subsequently the Royal North Shore Hospital was established in 1885 and, thirteen years later, George Reid's colonial government obtained passage of the *Public Hospitals Act 1898*. The Mater Hospital was set up in 1906 and, two years later, Charles Wade's government obtained passage of the *Private Hospitals Act 1908* which provided for the licensing and inspection of private hospitals.[121] Following the election, in 1910, of the first ALP state government in New South Wales (led by McGowen), the succeeding ALP government (led by Holman in 1913), set up the first ministry of health.[122]

Meanwhile, during the end of the 1870s and throughout the 1880s, hospitals had also been

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[119] Australian Bureau of Statistics, *Labour Force Australia (Detailed)*, ABS Catalogue 6291.0.55.003 (Australian Bureau of Statistics, Canberra, 2006).

[120] F.A. Larcombe, *A History of Local Government in New South Wales*, vol.2, *The Stabilisation of Local Government in New South Wales 1858-1906* (Sydney University Press, Sydney, 1976),

[121] C.J. Cummins, *A History of Medical Administration in New South Wales 1788-1973* second edition (New South Wales Department of Health, Sydney, 2003), pp.136-137.

[122] C.J. Cummins, *A History of Medical Administration in New South Wales 1788-1973* first edition (Health Commission of New South Wales, Sydney, 1979), p.113.

established in country centres, including Lismore (1879), Wagga Wagga (1881), Tamworth (1884), Yass (1888) and Goulburn (1889).

During the period from the 1930s to the 1980s, successive state governments completed additional hospitals in the following years:

Selected Additional Hospitals Completed in Sydney: 1930s to 1980s[123]

Hornsby Hospital	1932
Ryde Hospital	1934
Eastern Suburbs Hospital	1935
King George V	1941
Concord	1941
Prince of Wales	1953
Bankstown	1957
Liverpool Hospital	1958
Mona Vale Hospital	1964
Westmead	1978
Mount Druitt	1982

Between the 1930s and the mid-1980s, the number of public hospitals increased while the number of private hospitals decreased, as the two accompanying tables indicate:

Public Hospitals in New South Wales: 1930s to mid-1980s[124]

1939	208
1981	284

Private Hospitals in New South Wales: 1930s-1980s[125]

1939	258
1981	100

The recent rise of the commercial element in health care has been through the amendment, and re-amendment, of changes to health insurance and through the initiatives of recent federal and state governments.

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[123] Peter Spearritt, *Sydney's Century: A History* (University of NSW Press, Sydney, 2000), pp.25,80,122.

[124] *Official Year Book of New South Wales 1945-46* (Government of New South Wales, Sydney, 1948), p.835; *Official Year Book of New South Wales 1983*, p.133.

[125] *Official Year Book of New South Wales 1945-46* (Government of New South Wales, Sydney, 1948), p.834; *Official Year Book of New South Wales 1983*, p.135.

Until the 1970s, while treatment in public hospitals was subsidised by the federal government, payment for health services by the populace (on an overall level) was generally facilitated through private health insurance. Poor people were often treated at no expense, but (by 1960) around 70% of the population had private health insurance.[126] In its final year of office (1975) Gough Whitlam's ALP federal government inaugurated Medibank under which doctors could directly bill a newly established Health Insurance Commission ("bulk billing") or people receiving treatment could claim a rebate of 85% of a scheduled fee for service.[127] A year later, Malcolm Fraser's subsequent Liberal party-Country Party federal government abolished Medibank and replaced it with Medibank Private: a key feature of which was a 2.5% levy on users of Medibank Private and the opportunity for users to leave Medibank Private and subscribe to private health insurance. In 1981 the Fraser government restricted bulk billing to pensioners, those on sickness benefits and the poor. Fran Collyer and Kevin White wrote that,

> on the heels of [these changes]. . .investors bought private and practitioner-owned hospitals. . .[and] constructed new private hospitals. . .By the mid-1980s there were many investors. . .including American Medical International, Hospitals Corporation America (known as Hospital Corporation Australia), Markalinga Trust, Ramsay Healthcare, Health and and Life Care, Australian Hospital Care, Moran Healthcare and Medical Benefits Fund.[128]

In 1983 an ALP federal government (led by Bob Hawke) gained office. One the one hand, the Hawke government re-introduced universal health care through the launch of Medicare. On the other hand, the same government (and its political successor the Keating government) gradually reduced funding to the states for health.[129]

At the same time, on a state level, a Liberal Party-National Party government (led by Nick Greiner) gained office in 1988: with a stated commitment to emphasising the presence of the private sector.[130] During the period of the Greiner government, and the following Fahey (Liberal Party-National Party) government, as Degeling and Thomas described, "nine. . . hospitals including Marrickville, Western Suburbs, Lidcombe, Parramatta, Wallsend and St. Margaret's were closed."[131]

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[126] Like Buckmaster and Jerome Davidson, *The Proposed Sale of Medibank Private: Historical, Legal and Policy Perspectives* (Parliamentary Library, Canberra, 2006), p.5.

[127] Judith Healy and Melinda Hilless, *Health Care Systems in Transition: Australia* (European Observatory on Health Care Systems, Copenhagen, 2001), p.13.

[128] Fran Collyer and Kevin White, *Corporate Control of Healthcare in Australia* (The Australia Institute, Canberra, 2001), p.4.

[129] Pieter Degeling and David Thomas, "Health Policy" in Martin Laffin and Martin Painter (ed.), *Reform and Reversal: Lessons from the Coalition Government in New South Wales 1988-1995* (MacMillan, Melbourne, 1995), p.195.

[130] Opening of Session. New South Wales Parliamentary Debates. Legislative Council. 17 August 1988, p.7.

[131] Degeling and Thomas, op.cit., p.193.

Even though in 1995 the Carr (ALP) state government was elected, with a commitment to preserve the public hospital system, initiatives introduced, at a federal level, by the Liberal Party-National Party government (led by John Howard) – which gained office only a year after Carr became premier – have attracted a considerable number of patients to private hospitals. The Health Issues Centre have described how,

> Following the failure of the [1999] 30% rebate [for private health insurance] to increase the proportion of the Australian population with private health insurance, the government introduced a second measure, Lifetime Health Cover. In the nine-month period from the time Lifetime Health Cover was announced (29 September 1999), to its cut-off date (15 July 2000), the proportion of the Australian population with private health insurance rose significantly from 31.4% to 43%.[132]

Between the mid-1980s and 2004 (the period of the Hawke, Keating and Howard governments, on a federal level, and the Greiner, Fahey and Carr governments on a state level) there was a process of consolidation amongst the private hospitals. Australian Unity Investments noted recently that, on a nation-wide level,

> Between 1986 and 2004 the private hospital industry had four major private enterprise groups: Affinity Healthcare, Benchmark Healthcare, Healthscope and Ramsay Healthcare, who owned/operated a total of 117 hospitals with 11,807 beds. Since 2004, following consolidation of operators, only two major private groups remain, Ramsay Health Care and Healthscope. In addition to these hospital groups, many hospitals are owned and operated by "not for profit" groups such as Cabrini, St. John of God and Calvary together with some smaller "for profit" groups such as the BCN group and KGL Health Group.[133]

Ramsay Health Care, the major private operator in NSW, runs the following hospitals:

Ramsay Health Care Hospitals – Locations in New South Wales: 2006[134]

Hospital	Location
Albury Wodonga	Albury
Armidale	Armidale
Baringa	Coffs Harbour
Berkeley Vale	Wollongong
Castlecrag	Castlecrag (Sydney)
Dudley	Orange
Figtree	Wollongong
Hunters Hill	Hunters Hill (Sydney)

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[132] Health Issues Centre, *Submission to the Senate Select Committee on Medicare* (Health Issues Centre, Melbourne, 2003).

[133] Australian Unity Investments, *Healthcare Property Trust – Retail Units* (Australian Unity, Melbourne, 2006).

[134] Ramsay Health Care, *Ramsay Health Care Contact List* (Ramsay Health Care, Sydney, 2006).

Hospital	Location
Kareena	Caringbah (Sydney)
Lake Macquarie	Gateshead (Newcastle)
Lawrence Hargrave	Thirroul (Wollongong)
Macarthur	Campbelltown
Mount Wilga	Hornsby (Sydney)
North Shore	St. Leonards (Sydney)
Nowra	Nowra
Port Macquarie	Port Macquarie
Southern Highlands	Bowral
St. George	Kogarah (Sydney)
Strathfield	Strathfield (Sydney)
Tamara	Tamworth
Warners Bay	Warners Bay (Newcastle)
Westmead	Westmead (Sydney)

As a consequence of the above-mentioned changes to private health insurance, the private hospitals take a larger number of admissions than their proportionate presence in the total number of hospitals. This is illustrated in the figures for hospitals and admissions during 2004-2005:

NSW Public and Private Hospitals: Numbers of Hospitals and Admissions (2004-2005)[135]

	Number of Hospitals	*Number of Admissions*
Public	232	1,415,000
Private	88	785,269

Health and community services is currently the equal third largest component of the services sector in Australia. Ever since the mid-1980s, the sector has been growing steadily as can be seen by the figures below:

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[135] NSW Department of Health, *Annual Report 2004-05* (NSW Department of Health, Sydney, 2005), pp.122-124.

Health and Community Services Employment Growth (Australia): 1985-2002[136]

Services Sub-Sector	Average Employment Growth
Health and Community Services	3.2%

In the realm of employment, health and community services is the third largest employer in the services sector. The figures for New South Wales, and Australia as a whole, are as follows:

Employment in Health and Community Services, NSW/Australia: 2006[137]

New South Wales	320,000
Australia-Wide	1,067,200

(f)Retailing

Woolworths is the largest NSW-based retailer in employment terms. Other firms have emerged in department store retailing. David Jones, for example, began in Sydney in 1838 when the Welshman David Jones established his department store on the corner of George and Barrack streets and, about 80 years later, expanded during the boom years of the 1920s when the company opened its present day building (in Elizabeth Street). After the Second World War, David Jones expanded ever further: opening department stores in Newcastle (1957), Wollongong (1960), Bankstown ((1966) and Bondi Junction (1976).[138] Grace Brothers was established by two Englishmen (J.N. and A.E. Grace) in 1887 and, as with David Jones, expanded during the 1920s boom: completing their seven storey building on Broadway in 1923. In the 1930s, Grace Brothers opened shops at Bondi Junction and Parramatta and, after the Second World War, expanded even more: operating 26 department stores by the early 1980s.[139] Woolworths, however, because of its move into supermarket trading, is the pre-eminent employer amongst NSW-based retailers.

Woolworths was founded in 1924 by Harold Christmas and Stanley Chatterton who, on discovering that the name "Woolworths" was not registered in New South Wales, registered the name themselves and opened a shop in Sydney, under the Woolworths name, in the Imperial Arcade, between Pitt and George Streets. Harold Christmas assumed the title of first managing director of Woolworths in Australia. Under Christmas, Woolworths

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[136] Bureau of Transport and Regional Economics, op.cit., p.8.

[137] Australian Bureau of Statistics, *Labour Force Australia (Detailed)*, ABS Catalogue 6291.0.55.001 (Australian Bureau of Statistics, Canberra, 2006).

[138] See "David Jones", commemorative supplement in *The Australian*, 21 May 1988.

[139] Nicholas Brash, *The Model Store: Grace Brothers 1885-1985* (Kevin Weldon, Sydney, 1985), pp.18,21,23,32,37,47-50,55,57,193.

soon expanded and, between 1927 and 1941, opened up over 50 shops.[140] Woolworths' profits increased exponentially during the same period:

Woolworths: Profits 1930 -1945[141]

1930	£55,693
1935	£150,148
1939	£303,693
1941	£690,580
1945	£855,251

After the end of the war, Woolworths embarked on a fundamental change in its retailing strategy laying the groundwork for an even more rapid expansion: enabling it to dramatically increase its presence in the trade. This change was later outlined by James Murray as follows:

> The switch to food retailing was the key factor in this expansion, which had helped to make retailing Australia's second largest industry with 10.8 per cent of the nation's workforce. Woolworths was already Australia's biggest retailer of fresh fruit and vegetables; it had a team of 15 buyers operating at city and country markets, using a fleet of 75 trucks to transport produce; sales included 500,000 cases of oranges, 250,000 cases of apples and 25 million pounds of potatoes.[142]

A major contributor, to the financing of this expansion of retailing, was the AMP Society. Stuart Rosewarne wrote in 1984 that,

> The AMP, in particular, is a significant shareholder being the largest shareholder in Woolworth's. . .with 12. . .per cent of the. . .[company's] share capital. . .[143]

By the late 1960s, Woolworths began to become an even bigger chain, after buying the Cox Brothers-Mark Foy's shops in Melbourne, and the Nancarrow's chain of 26 shops throughout Victoria. The overall total of Woolworths stores in Australia was as follows:

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[140] James Murray, *The Woolworths Way* (Focus Publishing, Sydney, 1999), p.61.

[141] Ibid., pp.47,65.

[142] Ibid., p.114.

[143] Stuart Rosewarne, "Retailing into the Eighties", part II, in the *Journal of Australian Political Economy*, no.16, March 1984, p.83.

Woolworths Shops Australia: 1970[144]

Woolworth Shops Australia-Wide	800

During the 1970s, Woolworths launched its Big W shops. James Murray recorded that "The prototype BIG W Discount Store was opened at West Tamworth, New South Wales in 1976 and, within two years, 13 Big W Discount Stores were operating across all states".[145]

By the early 1990s, Woolworths had become Australia's biggest food retailer. Its number of outlets, staff employed, annual sales, profits and market share were as follows:

Woolworths: 1993[146]

Number of Outlets Australia-Wide	904
Staff Employed	72,000
Annual Sales	$10 billion
Annual Profit	$280 million
Share of the Local Branded Grocery Market	29.3%

By the mid-1990s, retailing itself had become the largest private sector employer of personnel. Tony Feathertone and Robyn Willis noted in the *Sun-Herald*, in 1994, that

> Retailing is [now] the nation's largest private sector employer, providing 1.2 million jobs nationally with 400,000 jobs in NSW alone.[147]

In the late 1990s retail continued as the private sector employer in Australia. This was acknowledged by the federal parliament's joint select committee on retailing. In its report, published in 1999, the committee observed that,

> Woolworths is Australia's largest grocery retailer and the second largest private sector employer with 1,460 Australia-wide stores and staffed by over 110,000 employees. Its supermarkets account for 81% of its employees. . .[148]

In the opening years of the twenty-first century Woolworths almost doubled the amount of

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[144] Murray, op.cit., pp.147,149-150,196

[145] Ibid., p.169.

[146] Ibid., p.229.

[147] Tony Featherstone and Robyn Willis, "100,000 New Jobs Forecast" in the *Sun-Herald*, 2 January 1994, p.5.

[148] Joint Select Committee on the Retailing Sector, *Fair Market or market Failure? – A Review of Australia's Retailing Sector* (Parliament of the Commonwealth of Australia, Canberra, 1999),

profit that it made in the early 1990s, as the profit results for 2002 indicate:

Woolworths Profits: 2002[149]

Net Profit	$523 million

In the twenty-first century retailing continues to be the largest employing component of the services sector in NSW, as the following statistics illustrate:

Employment in Retailing (NSW/Australia): 2006[150]

New South Wales	489,500
Australia-Wide	1,490,600

Woolworths appears to have increased its share of the retail trade at the expense of small business. Muhammad Mahmood has written that, during the period 1983-1984 to 1994-1995,

> Small firms in the retail trade. . .recorded a much higher. . .employment share loss to large firms than other industries in the services sector.[151]

Mahmood's estimate of the loss of employment share in the retail trade, from small business to big business, is as follows:

Small Business Decline, in Employment Share, in the Retail Sector: 1983-1984 to 1994-1995[152]

Small Business Sub-Sector	*Loss of Employment to Big Business*
Retail	-7.5%

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[149] Cathryn Jiminez, "Woolworths Sandbagged" in *The Australian*, 27 August 2002, p.17; Cathryn Jiminez, "Coles Basks in Profit Revival" in ibid., 20 September 2003, p.29.

[150] Australian Bureau of Statistics, *Labour Force Australia (Detailed)*, ABS Catalogue 6291.0.55.001 (Australian Bureau of Statistics, Canberra, 2006).

[151] Muhammad Mahmood, "Economic Openness and Small Business Employment in Australia, 1983-1984 to 1994-1995", paper presented at the *United States Association for Small Business and Entrepreneurship Annual National Conference*, San Francisco, 1997, p.7.

[152] Ibid., p.5. In a submission to a federal parliamentary committee on retailing, the National Association of Retail Grocers of Australia (NARGA) claimed that, between 1991 and 1997, 844 independent grocery shops had exited the industry. See National Association of Retail Grocers of Australia, *Submission to the Australian Parliamentary Joint Select Committee on the Retail Sector*.

The predominance of Woolworths, amongst other NSW retailers, can be seen by a comparison of Woolworths with other selected retailers operating in the state:

Selected Major Retailers Operating in New South Wales: 2005-2006[153]

Company	Number of Employees
Woolworths	94,408
David Jones	8,716
MBf Carpenters	7,188
McDonald's Australia	6,290
TWGA	5,839
Pepkor	5,042
Harvey Norman	4,383
Franklins Supermarkets	4,378
Specialty Fashion Group	3,704
Steinhoff Asia Pacific	2,856
Brazin	2,327
Toys "R" Us	2,175
Supre	1,972
Lowes-Manhattan	1,500
Angus and Coote	1,400
Prouds	1,317
Suttons Motors	1,300
Esprit	1,226
RJV Australia	1,170
Rebel Sport	1,161
Barloworld	1,155
Nuance Group	1,135
Noni B	1,014

(g) Wholesale Trade

The wholesale trade is the fifth largest component of the services sector in the state. Even by the early 1960s, New South Wales was the clear leader in wholesaling with 35% of all wholesaling concerns in Australia. This is illustrated by the following table:

Wholesale Concerns in New South Wales/Australia-Wide: 1968-1969[154]

New South Wales	11,882
Australia-Wide	33,356

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[153] See www.ceoforum.com.au (company snapshots).

[154] Arthur Meadows and Company, *The Wholesale and Retail Industry* (Arthur Meadows and Company, Sydney, 1978), p.2.7.

Big businesses predominate in wholesaling. During the period 1998-1999, the last year for which (seemingly) the Australian Bureau of Statistics undertook a survey of the wholesale industry, there were a total of 38,483 concerns in the wholesale trade (Australia-wide). There was, however, a clear divide between the amount of activity conducted by larger concerns and that conducted by smaller operations. This is indicated by the two contrasting tables:

Australian Wholesale Trade Overall Income (Larger Operations): 1998-1999[155]

Concerns Employing 20 People or More	3,079
Total Income Earned by Concerns Employing 20 People or More	$154.6 billion

Australian Wholesale Trade Overall Income (Small Businesses): 1998-1999[156]

Small Businesses in the Wholesale Trade	35,404
Total Income Earned by Small Businesses in the Wholesale Trade	$56 billion

The following companies can be cited as examples of concerns operating in the various areas of the wholesale trade in New South Wales:

Selected Wholesalers in New South Wales: By Area of Activity[157]

Company	Area of Activity
Caltex	Petroleum
Australian Pharmaceutical Industries	Pharmaceuticals
Johnson and Johnson	Pharmaceuticals
Canon	Electronic Equipment
L.G. Electronics	Electronic Equipment/Household Appliances
Panasonic	Electronic Equipment/Household Appliances
Sony	Electronic Equipment/Household Appliances
Fuji Xerox	Business Machines
Mitsui	Machinery and Technology
Australian Aerospace	Machinery and Equipment
Atlas Copco	Machinery and Equipment
Komatsu	Machinery and Equipment
Samsung Electronics	Machinery and Equipment
Toshiba	Machinery and Equipment
Microsoft	Computer Supplies

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[155] Australian Bureau of Statistics, Wholesale Trade Australia 1998-1999, ABS Catalogue 8638.0 (Australian Bureau of Statistics, Canberra, 2000).

[156] Ibid.

[157] See www.ceoforum.com.au (company snapshots).

Company	Area of Activity
Apple Computer	Computer Supplies
Cisco Systems	Computer Supplies
Dimension Data	Computer Supplies
Ingram Micro	Computer Supplies
Itochu	Computer supplies, Chemicals, Foodstuffs
Nokia	Electrical and Electronic Equipment
Alcatel	Electrical and Electronic Equipment
Brightpoint	Electrical and Electronic Equipment
Schneider Electric	Electrical and Electronic Equipment
Auto Group	Motor Vehicles
Balverona	Motor Vehicles
Hino Motor Sales	Motor Vehicles
Hyundai Motor Company	Motor Vehicles
Inchape Motors	Motor Vehicles
Electrolux	Household Appliances
CMC Australia	Steel and Metal Products
Crane	Pipes and Tubing
Hitachi Construction Machinery	Building Machinery
Corporate Express	Office Services
Alesco	Home Building Products
Metcash	Groceries
Grain Growers Association	Grain Distribution
Graincorp	Grain Distribution
Bidvest	Meat Products
Gardner Smith	Farm Produce

The amount of employment in the wholesale component of the services sector corresponds to the area's ranking in the sector as whole (5th). In 2006 the figures for New South Wales and Australia were as follows:

Employment in Wholesaling, NSW v. Australia: 2006[158]

New South Wales	177,200
Australia-Wide	482,400

(h) Education

Privately provided education for boys, in New South Wales, was heralded by the establishment of the Kings School (an Anglican college) in 1831. This was followed by the founding of Newington College (Methodist) in 1863. Subsequently, during the prosperous years of the 1880s, most of the rest of (what are now) the GPS schools were established: St.

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[158] Australian Bureau of Statistics, *Labour Force Australia (Detailed)*, ABS Catalogue 6291.0.55.003 (Australian Bureau of Statistics, Canberra, 2006).

Ignatius (Catholic) in 1880; St. Joseph's (Catholic) in 1881; and Sydney Church of England Grammar in 1886. Privately provided education for girls, in New South Wales, also expanded during the 1880s with the founding of Abbotsleigh (Anglican) in 1885; Methodist Ladies College in 1886 and Presbyterian Ladies College in 1888.[159]

Meanwhile the provision of government provided education, in New South Wales, was inaugurated when (in 1847) the Legislative Council appropriated funds for the establishment of a board of education.[160] Thirty-three years later, Henry Parkes (then colonial secretary of NSW) obtained passage of the *Public Instruction Act 1880* which provided for the introduction of compulsory education in the colony to be overseen by a newly-established department of public instruction (renamed the department of education in 1915).

Technical training was inaugurated in New South Wales in 1892 by the Dibbs colonial government when it oversaw the opening of a new Sydney Technical College. In 1949, James McGirr's ALP state government established a separate department of technical education and, in 1974, the Askin government changed the organisation's name to the department of technical and further education (TAFE).

University education began, in New South Wales, with the establishment of the University of Sydney in 1850. In 1949 a second university was established in Sydney (the University of NSW).

By the middle of the twentieth century, education in New South Wales, both public and private, had expanded rapidly as the following statistics indicate:

Students and Schools (Public and Private) New South Wales: 1959[161]

Number of Government Schools	2,700
Number of Private Schools	800
Number of School Students	750,000

During the second half of the 1980s, the Hawke government adopted a policy of changing certain areas of education activity into a commercially transactable commodity. Professor Glyn Davis commented recently that,

> In 1986. . .the Hawke government opened the higher education system to full fee paying international students. The result proved spectacular – a huge export

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[159] Spearritt, op.cit., p.194.

[160] A.C.V. Melbourne, "New South Wales and its Daughter Colonies, 1821-1850" in Ernest Scott (ed.), *The Cambridge History of the British Empire*, vol.VII, part 1, *Australia* (Cambridge University Press, Cambridge, 1933), p.178.

[161] Government of NSW, *New South Wales: A State of Prosperity* (NSW Government, Sydney, 1959), p.82.

industry created in less than twenty years. . .attracting more than 210,000 international students in 2003 and earning \$5.030 billion.[162]

Between 1988 (the year that the policy was introduced) and the mid-1990s, not only has there been an increase in the number of overseas students studying at Australian tertiary institutions, but there has also been an increase in the number of overseas students paying full fees for courses – to the point where it seems that nearly 90% of overseas students at Australian tertiary centres are now paying fees. This indicated by the following figures:

Overseas Students, and Overseas Fee Paying Students in Australia: 1988-1995[163]

	Overseas Students in Australia	*Overseas Students in Australia Paying Fees*
1988	18,208	3,595
1989	25,447	8,465
1990	28,993	16,805
1991	34,408	23,532
1992	39,490	30,296
1993	42,571	35,282
1994	46,441	40,548
1995	51,994	46,520

The presence of international students at Australian universities has actually increased as the table below illustrates:

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[162] Glyn Davis, *Tiers or Tears? The Regulation of Australian Higher Education*, Inaugural Melbourne Politics Lecture 2004 (Department of Political Science, University of Melbourne, 2004), p.3.

[163] Meredith Baker, John Creedy and David Johnson, *Financing and Effects of Internationalisation in Higher Education: An Australian Country Study* (Australian Government Publishing Service, Canberra, 1996), pp.12,30. In 1993, Florence Chong reported that, Hong Kong is one of Australia's largest markets for educational services. . .Conservatively, about 10,000 Hong Kong students are studying in Australia". See Florence Chong, "Australian Companies On Line for Bigger Share of Market" in *The Australian*, 30 April 1993, p.9.

Domestic and International Students at Australian Universities: 1996-2003[164]

Year	Australian Students	International Students	%age International Students
1996	580,906	53,188	8%
1997	595,853	62,996	10%
1998	599,670	72,183	11%
1999	603,156	83,111	12%
2000	599,878	95,607	14%
2001	614,076	112,342	15%
2002	711,563	185,058	21%
2003	719,555	210,397	23%

Institutions employing twenty (or more) people have a large presence in the education sector. This is shown by employment figures for the various universities in New South Wales:

Selected Universities in NSW: Employment Figures (2005)[165]

University of Sydney	5,989
University of New South Wales	5,369
University of Newcastle	2,478
University of Western Sydney	2,182
Macquarie University	2,136
University of Technology, Sydney	2,036
University of New England	1,332
Australian Catholic University	1,079

By the late 1990s, New South Wales had become the state with the largest proportion of fee-paying overseas students. The manifestation of this in the NSW economy – compared to other states in the nation – is indicated by the figures for direct gross expenditure for international students in Australia:

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[164] Davis, op.cit, ibid.

[165] For details see www.ceoforum.com.au (company snapshots).

Direct Gross Expediture Estimates of International Students per State and Territory:1997[166]

New South Wales	$1.2 billion
Victoria	$823 million
Queensland	$572 million
Western Australia	$448 million
South Australia	$150 million
Australian Capital Territory	$67 million
Tasmania	$40 million
Northern Territory	$6 million

Commercially provided education has also expanded in the realm of (what is currently known as) vocational education and training (VET).

An initial influence on the growth of TAFE was the decision of the Whitlam government, in the 1970s, to provide dedicated extra funding to the states. The authors of the official history of TAFE in New South Wales have written that,

> A major factor in TAFE's recent history is partial Commonwealth funding. In 1973 the Australian Committee on Technical and Further Education was appointed to investigate and determine the needs and priorities of technical and further education, and recommend levels of funding from the Commonwealth government.[167]

From the early 1900s to the early 1980s, the number of TAFE students rapidly increased as illustrated by the following enrolment figures:

TAFE Enrolments in New South Wales: 1900s to 1980s[168]

1901	9,000
1949	22,294
1982	195,000

In the early 1990s the Keating government took further steps to expand the dimensions of the TAFE sector. Martin Painter has described how in 1992 Keating,

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[166] Australian International Education Foundation, *1997 Survey of International Students Studying in Australia*, p.107

[167] Information Services Division, NSW Department of Technical and Further Education, *Spanners, Easels and Microchips: A History of Technical and Further Education in New South Wales 1883-1983* (NSW Council of Technical and Further Education, Sydney, 1983), p.104.

[168] Ibid., pp.9,39,103. See also www.tafensw.edu.au/about/history.htm

unilaterally presented the states with a proposal to 'occupy the field' of technical education policy and funding. Accompanying the 'offer' was a promise of considerable additional funding. The states objected to the loss of control but found it hard to resist the money. . .an intergovernmental agreement . .[was] signed at the July [1992] Financial Premiers Conference, to set up the Australian National Training Authority (ANTA), an independent body accountable to a ministerial council on which the states each had a vote and the commonwealth two (plus the chair's casting vote). The participants agreed to a large injection of commonwealth funding and to a matching maintenance of existing state funding.[169]

In 1992 the Australian Council for Private Education and Training (ACPET) was formed as a national lobby group for commercial concerns offering education and training.

Since the initiatives of the early 1990s, there has been a significant increase in VET enrolments compared to higher education. Tom Karmel and Nhi Nguyen have written that "higher education. . .[grew] by just under 20%. . .[while] the VET sector grew by around 60%".[170] Their estimates of the figures for total enrolments in higher education and VET, for 2001, are as follows:

Higher Education and VET Enrolments (Australia): 2001[171]

VET	1,751,400
Higher Education	726,418

Currently the government, in New South Wales, is the largest provider of VET as the following figures indicate:

Technical and Vocational Training (New South Wales): 2005-2006[172]

Number of Students	513,000
Number of TAFE Institutes	10
Number of Campuses	134
Share of NSW TAFE in Provision of VET	92%

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[169] Martin Painter, "The Council of Australian Governments and Intergovernmental Relations: A Case of Co-operative Federalism" in *Publius: The Journal of Federalism*, no.26, vol.2, Spring 1996, p.113.

[170] Tom Karmel and Nhi Nguyen, "Australia's Tertiary Education Sector", paper presented at the *Seventh National Conference of the Centre for the Economics of Education and Training*, Melbourne, September 2003, p.3.

[171] Ibid.

[172] See NSW Department of Education and Training, Annual Report 2005 (NSW Department of Education and Training, Sydney, 2005), p.2; Gerald Burke and Peter Noonan, *TAFE NSW: Flexibility, Sustainability and Renewal* (Centre for the Economics of Education and Training, Monash University, Melbourne2005), p.273.

Just as with tertiary education, the Hawke, Keating and Howard governments have sought to increase TAFE's potential as a transactable commodity. Between the late 1980s and the end of the twentieth century, the number of full-fee paying international students at TAFE colleges has increased as follows:

Full-Fee Paying International Students at Australian TAFE Colleges: 1988-2000[173]

1988	21,000
2000	100,000

According to the Australian Council for Private Education and Training, New South Wales (in 2002-2003) had the following number of overseas students in commercial centres of VET training:

International Students at Commercial VET Concerns in NSW: 2002-2003[174]

International Students in NSW at Private VET Centres	25,000

The Australian Council for Private Education and Training has given the following estimates of private training providers, compared to public training providers, for 2004:

Registered Training Organisation in NSW (Public and Private); 2004[175]

Government Providers	85
Private Training Providers	455
Adult and Community Education	87
Industry Organisations	60
Business-based Organisations	70
Professional Organisations	11
Other	24
TOTAL	792

The Australian Council for Private Education and Training has also provided the following estimates for the value of VET training provided to overseas students in NSW:

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[173] Louise Watson, "Exporting TAFE: Challenges and Constraints", paper delivered at the sixth annual *Conference of the Australian Vocational and Education and Training Association*, Sydney, 6-11 April 2003.

[174] Australian Council for Private Education and Training, *The Importance of Private Providers of Post-Compulsory Education to the NSW Economy and to Meeting the State's Skills Training Needs* (Australian Council for Private Education and Training, Melbourne, 2004), p.10.

[175] *The Importance of Private Providers of Post-Compulsory Education to the NSW Economy and to Meeting the State's Skills Training Needs*, p.8.

Value of VET Training Sold to International Students in NSW: 2002-2003[176]

Public Providers	$151,027,000
Commercial Providers	$388,800,000
TOTAL	$538,827,000

The growth in the number of concerns providing this form of education (many of them smaller businesses) rapidly expanded between the 1980s and 1990s. According to Muhammad Mahmood, between the mid-1980s and the mid-1990s, small business provided education and training "recorded the highest annual average [employment] growth rate of all areas of small business. Mahmood's estimates are as follows:

Growth Rate of Small Business Provided Education and Training: 1983-1984 to 1994-1995[177]

Industry Area	*Growth Rate*
Small Business Provided Education and Training	5.8%

(i)Transport and Storage

The biggest individual commercial transport organisation, located in NSW, is Qantas which was inaugurated over eighty-five years ago in 1920 when the Queensland and Northern Territory Aerial Services (Qantas) was incorporated in Brisbane to provide travel services to outback portions of Queensland and the Northern Territory where no train services existed. The company was initially based at Longreach, in Queensland and commenced operations in 1922. Four years later, in 1934, a joint venture between Qantas and Imperial Airways of England (Qantas Empire Airways Limited or QEA) was registered in Brisbane for the purpose of taking advantage of emerging international air mail services. A joint air route – the longest in the world – was inaugurated in 1935, with Imperial Airways covering a London to Karachi section; Indian Trans-Continental covering a Karachi to Singapore section; and Qantas Empire Airways covering the final leg from Singapore to Brisbane. In 1938, Qantas moved its company headquarters to Sydney.

In 1939, just before the outbreak of the second twentieth century war in Europe, Neville Chamberlain's Conservative Party government obtained passage of a bill providing for the inauguration of a government-owned airline in England: the British Overseas Airways Corporation (BOAC) - the forerunner of the present British Airways - which was to eventually take over all the obligations of the former (commercially owned) Imperial Airways. By 1939, Qantas Empire Airways had a staff of 285 and had completed its own workshops at Mascot.[178]

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[176] Ibid., p.10.

[177] Mahmood, op.cit., p.3.

[178] John Gunn, *The Defeat of Distance: QANTAS 1919-1939* (University of Queensland Press,

A year after the end of the war (in 1946) QEA and BOAC renewed their agreement on partnership co-operation over the England to Australia route. In the same year, Qantas began its first purchases of large, American, passenger aircraft (propellor driven Lockheed Constellations). At the end of 1946, the Chifley government obtained passage through parliament of a bill providing for the Australian government's purchase of BOAC's share in Qantas Empire Airways. By the beginning of 1947, however, Qantas still only had 11 aircraft. In March 1947 an American company, Pan American Airways, began services across the Pacific from San Francisco. Four months later, in July 1947, the Chifley government effected complete government ownership of Qantas when it purchased Qantas's 261,500 shares in Qantas Empire Airways.[179]

After Qantas became fully government owned, it laid the basis for a rapid program of expansion. In December 1947, the company began a once a week service to Japan, as a means of assisting the Australian occupation troops in that country. By 1948 the company had 44 aircraft and had erected new hangars at Mascot. By 1956 – the year that the Olympic Games were staged in Melbourne – annual revenue reached £20 million and the number of aircraft operated rose to 34. The company then announced that it would purchase 7 Boeing 707 jet aircraft. These jets would reduce the flying time, from Sydney to London, from 61 hours to 37 hours. To accompany delivery of these aircraft, Qantas embarked on further building of new engine workshops, new catering facilities and new flight simulation training facilities: to be constructed at Mascot between 1956 and 1960. In July 1957 the Menzies government concluded an agreement with the Eisenhower Administration providing for Qantas to fly to the USA and then on to London (inaugurating this service in 1959, after the first delivery of its Boeing jet aircraft). In October 1957, Qantas opened a new company headquarters in Sydney. By then, Qantas's revenue had reached £23.6 million. As John Gunn recorded, the company was, by now, "one of the largest business undertakings in Australia".[180]

In the early 1960s, Qantas secured an agreement with the Menzies government to carry all British (assisted-passage) immigrants who had been scheduled to transit to Australia by air.[181] In 1967 a new stage in Qantas's operations began when the company placed orders for the new Boeing 747 ("jumbo jet") aircraft: currently being built at the Boeing plant in Seattle. The company, in the same year, also officially changed its name from Qantas Empire Airways to Qantas Airways Limited. To accompany the arrival of the new jumbo jets (which flew their inaugural flight for Qantas in 1971) the company embarked on the construction of a new Qantas International Centre; it also acquired an additional 18 acres of land on the northern boundary of Mascot; and, according to Gunn, "Five underground

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Brisbane, 1985), pp.23,68,76,98-99,123,183,189,237,325,328,330,340,347,356-358.

[179] Ibid., pp.184,196,203,207-208,214-221,236-237,257,261.

[180] See also John Gunn, *High Corridors: QANTAS 1954-1970* (University of Queensland Press, Brisbane, 1988), pp.1, 68-71,76,100-110,137-138,156,167,281.

[181] Alexander and Susie Dunn, " A High Flyer in Every Endeavour" in the *Sydney Morning Herald*, 25 April 2007, p.18.

floors. . .were. . . [prepared] to house Australia's largest computer centre".[182]

In the early 1990s a fundamental change occurred in the organisation of Qantas when the Keating government decided to reverse the Chifley government's policy of government ownership of the airline. In 1992, British Airways (the successor to BOAC) was allowed to purchase a 25% interest in Qantas. Two years later, the remaining 75% of the company was sold to investors via a share float.[183] A renewed focus on Asian routes was also undertaken. John Stackhouse has commented that, during the first half of the 1990s,

> Australia. . .bartered new rights with Asian carriers, which wanted to add extra Australian services. The Australian negotiators sought rights for Qantas to go beyond cities such as Singapore, Bangkok and Hong Kong. . .By 1995 Qantas was operating more than 140 flights a week linking Australia with 11 countries in North Asia and South East Asia. . .Asian holiday traffic became an important source of Qantas revenue, with flights from five Japanese cities. . .[184]

All through the period from the 1950s to the present, the number of passengers carried by the airline constantly increased, as the following figures show:

Passengers Carried by Qantas: 1950s-2005[185]

1956	161,000
1965	254,722
1970	504,341
1980	1,825,793
1990	4,142,502
2000	17,599,000
2005	32,658,000

The number of staff employed by Qantas has also steadily risen, as illustrated by the following statistics:

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[182] John Gunn, *Challenging Horizons: Qantas 1939-1954* (University of Queensland Press, 1987), p.238; John Gunn, *High Corridors*, pp.258, 281, 302, 332, 347, 389, 391, 394, 422,427,433.

[183] John Stackhouse, *From the Dawn of Aviation: The Qantas Story 1920-1995* (Focus Publishing, Sydney, 1995), p.187.

[184] Ibid., pp.184-185.

[185] John Gunn, *High Corridors*, pp.1,76; Christopher Findlay, *The Flying Kangaroo: An Endangered Species?* (Allen and Unwin, Sydney, 1985), p.98; John Stackhouse, T*he Longest Hop: Celebrating 50 Years of the QANTAS Kangaroo Route* (Focus Publishing, Sydney, 1997), p.142; Qantas, annual reports, *1985-1986*, p.2; *1990-1991*, p.2; *2000*, p.47; *2006*, p.143.

Personnel Employed by Qantas: late 1950s-2005[186]

1954	5,000
1964	7,405
1970	12,206
1975	13,230
1980	13,500
1990	19,668
1999	30,000
2005	35,520

Sydney still remains the pre-eminent hub of Qantas's operations. During 1999 more than 10 million Qantas passengers flew into Sydney and the company then employed over 17,500 staff in New South Wales.[187]

Transport and storage ranks as the seventh most important component of the services sector, in terms of employment in New South Wales. The figures for NSW, and for Australia, are as follows:

Employment in Transport and Storage, NSW v. Australia: 2006[188]

New South Wales	155,400
Australia-Wide	465,000

While other companies, particularly land freight transport companies, have emerged during the twentieth century, Qantas predominates in terms of employment as can be seen by the following table:

Selected Companies in the Transport and Storage Sector in NSW: 2005-2006[189]

Company	Number of Employees
Qantas	34,832
TNT Australia	4,726
Pacific National	3,966
Star Track Express	3,040
John Swire and Sons	2,167

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[186] John Gunn, *High Corridors*, p.1,138,167,281,332,389,433; Steve Creedy, "Roo Ready to Rumble" in *The Australian*, 23 February 2000, p.36; Qantas, annual reports, *1970-71*; *1975-76*; *1980-81*; *1990-91*; *2006*, p.143.

[187] Information supplied by Qantas.

[188] Australian Bureau of Statistics, *Labour Force Australia (Detailed)*, ABS Catalogue 6291.0.55.003 (Australian Bureau of Statistics, Canberra, 2006).

[189] See www.ceoforum.com.au (company snapshots).

Company	Number of Employees
1st Fleet	1,253
Transonic Travel	1,074
Exel (Australia)	954
Regional Express	661
Grace Worldwide (Australia)	532
Schenker Australia	402
UPS	286
Macquarie Infrastructure	256

(j) Government Administration and Defence

Government administration includes three levels of government: federal, state and local. Delineating the contribution of the elements of this component is difficult because, as George Verikios has written, in

> the case of government administration and defence. . .the non-marketability of these services eliminates the possibility of using market prices to measure. . .output.[190]

(k) Communications

Telstra

Ten years after Samuel Morse inaugurated his telegraph system in the USA (in 1844), the first telegraph line in Australia was introduced in the new colony of Victoria: carrying messages between the city of Melbourne and Port Melbourne. Nearly four years later, towards the end of 1857, the first telegraph line in NSW was opened: running from Sydney to Liverpool. By 1858 the colonial government of Victoria had completed a line from Melbourne to Albury and, in late 1858, the NSW colonial government finished a line from Sydney to Albury.[191]

Overseas telegraph links – in Australia's case, between the British colonies on the Australian continent and London - were begun at the same time. Charles Todd (an English astronomer who had arrived in Adelaide in 1855 as South Australia's new Superintendent of Telegraphs) oversaw the completion of a telegraph line between Adelaide and Sydney in 1868. Todd then began work on the building of a line to Britain via Adelaide, Darwin, the Dutch East Indies (Indonesia) and India. Work began in 1870, and the first messages were successfully transmitted in 1872. Sydney was connected to the line in November 1872.[192]

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[190] George Verikios, *Measuring Output of Government Administration, Defence and Property and Business Services: Some Estimates for Australia* (Centre of Policy Studies, Monash University, Melbourne, 1998), p.2.

[191] Ann Moyal, *Clear Across Australia: A History of Telecommunications* (Nelson, Melbourne, 1984), p.23.

[192] Ibid., pp.43,53,56.

News of events in Britain, and elsewhere in the world, could now be obtained in 48 hours. By the time that the British colonies in Australia joined together (in 1901) there were 43,000 miles of telegraph line amongst them and nearly 6 million telegrams were being sent annually.[193]

Meanwhile a Scottish inventor living in the USA (Alexander Graham Bell) invented the first commercial telephone operation in 1878. Again, it was Victoria, amongst the British colonies in Australia, which moved first to adopt new communications technology: a telephone exchange being opened in Melbourne in 1880. Two years later an exchange was opened in Sydney and, by 1883, all the other colonies (except Western Australia) had exchanges in their capitals.[194]

Federation, via the new national constitution, enabled the federal government to take over the administration of telecommunications through the inauguration of the Postmaster General's Department (PMG). The newly created body was, instantaneously, a substantial institution, as illustrated by figures for its assets and staff:

Postmaster General's Department: 1901[195]

Value of Assets	Number of Staff
£6 million	16,000 (90% of all federal government personnel)

Telephones, through the twentieth century, soon overtook telegrams as a means of communication. In 1912 the first public automatic telephone exchange was installed in Geelong and, two years later, three suburban exchanges were opened in Sydney: in Newtown, Balmain and Glebe.[196] Expansion of telephony was slowed by the outbreak of the Great War but recommenced during the 1920s. Despite the crash of the early 1930s, by 1935, according to Ann Moyal, the annual turnover of the PMG

> exceeded £147 million; its capital investment in fixed assets and plant was £54.5 million per year; [and] it was one of the largest business undertakings in Australia and continued to be one of the greatest employers of labour.[197]

Expansion was again interrupted by war (after the outbreak of the second war in Europe and the war in the Pacific) but continued during the 1950s, 1960s and 1970s. During the late 1950s, subscriber trunk dialling (STD) was introduced in small areas of Melbourne and Sydney.

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[193] ibid., p.85.

[194] Ibid., pp.76,78.

[195] Ibid., p.88.

[196] Ibid., p.103.

[197] Ibid., p.146.

In 1975 the Whitlam government transferred responsibility for telecommunications services to a new government-owned body: Telecom Australia. By 1977 nearly 73% of Australian households had a telephone and, by the early 1980s, most households could dial direct, anywhere in Australia, using STD.[198]

By 1991, Telecom was able to claim that the entire amount of its investment in Australia had now reached $40 billion.[199] In 1995 the name of the company was changed to Telstra. During the remainder of the decade many of Telstra's operations have centred around the provision of mobile telecommunications and internet services. In 2004 Telstra had $11.8 worth of investments in New South Wales and employed around 10,000 staff in the state.[200] Currently Telstra remains the largest telecommunications operation in Australia. Its recent financial, operational and employment details are as follows:

Telstra Australia-Wide: 2005[201]

Telephone Lines Under Management (including Residential)	10 million
Mobile Phone Customers	8.2 million
Employees	39,660
Net Profit	$4.4 billion

Telstra New South Wales: 2004[202]

Value of Investments in NSW	$11.8 billion
Number of Employees	10,000

Optus

In 1991 the Keating government announced that the then Telecom Australia would lose its status as the single provider of telecommunications in Australia.[203] A year later the Keating government granted a licence to another company to provide telephone services in Australia: Optus, a company which (in 1998) became majority owned by Cable and Wireless (C and W) of Britain. Optus is headquartered in Sydney and, in 2000, employed

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[198] Ibid., p.353.

[199] *The Australian*, 24 April 1991, p.5.

[200] Telstra, *Telstra in New South Wales* (Telstra, Melbourne, 2004).

[201] Paul Budde and Phil Harpur, *Telco Company Profiles 2005/2006: Telstra and Optus* (Paul Budde Communication, Bucketty, New South Wales, 2005), pp.1,22,28.

[202] Telstra, *Telstra in New South Wales* (Telstra, Melbourne, 2004).

[203] Geoff Hawker, "Ministerial Consultants and Privatisation: Australian Federal Government 1985-88" in the *Australian Journal of Politics and History*, vol.52, no.2, 2006, pp.250-252

around 6,000 people nationally.[204] In 2001, Singapore Telecommunications (SingTel) bought C and W's majority share in Optus. Optus's basic financial, operational and employment details are as follows:

Optus: 2005[205]

Number of Mobile Phone Customers	5.92 million
Number of Residential Phone Customers	1.1 million
Number of Employees	6,000
Profit	$940 million

Employment, in the communications component of the services sector, is the smallest within the sector. The figures for 2006, from the Australian Bureau of Statistics, are accordingly:

Employment in Communication Services, NSW v. Australia: 2006[206]

New South Wales	64,000
Australia-Wide	178,700

(i)Accommodation, Restaurants and Cafes

Accommodation, restaurants and cafes is the tenth most important part of the services sector and, in many respects, is dominated by tourism. Tourism within Australia is dominated by domestic tourism: travel undertaken by Australians within Australia (as opposed to travel undertaken by travellers arriving in Australia).

Tourism in New South Wales, and in the rest of Australia, developed during the 1920s with the growth of the car industry.[207] In 1929 the Australian National Travel Association was formed as an industry group dedicated to increasing the number of tourists from overseas.[208] In 1959, three years after the staging of the Olympic Games in Melbourne, the Menzies government (with the co-operation of the states) formed a Tourism Ministers Council (TMC). By the mid-1960s, with the expansion of the NSW-based QANTAS, Sydney became the pre-eminent Australian gateway for overseas arrivals, as indicated by

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[204] Optus, annual report, 1999.

[205] Budde and Harpur, op.cit., pp.53,56.

[206] Australian Bureau of Statistics, *Labour Force Australia (Detailed)*, ABS Catalogue 6291.0.55.001 (Australian Bureau of Statistics, Canberra, 2006).

[207] As mentioned in Section 2d above, during the 1920s the number of car registrations rose from 116,658 (in 1922-1923) to 474,359 (in 1928-1929). See Forster, op.cit., p.30.

[208] Christopher Gethin, *An Approach to Planning for Historic Places as Tourist Attractions* (MTCP Thesis, University of Sydney, 1969), pp.60-61.

the figures below:

International Arrivals and Departures (Sydney/Melbourne) 1965-1966[209]

| Sydney | 424,000 |
| Melbourne | 42,000 |

In 1967 the Holt government established the Australian Tourist Commission (ATC). The ATC's first general manager was the previous general manager of ANTA. In 1983 the newly elected Hawke government launched an initiative entitled *Tourism Gets Australia Going*. The aim was to boost the number of domestic and international tourists.[210] Two years later Hawke's minister for tourism (John Brown) launched the Tourism Overseas Promotional Scheme (TOPS) which was, as described by Hawke's finance minister (Peter Walsh), "an entitlement scheme under which commercial operators soliciting tourists from overseas would. . .have their promotional spending subsidised."[211] In 1985 the Wran government established the Tourism Commission of NSW. Seven years later (in 1992) the then federal government (led by Paul Keating) launched a National Tourism Strategy.[212] At the same time, in New South Wales, the then Fahey government established Special Events NSW Limited as a means of attracting special events to the state (in particular the 2000 Olympics).[213]

As result of all the above initiatives, and many others, tourism has become a significant industry: both for Australia and for New South Wales. This is indicated by comparative figures for tourism consumption (domestic and international):

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[209] Peter Spearritt, *State of Play: 100 Years of Tourism in New South Wales 1905-2005* (Tourism New South Wales, Sydney, 2005), p.44.

[210] John Richardson, *A History of Australian Travel and Tourism* (Hospitality Press, Melbourne, 1999), p.293.

[211] Peter Walsh, *Confessions of a Failed Finance Minister* (Random House, Sydney, 1995), p.185.

[212] Dianne Dredge and John Jenkins, "Federal-State Relations and Tourism Public Policy, New South Wales, Australia" in *Current Issues in Tourism*, vol.6, no.5, 2003, p.434.

[213] Robyn Stokes, *Inter-Organisational Relationships for Events Tourism Strategy Making in Australian States and Territories* (PhD Thesis, Griffith University, 2003), pp.25-28.

Tourism Consumption in Australia (Domestic v. International): 2004-2005[214]

Domestic Consumption	International Consumption
$56.4 billion	$18.3 billion

The basic contribution of tourism to the Australian economy, in terms of Gross Domestic Product and employment, can be shown accordingly:

Contribution of Tourism to the Australian Economy: 2003-2004[215]

	Value of Contribution to GDP	Share of GDP	Share of Employment
Tourism	$25.5 billion	3.7%	5.6%

In all areas of the tourism sector, New South Wales is the leading state with 32% of domestic tourists and 50% of international tourists, as shown by figures for tourist arrivals (domestic and international):

Domestic Overnight Visitors– NSW/Rest of Australia: 2004[216]

State(s)	Domestic Overnight Visitors
New South Wales	25,000,000
Rest of Australia	61,432,500

International Tourist Arrivals – NSW v. Rest of Australia: 2004[217]

New South Wales	2,700,000
Remainder of Australia	5,408,000

New South Wales is the state that receives the greatest benefit from tourism. This is shown by the contrasting figures for tourism consumption:

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[214] Australian Bureau of Statistics, *Australian National Accounts: Tourism Satellite Account 2004-2005*, ABS Catalogue 5249.0 (Australian Bureau of Statistics, Canberra, 2006).

[215] ABS Catalogue 5429.0. See also Tourism Research Australia, *Indirect Economic Contribution of Tourism to Australia 1998-1999 to 2003-2004* (Tourism Research Australia, Canberra, 2004).

[216] Liz Fredline and Leo Jago, *State of the Tourism Industry 2005* (Co-operative Centre for Sustainable Tourism, Gold Coast, 2005), pp.2,46. See also website of Tourism NSW at www.tourism.nsw.gov.au.

[217] Ibid, pp.2,45.

Tourism Consumption – NSW v. Australia: 2004-2005[218]

Tourism Consumption NSW	$23 billion
Tourism Consumption Remainder Australia	$51.7 billion

The value of tourism to New South Wales has been calculated at over $10 billion. The centre for tourism policy studies (University of NSW) and the department of economics at Monash University have produced the following estimate of value:

Value of Tourism to New South Wales: 2000-2001[219]

Tourism Industry Contribution to Gross State Product	$10.8 billion (4.5%)

In employment terms, New South Wales has 33% of all employment in the accommodation, restaurants and cafes sector. The figures, at the beginning of the twenty-first century, are as follows:

Employment in Accommodation, Restaurants and Cafes – NSW v. Australia: 2000-2001[220]

NSW	139,700
Australia-Wide	432,800

In terms of establishments, New South Wales equally has the highest number of establishments – both in the 15+ room category and in the 5-14 room category – as the following two tables indicate:

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[218] See Government of New South Wales, *Submission to the House of Representatives Standing Committee on Employment, Workplace Relations and Workforce Participation into Workforce Challenges in the Australian Tourism Sector* (September 2006).

[219] Larry Dwyer, Peter Forsyth, Thiep Ho and Ray Spurr, *Tourism Satellite Account NSW: 2000-2001* (Centre for Tourism Policy Studies UNSW and Department of Economics Monash University, 2003), p.8.

[220] ABS Catalogue 1321.0.

Hotels, Motels and Serviced Apartment Concerns with 15+ Rooms: 2006[221]

New South Wales	1,418
Queensland	1,070
Victoria	795
Western Australia	350
South Australia	254
Tasmania	154
Northern Territory	94
ACT	59
TOTAL	4,194

Hotels, Motels and Serviced Apartment Concerns with 5-14 Rooms: 2006[222]

New South Wales	625
Victoria	471
Queensland	433
South Australia	153
Western Australia	132
Tasmania	125
Northern Territory	13
ACT	2
TOTAL	1,954

Within the sector there has been a shift in employment share: from small business to big business. Muhammad Mahmood has commented that, for the period 1983-1984 to 1994-1995,

> Accommodation, restaurants and cafes. . .[also] recorded a much higher. . .[level] of employment share loss to large firms than other industries in the services sector.[223]

This can be seen by figures for employment share loss – in the sector – for the period 1984-1984 to 1994-1995:

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[221] Australian Bureau of Statistics, *Tourist Accommodation: Australia*, ABS Catalogue 8635.0 (Australian Bureau of Statistics, Canberra, 2007), p.32.

[222] Ibid., p.29.

[223] Mahmood, op.cit., p.7.

Small Business Decline, in Employment Share, in the Accommodation, Restaurants and Cafes Sector: 1983-1984 to 1994-1995[224]

Sector	Loss of Employment to Big Business
Accommodation, Restaurants and Cafes	-6.4%

Amongst the larger companies that operate in the sector, there are many that employ over 1,000 personnel. Some of these are as follows:

Selected Large Companies (Based in NSW) Operating in the Accommodation, Restaurants and Cafes Sector: 2005-2006[225]

Company	Number of Employees
Accor	8,000
Compass	6,394
Mirvac Hotels and Resorts	5,000
AAPC	4,433
InterContinental Hotels	4,000
Sodexho	3,743
Hilton Hotels	3,000
Amalgamated Holdings Limited	3,000
Toga Hospitality Group	1,800

(m) Personal and Other Services

Personal and other services is the eleventh most important component of the services sector. It includes concerns that provide religious care, funeral services, waste disposal, drycleaning, courier services and security services. About 35% of all workers in this sector are employed in New South Wales as indicated by the following figures:

Employment in Personal and Other Services – NSW v. Australia-Wide: 2006[226]

New South Wales	138,000
Australia-Wide	388,800

Not surprisingly, small business predominates in employment in personal and other services. This shown by NSW figures for 2000-2001:

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[224] Ibid., p.5.

[225] See Jones Lang Lasalle Hotels (NSW), *Market Report* (Jones Lang Lasalle, Sydney, 2007). See also www.ceoforum.com.au (company snapshots).

[226] Australian Bureau of Statistics, *Labour Force: Australia*, ABS Catalogue 6291.9.55.003 (Australian Bureau of Statistics, Canberra, 2006).

Employment in New South Wales in Personal and Other Services: 2000-2001[227]

Businesses Employing Less Than 20 People	37,200 employees
Businesses Employing More Than 20 People	26,700 employees

While small business predominates in the personal and other services, there also are a number of large firms (based in NSW) which operate in the area. Some of these are listed below:

Selected Large Companies (Based in NSW) Operating in the Personal and Other Sector: 2005-2006[228]

Company	Number of Employees
Veolia Environment Services	2,643
Wesley Mission	2,311
Alsco	1,676
NRMA	1,020
InvoCare	792
SembSita	629
RR Australia	400
Waste Recycling and Reprocessing Corporation	319

(n)Cultural and Recreation Services

Cultural and recreation ranks twelfth out of the various components of the services sector. It includes companies that own television networks, companies that operate cinemas and companies that stage sporting and entertainment events. Some of the major companies that are active in this are including Publishing and Broadcasting Services, Tabcorp, Hoyts and Greater Union.

As in the case of many of the companies mentioned in earlier sub-sections of this paper, several of the major firms in this area were established eighty or more years ago. Film exhibition began in Australia in the early 1900s when the English-born film exhibitor T.J. West began open a number of cinemas in Australia. By 1910 he had opened 14 cinemas across Australia. Radio broadcasting began in Sydney in 1923, following the establishment of the British Broadcasting Company (in England) the year before. In 1926 the British government nationalised the British Broadcasting Company (transforming it into the present BBC) and, three years later, the ALP federal government (led by Scullin) placed all transmission facilities under contract to the government, and provision of programming was allocated to the Australian Broadcasting Company: a consortium of entertainment interests. A further three years later (in 1932) the Lyons government secured passage of

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[227] ABS Catalogue 1321.0 (2001), p.40.

[228] See www.ceoforum.com.au

legislation (previously drafted by the Scullin government) nationalising the Australian Broadcasting Company: transforming it into the Australian Broadcasting Commission.[229] By 1934 meanwhile the cinema industry had developed to a point where there were 137 cinemas in Sydney alone.[230]

Television broadcasting, on a nationwide level, began in Britain (via the BBC) in 1936 and was subsequently inaugurated in the USA in 1941 (with network television beginning in 1948). A year after the 1955 inauguration of a commercially run television station in Britain, and in time for the staging of the Olympic Games in Melbourne, the Menzies government oversaw the introduction of television broadcasting: channels 2, 7 and 9 all beginning transmission in late 1956.

During the period between the mid-1980s and the mid-1990s, the big business element of the area grew faster than the small business element, as the contrasting tables indicate:

Employment Growth in Cultural and Recreational Services: 1985-2002[231]

Industry Sector	Average Employment Growth
Cultural and Recreational Services	4.1%

Employment Growth in the Small Business Element of Cultural and Recreational Services: 1983-1984 to 1994-1995[232]

Industry Element	Employment Growth
Cultural and Recreational Services (Small Business)	2.6%

According to Muhammad Mahmood, like some of the other components of the services sector listed above, there was (between the mid-1980s and the mid-1990s) a significant shift in employment from small business to big business as the following figures illustrate:

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[229] See Australian Heritage Commission, *Australia: Our National Stories* (Australian Heritage Commission, Canberra, 2003).

[230] Spearritt, op.cit., p.220.

[231] Bureau of Transport and Regional Economics, op.cit., p.8.

[232] Mahmood, op.cit., p.3.

Small Business Decline, in Employment Share, in Cultural and Recreational Services: 1983-1984 to 1994-1995[233]

Industry Sector	*Loss of Employment to Big Business*
Cultural and Recreational Services	-6.3%

Currently cultural and recreational services ranks eleventh, in employment terms, as a component of the services sector. The Australian Bureau of Statistics figures for 2006 are as follows:

Employment in Cultural and Recreation Services, NSW v. Australia: 2006[234]

New South Wales	89,500
Australia-Wide	263,300

Some of the major concerns operating in the area of cultural and recreational services, based in New South Wales, are as follows:

Selected Large Companies (Based in NSW) Operating in Cultural and Recreational Services: 2005-2006[235]

Company	Number of Employees
Australian Broadcasting Corporation	4,345
Nine Network	3,500
Seven Network	1,869
Mulawa Holdings	1,700
Foxtel	1,550
WIN Corporation	875
SBS	795
Sydney Opera House	450
Warner Brothers Entertainment	264

CONCLUSION

On overall level, looking at the course of production in NSW during the twentieth century, the prime focus in manufacturing appears to have returned to producing items for household consumption (but as much for overseas consumers as those within Australia): as metals-based manufacturing has risen and fallen, and food-based manufacturing currently

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[233] Mahmood, op.cit., p.7.

[234] Australian Bureau of Statistics, *Labour Force Australia (Detailed)*, ABS Catalogue 6291.0.55.003(Australian Bureau of Statistics, Canberra, 2006).

[235] See www.ceoforum.com.au (company snapshots).

predominates. Within the services sector on the other hand, while the sector has undergone a substantial expansion, a significant number of the old-established concerns have not only persevered but grown in size. It is observable that a number of key institutions in the services sector were either already established during the British colonial period or rose to prominence during the prosperous 1880s. Allens (in property and business services), the Bank of New South Wales (the present-day Westpac) and AMP (in finance and insurance), Royal Prince Alfred Hospital (in health and community services), the University of Sydney and Sydney Technical College (in education) and the colonial departments of posts and telegraphs (the forerunners of the Postmaster General's Department and subsequently Telstra) were all established either before or during the 1880s (or just after). Even Woolworths (in retailing) and Qantas (in transport) have been in existence for over 80 years.

As far as the commercial realm of the services sector is concerned, the depth of presence of these long-established operations (particularly their well-established networks of contacts in the commercial world) have placed them in a position of being the foundation on which the sector has emerged. Newcomers have indeed arrived on the scene to challenge the predominance of these long-established operations, but often the latter's very depth of presence has not only enabled them to see off their rivals but in fact to absorb them. This is indeed why the big players predominate in so many areas of the services sector.

For the immediate future term the manufacturing sector does not show any signs of re-expansion. It is the services sector that continues to indicate a potential for growth. Within the sector, it is the twin areas of property and business services and finance and insurance that seem set to remain the dominant forces. The NSW Department of State and Regional Development, in its own analysis of these two areas, has written: "Financial services is the fastest growing service industry in NSW. . .and. . .is the second largest contributor to the services sector of the NSW economy. . .behind property and business services".[236] Out of a total value of output of $181.8 billion for the services sector in NSW (during 2005-06), property and business services and finance and insurance accounted for $72.8 billion (or 40%). Others amongst the remaining ten areas (such as health and community services, retailing and education) will continue to be important as well. But none of these remaining areas will be as individually important as the leading two components.

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[236] See "Investing in NSW – Key Industries" at www.business.nsw.gov.au.

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