

Mr Dan Barron-Sullivan; Barron-; Speaker; Mr Phillip Pendal; Mr Brendon Grylls; Mr Matt Birney; Mr Mike Board; Mr Max Trenorden; Mrs Cheryl Edwardes; Dr Elizabeth Constable; Mr Terry Waldron; Mr Ross Ainsworth; Mr Bernie Masters; Mr David Templeman; Mr Mark McGowan; Barron-; Dr Janet Woollard; Mr Tony McRae; Acting Speaker; Mr Rob Johnson

INSURANCE COMMISSION OF WESTERN AUSTRALIA AMENDMENT BILL 2002

Second Reading

Resumed from 14 August.

MR D.F. BARRON-SULLIVAN (Mitchell - Deputy Leader of the Opposition) [3.22 pm]: No doubt members in this Chamber and the whole Parliament are aware of the difficulties the broader community is experiencing with public liability insurance. The Government would say that the legislation we are dealing with at the moment forms part of its response to the problems. This legislation is aimed more directly at community organisations than the small business sector, local government or other areas in the community that are having difficulties with public liability insurance.

I do not intend to go through the different problems being experienced by community organisations with public liability insurance. These organisations are finding that premiums for public liability insurance are skyrocketing or, in a number of cases, they are simply unable to obtain the necessary insurance coverage. This matter was raised during previous debate and the Liberal Party has kept consistent pressure on the Government to take some action on the current situation. This matter was debated in May 2002 when a number of salient points were made and specific examples given about the types of community groups that were suffering because of the public liability insurance crisis in this State. Other examples keep coming to hand, and they include not only community organisations but also small businesses. It is interesting that community organisations that operate in a similar field to small businesses - it does not matter whether they are not-for-profit or for-profit organisations - are suffering in the same way. The other day an adventure program indicated that three and a half years ago its public liability insurance premium was \$2 600. A year ago, that was increased to \$9 000. However, the organisation's original insurer withdrew its cover, and it had to spend \$39 000 to establish an interim cover note for some limited activities. It was eventually able to achieve a premium of around \$23 800 per annum. That organisation has had an increase in its public liability insurance premium of almost 10 times the amount it was paying three and a half years ago. As at December 2001 another organisation in the adventure field was paying a premium of \$35 000 per annum. We may think that is fairly substantial, although this program does operate on a number of sites. However, the point is that its premium has now increased to \$110 000 per annum. This example begs the question of whether the impact of this legislation will be that this organisation will have to continue to pay a premium of \$110 000 or its premium will go down, and I will touch on that in more detail later.

I will keep talking about small businesses and will make some salient points about the inadequacies of this legislation. Over the past couple of months we have had many examples of small businesses that are suffering. A couple of weeks ago I talked to a small business owner who has not made any significant claims on his insurance for quite some time, yet his premium has gone up from just over \$2 000 to around \$20 000. He said that he and his wife had a joint income last year of around \$28 000, and if they had to pay that public liability insurance premium their family would have to live on \$8 000 for the year, which is impossible. That business is now operating without public liability insurance. I spoke to another small business operator who cannot obtain public liability insurance, and as a result he is operating his business without that insurance. Many businesses are in a similar situation. The simple fact is that if they have a liability problem and are taken to court and the court action is successful, it may wipe them out and they may lose not only their business but also personal assets such as their home. However, these people have no choice, because they need to continue in business. These people are seeking some form of assistance and relief. Unfortunately they will not find that in this Bill or in the Civil Liability Bill that has yet to be debated.

We have raised the fact that the Guides Western Australia has had a premium increase of about one-quarter, and a range of sporting organisations, such as WA Netball, have had a premium increase of around one-third. I was at a junior football league wind-up the other day and was told that the parents now have to pay treble the premiums that they were paying a year ago, despite the fact that the organisation has made no claims. This is the sort of impact that the public liability insurance crisis is having throughout the community. I remind members that some research done at a national level indicates the extent of the impact of the public liability insurance problems across a range of community organisations.

In March, a survey of some 700 community organisations showed that 96 per cent of those organisations had never made a claim on their public liability policies. In fact, the total amount paid out by insurers represented just 3.5 per cent of the total premiums paid in one year. The survey also found that the average claim at that time was less than \$9 000, with only two community groups reporting that they had claims for more than \$50 000. The same survey found that 85 per cent of those community groups had experienced significant increases in the costs of public liability insurance, a number of them were unable to obtain insurance and more than one in 10

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was unable to afford the new premiums. This is a worry when around half of these community groups have turnovers of less than \$10 000. They do not have the financial ability to pay heavy increases in insurance premiums of any type.

That was the situation at a national level, so I would have thought the State Government would recognise the problem, try to quantify it and develop strategies to address it. We have heard in this Chamber and in the public arena the Premier and ministers acknowledge that there are some difficulties. Hon Nick Griffiths, the junior minister who was put in charge of trying to get on top of the situation and who represented the State at the national forums that were initiated by the federal Government, issued a media statement saying -

... the increase in public liability insurance premiums was threatening the viability of a number of volunteer organisations, sporting clubs and small businesses and putting at risk important community events.

He said he would be strongly presenting a case for identifying a national coordinated solution to rising insurances costs.

That was in March. The Premier talked about five-point plans and so forth and acknowledged that Western Australia has serious difficulties as a result of the public liability insurance crisis. On 28 May, the Premier said that WA will continue to be hit with unsustainable premium increases unless there is a national approach to reform.

The Premier, the ministers and the Government accepted that these problems are affecting community organisations. Yet, in our briefings from government representatives on this legislation, it was clear that no serious attempt had been made to quantify the extent of these problems or to identify the organisations and groups of organisations most affected so that appropriate strategies could be developed to address the situation and to help them. That is different from the actions taken in other States, where targeted assistance has been provided to small business and community organisations, and the Governments have been prepared to expend funds to assist in developing risk management programs for community organisations and to provide stamp duty relief and the like. I will touch on that a little later.

It is disappointing that in one of the most significant problems in this State, and one which has gone on for quite some time - it had its genesis in March last year - the Government has not taken its responsibility seriously by undertaking a comprehensive survey of community organisations and small business in order to identify and develop appropriate strategies to resolve this problem.

It is interesting that the Government berated the Liberal Party when it previously tried to shake the Government into action by saying it needed to change some legislation and to bring forward some new legislation. We have been told a number of times that it is not the State Government's responsibility; it is a federal matter that requires a national approach and it should all happen in Canberra. That is not quite what we have been saying. We accept that action needs to be taken at a federal level, that perhaps the Trade Practices Act will need to be changed, and that the federal Government will need to provide some legal basis for a number of initiatives in this area. However, it is important that the States, individually and collectively, accept that they have a direct responsibility in developing legislative remedies for the current situation.

We see a dilemma in this whole debate, because each State is very much going its own way. On the one hand, the review being coordinated by Justice Ipp into the laws of negligence has strongly recommended a coordinated national approach. The Ipp review even suggested that template legislation be slotted into each State Parliament for approval. On the other hand, individual States are doing their own thing. Some months ago New South Wales released a comprehensive 14-point plan and it has subsequently built on that plan with other initiatives, while this State has a somewhat more simple legislative remedy, which we are dealing with at the moment. Senator Helen Coonan suggested diplomatically that perhaps this was an example of competitive federalism. It is certainly not what Justice Ipp called for in his review of the laws of negligence throughout the country.

I have heard the argument that Western Australia's situation is not as bad as that in New South Wales. People are comparing the situation in New South Wales with the legal situation in America. Undoubtedly, when one looks at the situation and talks to people in the insurance industry, it could be argued that New South Wales, in particular, and perhaps Victoria, to an extent, have contributed in no small degree to the situation we are confronted with today. That does not mean that Western Australia does not need a healthy dose of reform or that its problem should not be looked at in extensive detail to determine the sorts of strategies that are needed.

The second area of disappointment for the Opposition is that when its members were briefed again on this matter by government representatives, it was clear that there is a paucity of good, solid data to back up the strategies

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that the Government might adopt. In fact, a number of questions that we asked about the implementation of this legislation and the Civil Liability Bill and the justification for certain initiatives were met with responses that indicated there was no objective or scientific methodology behind the Government's approach. I have no doubt that, in developing the Bill, the Government has relied on some national information, particularly the information that was provided to the federal Government by Trowbridge Consulting. However, no detailed actuarial studies have been carried out at a state level. On the one hand, the Government has not surveyed the community sector in any detail and, on the other hand, it is not providing any detailed actuarial data on which to base a number of these initiatives and so on. This has made it very hard for members on the opposition benches. Some of the reforms that are being implemented in the other States and some of the reforms in this legislation are to varying degrees controversial. This Bill will limit payouts to people who have been injured in accidents. We are debating changes that will affect people's livelihoods, yet the Government is unable to provide us with a detailed and objective statistical analysis that would back up the changes that are being put in place. It is very difficult for us, as Her Majesty's official watchdog, to assess this legislation to any great extent.

I am sorry to sound so disappointed today, but my third major disappointment is that this legislation contains nothing that will assist the small business sector. I realise that the parliamentary secretary will say that the legislation is not aimed at the small business sector. However, the Civil Liability Bill, which is the other legislation we will be dealing with, will also not assist the sorts of businesses that I was talking about earlier. My impression from talking to people in the industry is that it will be of only peripheral benefit to the small business sector. There is not even any assistance for small businesses or community groups through the development of risk management strategies or anything like that.

My fourth disappointment is that I am left with the clear impression, from what the parliamentary secretary said in his second reading speech, that there is no certainty that premiums will be reduced for community groups. We will have to fire off a few questions on this subject during the consideration in detail stage. The parliamentary secretary quite clearly indicated in his second reading speech that organisations that are able to avail themselves of insurance under this legislation will do so on the basis of premiums similar to their most recent and previous premiums, whereas the advice we have received from people in the Insurance Commission of Western Australia indicates that may not be the case. This is very important because, as I mentioned earlier, one particular community education adventure program incurred premiums in 2001 of \$35 000 and has current premiums of \$110 000. That sort of organisation desperately wants to know, if it locks into an insurance arrangement under this legislation, whether it will be paying \$110 000 or \$35 000. The second reading speech offers such organisations very little comfort because, quite clearly from what the parliamentary secretary has said, premiums will not come down. We very much want to obtain further detail from the Government on this because, on the one hand, the parliamentary secretary, the member for Rockingham, has been saying that premiums must stay at the same level; on the other hand, Hon Nick Griffiths, the junior minister responsible for this area, said on 21 March -

The Minister said the increase in public liability insurance premiums was threatening the viability of a number of volunteer organisations, sporting clubs and small businesses and putting at risk important community events.

In other words, he was saying that the increase in public liability premiums was causing a lot of damage. Conversely, one could clearly conclude that we must do something to get those premiums down, yet the second reading speech does not offer much comfort in that regard. Again, that is another matter we can touch on in detail a little later.

There is also no indication of anything else that the Government might be doing in this area or how it might be calculating the sorts of strategies that would work. I mention the example of New South Wales, in which State a number of pieces of what I might call very bold legislation have been proposed or are before the Parliament. We would like to know whether such initiatives have been assessed here. We would like to see actuarial figures and so on to see whether such initiatives would have an impact. We would also like to know the human cost of those sorts of initiatives. The whole exercise is a matter of balance. We must ensure that people are looked after in a very fair and responsible way when they have an accident through no fault of their own. On the other hand, we need to ensure that community organisations and small businesses do not end up suffering and, in some cases, having to cease operations because they simply cannot afford the premiums. It is a very difficult area of public policy. On the advice we have received so far, it is difficult to see a tremendous amount of effort by the Government to examine in detail every nuance on the basis of good scientific fact.

Having looked at the research on this matter and having been briefed on it, I have come to the conclusion that we are having this discussion too late in the piece. We should have had the discussion a long time ago. The State

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Government has given this matter inadequate consideration. It is almost as if the Premier and his team have decided that they must be seen to be doing something because other States are doing something. Having said that, I hope that the Bill will have an impact. I hope that community organisations will be able to take advantage of it. During the consideration in detail stage, once we, hopefully, get some answers to some of the detailed operational matters relating to this legislation, we will be able to determine whether that is the case. If one looks at the Government's performance in a more general way as it relates to the fallout from the collapse of HIH Insurance in March of last year, one sees that there is still no immediate relief for small business. We are only just starting to deal with a program to assist community organisations. We have the ludicrous situation of the legislation designed to assist builders who are caught out by the housing indemnity crisis having vanished into thin air because of the Government's utter ineptitude in trying to get the legislation into the upper House without following the normal formalities; in fact, it completely lost the Volunteers (Protection from Liability) Bill 2002. At the moment the Government has given no indication of the strategy it will be adopting in the longer term.

Turning to the details of the Insurance Commission of Western Australia Amendment Bill 2002, it aims to set up a new insurance fund that will be underwritten by the State Government and managed by the Insurance Commission of Western Australia. I believe that most people would have a great deal of confidence in the officers at the Insurance Commission and in their expertise in this area. The Bill is limited to providing assistance to eligible community organisations as defined in the Bill. Organisations that will be assisted will need to be incorporated or to be companies registered as not-for-profit organisations. I was at first a bit reticent about having to limit the application of these provisions to incorporated bodies. Some very small community groups may not be able to afford the relatively small cost involved in incorporation or may not be aware of how to achieve it. The Liberal Party will not object to the Bill because, if nothing else, it may assist in ensuring that very small organisations re-assess their operations, and it might provide some reduction in the overall level of risk. However, we do that on the basis that those sorts of organisations - and they are not the only ones - will need support and assistance from the Government. We do not mind the fact that they must get over that additional obstacle, but some assistance should be provided to them.

Assessment criteria will then be applied. I understand that some criteria have been drafted. I hope that by the time we get to the consideration in detail stage the parliamentary secretary will be able to provide a copy of those criteria, because, quite frankly, we cannot assess the impact of this legislation without seeing the criteria upon which organisations will be assessed. It would be crazy to think that we could. I hope that those criteria have been resolved and that we will get a copy of them a little later today.

As has been explained to us, organisations will have to approach a relevant department or agency before their application goes to the Treasurer to be processed. The criteria to be applied are that organisations must be affiliated with a government agency or must rely on government funding, and the chief executive officer of a host government agency must give his or her support. An organisation that does not comply with these guidelines would need to provide a useful service to the community and in the public interest; by that I mean that the State Government would have to step in and perform that role or provide those services if that organisation were not in existence. Also, some sort of risk management assessment program will have to be put in place. This legislation will give the Insurance Commission of WA the necessary power to set up the fund and, although the fund is aimed at public liability insurance, I understand it could also cover other insurance matters.

Interestingly, the parliamentary secretary indicated that the premiums for organisations that apply for cover under this legislation will be no less than their latest assessment. The amount of cover provided will be limited to \$10 million, unless an extra premium is paid; there will be provision for excesses to be charged to these organisations; and, as I said earlier, there will be risk management plans.

The Opposition has a number of questions arising from the operation of the legislation that relate to, first, the assessment criteria referred to and, secondly, the regulations to determine the way in which the legislation will operate. We have not seen the assessment criteria or the regulations and, to an extent, we are flying blind. I hope the minister will table copies of the regulations and the appropriate assessment criteria. Another surprising aspect of our briefing on this legislation was that it is impossible at this stage to list any organisation that will be eligible under the legislation for public liability insurance cover. For example, I asked during the briefing whether Surf Life Saving Western Australia would be able to obtain coverage under the legislation and I could not get a definite yes. I find that mind-boggling. The parliamentary secretary in his second reading speech stated -

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Examples of community organisations that will be considered for the provision of cover by a new community fund include social service groups, cultural and arts organisations, environmental bodies, and sporting clubs and associations.

However, the parliamentary secretary's speech contains nothing more specific, and to date nothing more specific has been indicated about those organisations. This again demonstrates how important the assessment criteria and regulations are. I would like to be able to go to organisations around the State - for example, to the Bunbury Surf Life Saving Club and others - and say, "Here is this legislation. I can say to you categorically that you will get public liability insurance in accordance with this legislation through the new community fund. This is how your premiums will be determined. This is the sort of excess you will have to pay. Here are the criteria you must comply with. Isn't this good news?" However, if those organisations ring me now and ask me how the legislation is going and when they will get their insurance, I can only say, "The legislation is going okay. The Liberal Party will not block it in the lower House or anything like that. We have no idea when the Labor Party will give it priority in the upper House; you need a crystal ball for that sort of thing. However, when it gets through the Parliament, I have no idea whether your organisation will be eligible for cover."

We are therefore trying to deal with legislation with no knowledge of the impact it will have on those organisations and whether they will benefit from it. If I do not know that Surf Life Saving WA will definitely get coverage and if I cannot tell that organisation how its premiums will be calculated or what they might be, goodness knows what will happen when the Gnowangerup knitting club rings me up - I use that as a fictitious example.

Mr B.J. Grylls: Do you get many calls from it?

Mr D.F. BARRON-SULLIVAN: I am its patron! The point is that the Opposition is flying blind with this legislation. It is interesting to note that although everyone appears to be saying that public liability insurance is not profitable and that reinsurers are rushing out of it at a rate of knots, it is possible that the provision of public liability insurance to community organisations in Western Australia could be a profitable activity. I believe the establishment costs will be in the order of a quarter of a million dollars.

[Quorum formed.]

Mr D.F. BARRON-SULLIVAN: I had finished talking about the Gnowangerup knitting club and was pointing out to members that the provision of public liability insurance to community organisations in this State could become a profitable exercise. Although initial costs and some lead costs will need to be borne, it is possible that within a couple of years of operation the scheme could be profitable.

Another interesting question that must be asked during consideration in detail relates to the way in which premiums will be determined; that is, whether actuarial assessments will be carried out on a national basis or whether they will be isolated to this area of insurance in Western Australia alone. I say that because organisations are currently paying high premiums as a result of insurance companies loading up premiums based on national actuarial figures.

Dr J.M. Woollard: Mr Speaker, I draw your attention to the state of the House.

The SPEAKER: For the member's information, when a quorum has been called, it may not be called again for another 15 minutes.

Dr J.M. Woollard: I apologise.

Mr D.F. BARRON-SULLIVAN: Thank you, Mr Speaker; I appreciate the sentiment.

Organisations are paying high premiums now because their premiums are calculated by an industry that works on national actuarial figures. If the situation in New South Wales and Victoria is, in effect, loading up the premiums, there is a strong argument that, if those premiums were calculated on a Western Australian basis, the actuarial figures would point to the possibility of lower premiums. Again, that is why it is important to determine exactly how premiums will be calculated so that we can determine whether the State will have a lower premium basis for community organisations.

The risk management assessment process referred to in the second reading speech is also yet to be determined. The advice received by the Opposition is that some organisations might have their risk assessment done on paper, but others will require a physical inspection. Again, it will be interesting to find out from the parliamentary secretary exactly how those risk management assessments will be carried out, who will do them, whether there will be fixed criteria and so forth. That leads me to the concern I mentioned earlier that no assistance - either in the legislation, the words of the parliamentary secretary or, indeed, in any policy

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announcement by the Premier or his Government - will be provided to community organisations that hope to obtain insurance from the new community fund. Some small unincorporated organisations with six or 10 members may not be familiar with how to become an incorporated body. It might not be the relatively small costs involved that will put off those organisations; they may simply not know where to go and will need some advice and assistance. They will also undoubtedly appreciate advice on the development and establishment of risk management plans. I suggest that some very large community organisations would be very grateful for assistance in the development of risk management plans. I know that a couple of the other States are providing funding for particular sectors of the community to develop risk management plans. I would appreciate the parliamentary secretary's advice on whether the Government has made a specific budgetary allocation to assist community groups to put together risk management plans or whether there is some sort of process to assist those groups to incorporate.

I say quite earnestly that we will play politics when it is necessary, but we also approach these matters on a very constructive basis. I would like the parliamentary secretary to consider not only the proposal that we have put forward but also setting up a hotline, so that if community organisations want to find out their entitlements under this legislation, or even if they just have a query about public liability insurance, they can ring the hotline and speak to someone who can guide them through the whole process and tell them about the community fund arrangement. If the Government is dinkum about wanting to help community organisations, for a relatively small and temporary budget allocation it could provide a hotline, some risk assessment assistance and some general assistance for all the community organisations that need it.

Another question the Opposition will raise during the consideration in detail stage is about not-for-profit groups. There is a definition in commonwealth legislation of the sorts of organisations that would be deemed to be eligible for assistance under the community fund. However, again the onus is on the Government to spell out the types of not-for-profit groups that it believes will be covered by this legislation. Obviously we are talking about a huge range of organisations; some have very substantial budgets and some are relatively small. A lot of people would like to know which organisations the Government is suggesting should not be eligible for assistance under this legislation. Currently, it seems that an excess will apply to every claim that is made by an incorporated organisation. It is important that we know to which organisations excesses will apply, how those excesses will be determined and how much they will be, so that we know what sort of burden those excesses are on the community organisations that hope to get some relief under this legislation.

It is a similar situation with the standard level of cover of \$10 million. Is that adequate for all the types of groups that will be covered under this legislation? To what extent has the Government consulted community organisations? Earlier I mentioned our disappointment that the Government had not conducted a comprehensive survey in this area. That would have enabled the Government to determine the extent of the problem and the areas that it should target with appropriate strategies. What sort of feedback has the parliamentary secretary received on the standard amount of cover of \$10 million? I do not know whether I asked this earlier, but would the parliamentary secretary be prepared to talk to the Premier and suggest that there should be some sort of funding mechanism to assist community organisations in either obtaining public liability insurance under this community fund or gaining a risk management assessment? I very much appreciate his advice on how the actuarials and so on have been calculated for this program. It is vital that we know whether the mathematics are based on the situation in Western Australia alone, whether the Government has had to rely on national data to put this scheme together and whether the Insurance Commission of Western Australia will rely on national or state data when it determines the premiums and so forth.

Most importantly, in his response to the second reading debate, I ask the parliamentary secretary to give an explanation of why we still have not seen legislation as concrete as this for small business. Clearly, the intention of this legislation is that if a community organisation is unable to obtain insurance, or is unable to do so on an affordable basis - again, what does that mean? - that organisation can fall back on this legislation as a last resort. Small business does not have that. The sentiments that are expressed in this legislation should apply to small business as well. We will go into this issue in a lot more detail when we discuss the Civil Liability Bill. It is interesting that the Government has not gone down the path that at least one other State has gone down, in which there is some sort of conjunction arrangement with local councils, for example. In fact, about a week ago a media report stated that the Local Government Association of Western Australia was very keen to provide insurance in this area. It would be interesting to know whether the Government has worked and consulted with the local government sector to determine whether it wants to be part of a partnership arrangement to assist in the provision of public liability insurance for either community organisations or the broader community. A number of specific issues could be resolved, apart from a broad policy approach. One that springs to mind, which is not addressed in this legislation and which might be continued or exacerbated by this legislation, is what I call

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multilevel insurance. For example, a community organisation decides to hold a function in the local town hall and rents out stalls. The local council must have insurance on the town hall, the community organisation must have insurance - which it might get from the community fund under this legislation - and the individual stallholders need insurance as well. There are three tiers of insurance. Some sort of partnership with local government might have resolved those sorts of issues.

In summary, the Opposition will not stand in the way of this legislation. It is good to see at last that the Government is taking some steps to assist community organisations that have been caught out by the public liability crisis. We have a substantial number of questions about the operation of the legislation. We also have a number of concerns that we hope the parliamentary secretary can address in his response to the second reading debate. At the moment, there is no guarantee that premiums will fall for individual community organisations, and there is no certainty about which organisations will be eligible for cover under this scheme. We need to see the regulations and the assessment criteria to which I referred earlier. We would like to see some detailed actuarial figures that show the beneficial impact that this legislation will have on community organisations. Lastly, I want an explanation from the parliamentary secretary about when we will see something as concrete as this legislation - hopefully more immediately and with the same, if not more, impact - for the benefit of the small business community. We look forward to asking plenty of questions at a later stage, but we will assist in allowing this legislation to pass through this Chamber.

MR P.G. PENDAL (South Perth) [4.10 pm]: I signal my support for the Bill before the Parliament. At one stage it was assumed that this Bill would be debated cognately with an accompanying Bill relating to public liability. That is not to be the case. I will probably oppose that Bill. However, in the meantime, this Bill deserves support from all parties. It will expand the franchise of the Insurance Commission of Western Australia to permit it to provide insurance cover for what we are told will be called eligible community organisations. I congratulate the Government for going down that path. Some might find it odd that someone with a liberal or private enterprise background supports a Bill that effectively increases and widens the franchise of a state government organisation. I have no difficulty in giving this concept my philosophical support because I have always had an understanding that although the private sector by and large drives, and should be left to drive, our economy, it is acceptable for the Government to step in and provide a service or produce a facility when the private sector is unable to do so. I think this is a classic case in which the private sector, for reasons best known to itself - I do not find them particularly persuasive - is in the process of pricing itself out of a market that I imagine would be reasonably lucrative on both a statewide and nationwide basis.

Mr M. McGowan: It is not like that cinema in Joondalup that we talked about a few years ago!

Mr P.G. PENDAL: No, it is not. I hope the Government has sold that by now, although, given its philosophical leanings, I would not be surprised if it had bought a few more cinemas. The member is right: I complained about the awful situation in which the previous Government - a Government committed to private enterprise ideals - was the owner of a picture theatre complex in the northern suburbs. There is a link between what happened on that occasion and what I am suggesting in this particular case.

I congratulate the Government for making what must have been a somewhat difficult political decision to expand the franchise of the Insurance Commission. In fact, I wrote to the Minister for Government Enterprises on 5 July this year and told him that, in the circumstances, he should have no scruples or concern about a Labor Government expanding the franchise of a government trading organisation. I argued that along the lines that I have just outlined to the House, and I am pleased that the Government's Bill reflects this. I will outline a couple of the concerns that led me to take the stance I did in writing to Hon Nick Griffiths. I will also express a couple of concerns about issues in the Bill that might come down to points of interpretation. Through this legislation, we will give the Treasurer of Western Australia the chance to make some fairly serious decisions about which organisations will qualify as eligible community organisations. It is a sad reflection on the private insurance market that people in Western Australia have, by and large, been bullied into accepting the consequences of markets and their activities in other parts of Australia and the world. I have seen nothing in Western Australia to indicate that insurers should be treating their clientele in this way. We have heard every bizarre reason, from the September 11 terrorist attacks to the possibility that the sun might not rise tomorrow morning to the tourist trade in southern Afghanistan, to justify Western Australian clients with good, solid records being charged the exorbitant and the immoral premiums set by the insurers. Two examples come to mind.

I am the patron of the Perth Electric Tramway Society, which operates very successfully at the impressive Whiteman Park in the north of Perth, and, therefore, under the auspices of the Western Australian Government. That society does an enormous amount of good for the community by protecting heritage. That organisation has no substantial or significant blemishes on its record. It had a premium of about \$8 500 last year. When the so-

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called crisis arose, the society was confronted with new premiums in the order of \$45 000 to \$60 000. There does not seem to be any connection or nexus between the organisation's past performance and the demands now being made on it by way of increased premiums. It is completely beyond me how a sevenfold increase for a small organisation like that can be justified.

A second organisation that will be affected by this legislation is within my electorate. I have a vested, although not a financial, interest in it. I serve on the board of the South Perth Community Hospital, which is an incorporated body. It has operated in South Perth for just under 50 years, and has been a prominent, albeit modest, player in the maternity stakes. It has also played an important role as a general hospital south of the river. This organisation has very modern theatres, up-to-date technology and staff who are equal to any in the public and other parts of the private sector. It is an organisation of real substance that is owned and operated within the community. It receives no federal or state government funding or subsidies and is liable for all the normal and routine accreditation checks conducted by both the federal and state health departments. It passes those accreditations with very high results. In 12 years, it has received only one claim relating to the birth of a baby, during which time I estimate well over 1 500 births would have taken place at the hospital.

Several months ago the board discovered, to its alarm, that its medical indemnity insurance was to rise from the \$29 000 that it had paid in the financial year 2001-02 to a minimum of something like \$350 000. I repeat that because it is more than a tenfold increase - it is probably closer to a twelvefold increase - from \$29 000 to \$350 000 for medical indemnity insurance. That was quoted to the board as the minimum. How any figure of that kind could be justified, I am at a loss to know.

Even a greedy, voracious insurance sector could not justify that sort of extortion or highway robbery, because in the end the hospital was able to obtain new medical indemnity insurance for considerably less than the feared figure of \$350 000. However, the board had to go to Gibraltar to do it. I hope the symbolic significance of Gibraltar is indicative to us of how our insurance might remain underpinned for years to come.

Mr M. McGowan: We have always said you were the rock of Gibraltar.

Mr P.G. PENDAL: I get terribly nervous when someone on the government benches continues to be nice to me - twice in a row. However, I am not a suspicious person so I will go back to my point.

The figure for medical indemnity insurance that the South Perth Community Hospital was finally able to negotiate with the company in Gibraltar was \$156 000. That is significantly less than the \$350 000 that we feared. However, in the course of a year, it still represents in the order of a fivefold increase. Against the background of a hospital that I repeat had only one claim on its medical indemnity insurance in something like 12 years, one must ask why. However, I suppose we should be grateful because we got the insurance. Some fears were being expressed informally by members of the hospital board that we would have to close the maternity wing of the South Perth Community Hospital because we simply would not have been able to sustain those costs. I add that this hospital runs at a profit each year. However, similar to the Catholic hospital system, no private profit is derived, and all the profits are ploughed back into the hospital.

That brings me to my biggest fear. I want to get some reassurance from the parliamentary secretary during this debate to ensure that, having gone down this somewhat traumatic path, the South Perth Community Hospital will be able to benefit under the provisions of proposed section 3A of the Bill. I notice, for example, that the proposed section states that eligibility will be determined by the Treasurer of the day. Proposed section 3A(1) states -

A community organisation is an eligible community organisation for the purposes of this Act if the Treasurer has made a determination under subsection (2) . . .

Proposed subsection (2) states that the Treasurer may determine that an organisation is eligible to participate in an arrangement managed and administered by the commission for the insurance and risk management of eligible community organisations.

I am somewhat relieved when I read the parliamentary secretary's second reading speech, which states -

The following criteria will also be applied when determining which community organisations will be eligible to participate in a new community fund -

First, it states -

the organisation has or can have an affiliation with a state government agency, and/or receives state government funding;

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This South Perth hospital does not receive state government funding; and that is the very point I am making. Perhaps an organisation that gets state government funding does not necessarily need relief under this section. This organisation on whose board I serve does not receive state or federal government assistance, and I believe that is all the more reason for its eligibility under this proposed section. I notice that the final of the three points about eligibility states -

if the organisation does not receive state government funding, -

I repeat that the South Perth Community Hospital does not receive such funding -

it is acknowledged by the Government as performing a useful service -

These are the words of the parliamentary secretary -

to the community in the public interest and is worthy of assistance to attain insurance cover - that is, the State would be required to provide the service if this particular organisation did not.

There is my one, solitary concern about the organisation. I have been around this place for too long and seen too much legislation go through that determines that the impact of the legislation will be in the narrowest possible sense. I would hate to think that the organisation to which I have referred, the South Perth Community Hospital, would fail to be given eligibility should it choose to seek a quote from the Insurance Commission of Western Australia.

I end where I began. I congratulate the Government for taking this step. I believe that it took political courage, given the fact that it is perhaps only a decade or so ago that a previous Government of the day made somewhat of a mess of the old SGIO, and it might have been argued that this Government would not widen the franchise and go down that path again. I am pleased that the Government has resisted that, because all the figures relating to the Insurance Commission of Western Australia show that we are dealing with a substantial trading body in Western Australia. It has been reconstituted in the past decade or so. Indeed, I reminded the parliamentary secretary of what I am sure he did not need to be reminded; that is, that it is now a trading body that has just turned in a consolidated operating profit before tax of about \$120 million. Therefore, it seems to me to have turned the corner from the old days.

Of course, it may well be that the arguments one can use in that respect to support this Bill might be a reason, when we deal with the next Bill, the public liability Bill, to be critical of the Government and maybe - I do not know - of the performance of the Insurance Commission. One is entitled to suggest that when a body is turning in a consolidated operating profit of that magnitude, it might have some implications for the Bill that we will deal with in a few days.

In the meantime, the Government is doing the right thing. It will be offering the relief that is badly needed to organisations that have never put a foot out of line. However, I ask that the parliamentary secretary who is handling this Bill give me some form of encouragement and a sense of relief by telling me that organisations such as the South Perth Community Hospital will also become eligible and that the Treasurer will have a broader and more generous, rather than a narrow, view of an eligible community organisation. In the meantime, I support the Bill and congratulate the Government.

[Quorum formed.]

MR B.J. GRYLLS (Merredin) [4.30 pm]: During my election campaign in November last year, the real effects of the public liability insurance crisis were brought home to me at just about every door on which I knocked. I am sure every other country member of the National Party has experienced the same concerns. The National Party has prioritised the public liability insurance issue. It was the first party to introduce legislation into this Parliament to protect volunteers. Prior to the winter break, this Parliament passed legislation to provide limited protection to some volunteers, but we will continue to work on this issue. The Insurance Commission of Western Australia Amendment Bill 2002 is another step in that process and, although we are glad this legislation is before the House, we are concerned about the time the Government has taken to respond to this issue. This is just another piece in the jigsaw puzzle. All members of Parliament need to work extremely hard on this public liability issue to try to protect the community by providing solutions so that we can return to a bit more normality.

This Bill amends the legislation governing the Insurance Commission of Western Australia and permits the establishment of a community fund to provide insurance for necessary but not-for-profit services. This insurance coverage includes public, professional and medical treatment liability, workers compensation, and property,

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motor vehicle and personal accident insurance. Examples of community groups include social service groups, cultural and arts organisations, environmental bodies, sporting clubs and associations.

I applaud the member for Mitchell for the comments he made about his local surf lifesaving club. It seems that it is the intention of this legislation to cover those clubs, although it is important that those clubs know whether they will be covered. The Government has a lot of work to do to ensure that the people this legislation is supposed to protect know about it and can access it.

The first key issue for the National Party in this legislation is the narrow definition of a community organisation, which this Government continues to put forward. We will be moving an amendment to include unincorporated groups. In small country towns four, five or six people will often get together to form community groups to do much of the good work that is achieved in our small communities, but they are to be left out in the cold and will not be covered by this legislation. We will continue to push for the Government to provide these small groups with some form of public liability insurance relief.

Another key issue raised in our party room was the processing of applications. This process is lengthy and open to delays and influence from government agencies. When a community organisation is affiliated with an agency, perhaps for receipt of funding, it must first apply to the agency. If approval is granted, the application proceeds to the Insurance Commission of Western Australia and then finally to the Treasurer. We hope that safeguards will be put in place to ensure the timeliness of this process. The last thing we need is for our very important volunteer groups to be spending all their time on the telephone trying to obtain the necessary paperwork to enable them to become registered and become involved in this process, when they should be out in the community providing their excellent services. These groups should not be burdened with extra paperwork associated with trying to become a part of this new fund. If a community organisation is not affiliated with an agency, it can seek local government or agency support and then proceed to the Insurance Commission and the Treasurer.

Another major point that arose during the member for Rockingham's second reading speech was that organisations can expect to pay an annual premium not less than their most recent annual premiums prior to the commencement of this legislation. The reason public liability insurance has created so much public anger is that the last premium these groups have been notified of is the one they can least afford to pay. The member for Rockingham should address this issue at the consideration in detail stage. The information we received during our briefing may not have been totally correct, but we need to be assured that this legislation does not relate to the last premium that these community groups received notice of, because that is the one they cannot afford to pay.

I will refer to one example. I am currently working with the students at the Muresk Institute of Agriculture who are arranging the bachelors and spinsters ball, which is a well-known event during which country people let their hair down. The insurance premium for the annual B & S ball has increased from \$8 000 to \$18 000. The Muresk Institute of Agriculture will not be helped by the State Government's legislation with a premium of \$18 000; the premium needs to move back towards \$8 000 for it to see any real net benefit.

Clauses 1 to 3 of the Bill deal with the short title and commencement. Clause 4 adds the definitions of "community organisation" and "eligible community organisation". A community organisation must be incorporated under the Associations Incorporation Act 1987 or be a company limited by guarantee and registered as not-for-profit. During debate on the Volunteer Protection Bill, the National Party argued that the definition of "community organisation" should be wider and include unincorporated groups. We will be moving an amendment on this issue.

Clause 5 specifies that the Treasurer must make a recommendation that a group be considered an eligible community organisation. Clause 6 allows the Insurance Commission to manage and administer insurance and risk management arrangements on behalf of community groups. Clause 7 contains the amendment enabling the establishment of a community fund and allows for the Insurance Commission to arrange reinsurance and establish a fund for eligible community organisations. This fund is to be managed by the Insurance Commission but owned by the State. Clauses 8 and 9 contain amendments allowing the Insurance Commission to establish a community fund, which would be a long-term fund. This fund is to be managed and owned by the Insurance Commission. Funds established in this manner include the third-party insurance fund and the compensation industrial disease fund. This provision has been added to allow for the flexibility of establishing a long-term fund should the insurance industry not reform itself sufficiently to be competitive in the marketplace. We will raise this issue at the consideration in detail stage. Although the Government expects groups to be offered that insurance in three-year policies, it seems pre-emptive for this amendment to permit this fund to be a long-term fund. It will be part of our role at the consideration in detail stage to seek assurances from the Government that

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it will continue to work with the insurance industry to develop an industry-based solution. We do not want the Government to run its own insurance fund when the whole basis of the public liability argument has been to bring the private insurance companies on board to help find solutions to these issues.

My colleague the member for Avon said in the second reading debate that he had attended the Insurance Council of Australia forum in the past few weeks. There were many references at that forum to insurance companies struggling to deal with this issue. They need to be kept in the loop. The last thing we want is the Government and the private sector moving apart in this whole arrangement.

Clause 10 of the Bill formalises existing arrangements for some not-for-profit organisations that were already covered by RiskCover. The Government came out early and said that the police and citizens youth centres would be covered by RiskCover. Our research has shown that PCYCs are very concerned that this was incorrect and they are still required to pay a public liability premium that is out of their reach. Their premiums have gone up by 153 per cent. Our research indicates that the perception in the community that PCYCs are covered at the moment is not correct. We certainly need to address this issue.

I foreshadow an amendment to clause 23 that the National Party will move during the consideration in detail stage. It will be along the lines of the minister having to report back to Parliament as soon as practicable 12 months after the commencement of this new insurance fund. We are concerned that, in establishing this new insurance fund, the Parliament be advised of the premiums and the payouts of the new fund, so that we have a clear understanding of the profitability of the government-owned fund and can ensure that the Government is not using this fund as a revenue raiser. Any revenue raised from this fund needs to be returned to the community groups it has been set up to assist. We ask that the minister bring that information back to the Parliament as soon as it is available.

I have foreshadowed those amendments on behalf of the National Party. We are happy that this Bill is at last before the Parliament so we can debate it and give our volunteer groups and community organisations some assistance in the sphere of public liability insurance.

We have all given examples of how the public liability insurance crisis is affecting our electorates. I will use Scouts Australia as an example and refer to an article in *The West Australian* that reads -

For 21 mainly injury-free years, WA's Scout Association has held an annual off-road motor sport event which last year attracted 500 people.

In those years it was able to afford public liability insurance, but not this year. The scouts' public liability premium increased by 100 per cent in March, causing each scout to pay double the premium for public liability insurance.

The public liability insurance crisis affects all sectors of society. I look forward to debating this Bill and the Civil Liability Bill during the consideration in detail stages. The National Party will continue to play its part in coming up with some real on-the-ground solutions to the public liability insurance crisis.

MR M.J. BIRNEY (Kalgoorlie) [4.43 pm]: Community groups and organisations do a power of good work in their communities, and I make particular reference to community groups and organisations in country areas, which are recognised as being the glue that bonds our communities, regardless of the nature of the organisation.

In many respects it is surprising that it has come to this and we have a crisis in the public liability insurance industry. It is my relatively uninformed view that most community organisations rarely, and in some cases never, make a public liability insurance claim, yet we see spiralling public liability insurance premiums. It probably needs to be said that in the absence of the massive numbers of claims being made by massive numbers of community organisations, the claims that are made must be very large indeed to see such a severe rise in public liability insurance. It follows that there is an urgent need for legislative reform in the public liability insurance industry.

In my electorate of Kalgoorlie all sorts of organisations have made representations to me, not least of which are motorcycle clubs, pony clubs and youth organisations, to name a few. While on the subject of youth organisations and public liability insurance, I will touch on public liability insurance for the police and citizens youth centres. The Kalgoorlie Police and Youth Citizens Club came to me some months ago with a dilemma. It was struggling to meet its expected public liability insurance bill and had no idea how it would find the money. There were a number of newspaper articles and a fair bit of media interest in Kalgoorlie over the plight of the PCYC when, all of a sudden, the Government popped its head up and said that this was a serious issue and it would fix it. To that end, the Government said that it would allow the PCYCs to insure with RiskCover. That was reported positively in the Kalgoorlie media, almost to the point that the public could be forgiven for thinking

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that the Labor Government had saved the PCYC from what was going to be a real crisis. I had a conversation with the Minister for Police and Emergency Services about a month or two after she made that announcement, and I made a direct representation on behalf of my local PCYC. The minister assured me that it would be taken care of by RiskCover - the Government's own insurer - and that the problem would go away. Sadly, the issue has not gone away and the Insurance Commission of Western Australia Amendment Bill -

[Quorum formed.]

Mr M.J. BIRNEY: I thank the member for Alfred Cove for bringing me an audience. I can only assume that the member for Alfred Cove is calling these quorums as we debate this very important issue, which has been topical over the past few months, because she believes that as many members as possible should listen to this debate.

I was referring to the Kalgoorlie PCYC and how the Government had apparently saved it from an impending crisis by providing insurance cover under the Government's own RiskCover. Prior to the Government's decision that RiskCover would cover PCYCs, the Kalgoorlie PCYC was facing a public liability insurance bill of \$7 000. The Kalgoorlie PCYC has been advised that, under the auspices of RiskCover - and members should bear in mind that RiskCover is the organisation that the Minister for Police said would save the PCYC from this crisis - it will now have to pay \$12 000 public liability insurance, an increase of some \$5 000. In fairness, the Minister for Police needs to respond to that and tell us why she said that RiskCover would save the PCYC from this crisis when that has certainly not been the case. I look forward to the Minister for Police's response to that issue as soon as she is given the opportunity to do so.

We are facing a crisis with public liability insurance. I hate to say that I predicted that this crisis would take place, but I will say it. I refer members to my maiden speech in this place on Thursday, 3 May 2001 in which I said -

We must at all costs resist the temptation to go down the same path as the American legal system where anyone can sue anyone for anything and win. The Government must, through legislation, encourage people to take responsibility for their own actions and ensure that the option of shifting the blame to another is not available.

That is a direct reference to the public liability insurance situation in which we find ourselves today. We constantly hear all sorts of horror stories about people receiving \$10 million or \$15 million and people suing organisations for ludicrous amounts of money. I am pleased to say that, for the time being, sanity is prevailing. Most ridiculous claims are not succeeding. However, we need to ask ourselves why lawyers are prepared to take on such claims in the light of the fact that some of them are not succeeding. The answer must be that the legislation in some respects is a little grey, because otherwise we would not find lawyers wasting their time pursuing claims such as that made by the chap at Bondi Beach who unfortunately did himself some fairly serious damage by diving into the waves. Obviously there must be a loophole in the legislation that encouraged a lawyer to proceed with that claim.

I said in my maiden speech that we need to resist at all costs the temptation to go down the American legal path whereby anyone can sue anyone for anything and win. We need to shift the blame onto the people who are ultimately responsible. From time to time, people are negligent and it is important that they are dealt with. However, we need to be realistic and ensure that only those people who are clearly culpable and negligent are prosecuted under the law as it stands today.

The criteria for the eligibility of organisations to join the fund that will be administered by the Insurance Commission of Western Australia are rather loose. In one instance the second reading speech refers to the Treasurer having discretion to choose who can and cannot join the fund. It then goes on to set out further criteria. I would be interested to know if the Treasurer has absolute discretion or if the three dot points listed in the second reading speech of the Parliamentary Secretary to the Premier are in fact the hard-and-fast criteria. If they are the hard-and-fast criteria, I would have to take issue with them. The first dot point refers to the organisations that can take part in this fund and reads -

the organisation has or can have an affiliation with a state government agency, and/or receives state government funding;

The wording of the second dot point is very loose, and reads -

the chief executive officer of the host agency supports the organisation's inclusion within the community fund;

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The chief executive officer would appear not to have to apply any criteria. It is a little dangerous for the CEO of an agency to be able to say that one organisation may join the fund but another may not without his decision being based on a set of criteria. The third dot point is of particular interest to me, and may be of interest to other members. It reads -

if the organisation does not receive state government funding, it is acknowledged by the Government as performing a useful service to the community in the public interest and is worthy of assistance to attain insurance cover - that is, the State would be required to provide the service if this particular organisation did not.

Myriad organisations in the community would not be replaced by the State Government if they were to fold. It therefore follows, according to these criteria, that if an organisation is not affiliated to the Government, if the CEO of its host agency does not think that it should be included, and if it were to fold the State Government would not step in and pick up the service, it would not be eligible for insurance under the scheme. That is of particular concern. I will be interested to hear the parliamentary secretary's comments on those criteria.

I must admit that I did not have an opportunity to attend the briefing on this Bill. However, after reading it, I am a little bewildered as to how it will operate for the benefit of the community organisations that will ultimately avail themselves of the services provided by the Insurance Commission. My first question is whether this fund will make a profit. If it does make a profit, what will happen to the profit? More importantly, my crucial question for the Government is: how will the fund be of benefit to those community groups that currently have insurance, albeit their insurance premiums have gone through the roof? Will they pay lower insurance premiums? The parliamentary secretary's second reading speech contains a couple of points that may well answer that question. The first is -

The Insurance Commission will then determine an appropriate commercial insurance premium . . .

It follows from that statement that the premiums charged to community organisations will be of a commercial nature. It is fair to say that the commercial premiums being charged in the marketplace as it stands today are exorbitant. Does that mean that the Insurance Commission will charge exorbitant commercial public liability insurance rates? I shall be interested to hear the response to that question. The second reading speech goes on to say -

organisations can expect to pay an annual premium no less than their most recent annual premium prior to the commencement of this legislation, including stamp duty;

I think the member for Merredin referred to this point when he said that community organisations could not afford the premiums they were paying prior to the introduction of this legislation. To be fair, I think he went on to say that it might be a mistake and that he might have learnt that from the briefing. I hope that is the case, because if, as is said in the second reading speech, organisations can expect to pay an annual premium no less than their most recent annual premium, this whole exercise is pretty much a waste of time. It may well be of some benefit to those organisations that cannot find any public liability insurance, but it certainly will not be of any benefit to those community organisations whose public liability insurance has simply gone through the roof.

Mr D.F. Barron-Sullivan: Yes, that is a quandary. As you said, the member for Merredin said the same thing. The second reading speech states that premiums cannot be any lower than existing premiums, but the official briefings we had indicated that premiums could well be lower. It will be interesting to see what happens during consideration in detail.

Mr M.J. BIRNEY: That is vital. We would not be debating this Bill if public liability insurance premiums were going south. We will have a serious problem if, in fact, they remain stable; the Government will have egg all over its face. It is incumbent on the Government to demonstrate clearly and unequivocally exactly how community organisations will receive a benefit in their public liability insurance premiums.

I will close on a lighter note. Every Friday I place an advertisement in the local paper in my electorate in which I basically summarise in three or four lines three Bills that have been introduced during the previous sitting week. The ad asks members of the public to phone me with their views on those Bills, and when they do I send out copies of the Bills to individuals who are concerned about them.

[Leave granted for the member's time to be extended.]

Mr M.J. BIRNEY: The advertisement has been a very successful way of communicating with my electorate. Many people have taken the opportunity to ring me with their views on different legislation before the House. To my knowledge, never has a politician in Kalgoorlie or the greater goldfields region gone to such lengths to communicate directly with the electors on a position to be taken on legislation. Last Friday one Bill among all

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the Bills listed in my ad was the Civil Liability Bill. As I said, it was summarised in about three or four lines and the ad invited people to ring me with their views about the legislation. I am sure you, Mr Speaker, would agree that that is a fairly democratic process. However, Hon Nick Griffiths, the Minister for Racing and Gaming, does not agree. In fact, Hon Nick Griffiths is also the Minister for Goldfields-Esperance. The minister issued statewide a press release criticising me for having the gall to ask my electors how I should vote on particular legislation.

Mrs C.L. Edwardes: Was the media release on ministerial heading?

Mr M.J. BIRNEY: It was. I am not sure where the minister is coming from. However, he obviously thinks he has given me a bit of a slap around. The press release, distributed to every media outlet in Western Australia, said that that nasty Matt Birney had asked his electors for their views on legislation before the Parliament. I have not spoken to the minister about his press release; however, I think he genuinely believes he has belted me for asking my electors - the people who put me in this place - their views on legislation before the House. I guess the Minister for Goldfields-Esperance would be very disappointed to know that his press release was basically filed in the round filing bin in every newspaper outlet in Western Australia. It did not get a start anywhere, with the exception of *The Geraldton Guardian*, which printed it in its humour column because it thought it was humorous. I took a poll of the entire City of Geraldton to find out how many of my electors were there at the time, because it might not have augured well for me, and I did not find any. I am sure the time of the Minister for Goldfields-Esperance would be better spent addressing the serious issues in the goldfields region. Only recently the minister brought down his long-awaited report on an alternative water source for the goldfields region. The major recommendation of that report was that we should have another report. Clearly the Minister for Goldfields-Esperance has too much time on his hands. I heard the Deputy Leader of the Opposition refer to him as a junior minister. That may well be the case, but I can only see the minister heading south from that position.

With those few words, I support this legislation, albeit I have some serious concerns about the benefit it will provide to community organisations, particularly some community organisations in my electorate of Kalgoorlie.

MR M.F. BOARD (Murdoch) [5.05 pm]: I support the Bill. However, the Opposition is disappointed that the Bill does not totally rectify the situation facing community groups. The Opposition believes that the Government has failed to address most of the major insurance liability issues currently facing community groups and the issues that will develop in future. Although I do not watch much television, I am prompted to use the analogy of a television show I saw last night called *Band of Brothers*. It showed in horrific and graphic detail a group of soldiers in Normandy who lay behind enemy lines as part of a force to clean up France during the Second World War. Through this graphic saga, horrific injuries were exposed across our television screens, with soldiers having legs and arms blown off in explosions in front of our eyes. A medic ran in after the explosions, with a little bag, a spray and a bandaid to attend to people who were obviously bleeding to death. That analogy, to some degree, very much applies to this Government's legislation. It is a superficial treatment, and, although it is welcome, it will not stop the bleeding and will divide many groups into those who are supported and those who are not.

Mr M. McGowan: I do not think that is the best of analogies.

Mr M.F. BOARD: I think it is; it is a fairly graphic analogy. I say at the outset that community groups, as we all know and appreciate, are absolutely vital for the delivery of services. They define who we are as a community in our arts; in the services we provide to the elderly, the young and the disabled; and in the groups who volunteer, either individually or in large numbers collectively throughout the State, to provide services that the Government is not in any position to deliver or buy. In fact, the Government would need a budget probably five times greater than the state budget to match the services that are currently delivered voluntarily. Hence, our very standard of life gained from the delivery of those services is dependent on volunteers.

Over the years, we as a Parliament have noted that more and more community groups are providing more and more of the services that government used to provide. There appears to have been a shift away from government responsibility for the delivery of many social services to, at first, a shared responsibility with the community and then total community responsibility. I do not say that that is necessarily a bad thing, because the community must take responsibility for many services. The standard of living of people in the State should not always be a government responsibility. However, it is incumbent on the Government to ensure that those who volunteer, particularly those who deliver to the wider community services that would otherwise be a government responsibility, are protected. This legislation is about fixing the back end of the problem of possible litigation, and increasing premiums as a result of that possible litigation. It does not address the causes of litigation or the growing expectation of litigation. It does not do anything to protect the psyche of volunteers, many of whom are

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being affected by the very nature of this legislation. They are in a cocoon of volunteerism, community spirit and goodwill and, although it is important that propriety is there and there is no mal-intent or severe negligence, they must now be guarded in the way they act.

I and others outside Parliament argue that this legislation does not deal with the real issue. As a Parliament we need to have the courage to look at the reasons for litigation, particularly against volunteers who are acting in good faith for the benefit of the community and who are then subject to litigation when a mistake is made that is an act of God. Why should that be the case? Why should people find themselves in court when there is no fault? Yet that is the issue that can and possibly will develop unless we as a Parliament address this in a way that will protect the community from the vexatious opportunities provided to people who believe that litigation can be financially rewarding in one form or another. That is what we need to nip in the bud. We do not want to go down the path that other countries have gone down. We do not have to naturally follow what has happened in other jurisdictions. We can look at the Australian way of life, our standards and what we can expect, and we can provide benchmarks. As a Parliament we were prepared to do that with the vexatious litigation legislation, whereby benchmarks had to be met before litigation could proceed. A tribunal was put in place to which people had to provide evidence that there was fault or mal-intent of some kind before their case could proceed. We could do the same with this kind of litigation. That may stop premiums from increasing. It may stop the sort of litigation that is increasing in other countries around the world. We should have the courage to do that, because we all know that volunteers do not deserve to be treated in that way. That is not to say that when there is gross negligence and mal-intent or when people are put at risk physically or financially by volunteers, there should not be an opportunity to proceed with litigation. However, that opportunity should be limited to when negligence is proved. Nothing in this legislation does that. In fact, if I were involved in the industry, it would be an opportunity for me to test it. If the evidence that has come before this Parliament is correct, there have been no cases of litigation against community groups. We will address some of those issues during consideration in detail.

The parliamentary secretary outlined the criteria that would be applied to community and not-for-profit organisations. Those organisations could be incorporated bodies or hospitals. The member for South Perth raised the issue of South Perth Community Hospital, which he supported. Major not-for-profit organisations, which are currently paying millions of dollars each year in insurance premiums, may qualify under the guidelines that were outlined in the second reading speech because they meet each of those criterion. That is fairly loose and the parliamentary secretary may address that in his reply to the second reading debate. However, we will explore that issue during the consideration in detail stage.

The second reading speech states that the legislation will permit the Insurance Commission of Western Australia to provide insurance for public, professional and medical treatment liability, workers compensation, and property, motor vehicle and personal accident insurance. For the first time in Western Australia that will be capped at \$10 million. As a consequence of this legislation, the cover provided by medical indemnity insurance will be capped at \$10 million. I am not sure whether that is an unintended consequence of the legislation or whether it is signalling that further legislation may be required. I have argued for a cap, particularly for medical indemnity insurance payouts and a range of issues to do with the tail and so forth. If the cap for payouts in the medical field is to be limited under this legislation, the Government will need to be consistent with other legislation in other jurisdictions in the State. Although I will not argue against the cap, I am surprised to see it in this form.

I am also concerned about the cost of the premiums. From my experience in a number of ministerial portfolios, including ethnic affairs, arts and youth, most community organisations rely on commonwealth, state or local government funding, tripartite group situations, partial funding from various organisations, Lotteries Commission funding or some other community involvement. Few of them totally generate their own resources. If the Government is asking these organisations to pay the premiums at a set rate - that rate may be no higher than they are currently paying, but they are currently being asked for 200, 300 or 400 per cent more than they were paying 12 months ago - who will pay those premiums? Will that come out of their government grants? Will their funding be reduced because some of it is going towards insurance premiums, so that the actual grants they receive for delivering their services on behalf of either the Government or the community are diminished? Will the Government make a commitment that no grant money or funding from public sources will be reduced as a result of any premium that needs to be paid by these organisations? That issue needs to be addressed, otherwise we are wasting our time and these organisations will not be protected at all.

The second reading speech provides a very vague explanation of the excess. In the case of public liability insurance, which will possibly affect community groups to a large extent, an excess per claim will generally be

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incorporated. What will that excess be? Will it be five per cent, 10 per cent, 20 per cent or 30 per cent? Will it be similar to my 18-year-old son's car insurance policy, under which he must pay \$1 000 before he can claim for a new bumper bar? Is that the sort of excess we will be faced with; and, if so, who will pay it? Who will meet the excess, which could be set as either a flat fee or a percentage, for a \$2 million public liability insurance claim? Where will that money come from? I am sure it will not be sitting in a kitty held by those community groups. According to my information, most of these community groups operate on the smell of an oily rag. They have no money. They live from grant to grant, cake stall to cake stall or raffle to raffle. They certainly do not sit on a fund from which they are able to pay an excess fee to meet public liability insurance claims. Where will that money come from?

The legislation contains a number of loose areas. I know the intention of the Government has been to address a difficult issue. It has been addressed by different Australian jurisdictions in different ways. As I said at the outset, we as a Parliament have the opportunity to take on the issue and nip it in the bud. This issue affects everybody, not just community groups. It affects professionals and small businesses - which my colleagues raised - and it particularly affects our health professionals. It affects most people who are trying to generate income and who to a large or small degree work with the community. Those people, whether they work on a for-profit or not-for-profit basis, are subject to the increased fear, concern and liability that has been brought about by ineffective legislation to deal with the real problem. The real solution is not closing the back end by continuing to subsidise those people's premiums. If we followed that track, in 30 years we would be paying hundreds of thousands of dollars in premiums for small community groups. What would be the point of that? The real issues that need to be addressed by this Parliament are why people are being litigated in the first place and why we have allowed the industry to grow uninhibited. This Parliament could address those issues in a bipartisan way. That is the very reason we set up our standing committees. Why do we not test them? It would be great to test our standing committees in a bipartisan way by asking them to deal with this difficult issue and to come back to the Parliament with a resolution that would benefit Western Australia. That is the sort of constructive leadership that we need from the Government. We could utilise the Parliament for that. That is why we had select committees. Ministers used them all the time. We now have standing committees, and they are not being utilised by the Parliament. Their members are running around searching for issues. They are doing that well, but they are not getting into the nitty-gritty of what needs to be done in a constructive way. This is a real issue for which we could use our standing committees.

With those comments, I reiterate our support for the legislation. Although we think it is limp, we support it because it is at least heading in the right direction. The Government should have done more and dealt with the tough issues.

MR M.W. TRENORDEN (Avon - Leader of the National Party) [5.23 pm]: I need to put on the record my personal view about why this problem is happening. This is coming out of the bunker. The Premier presided over the State Government Insurance Commission when it posted \$1 billion in losses. Unfortunately, I believe that is impacting on the attitude of the Labor Government in coming forward with this proposal. It is amazing that the person who presided over the death of the State Government Insurance Office and the decimation of SGIC is the Premier of the Government bringing this legislation forward. If that were not the case, the Government would have been a little more forthcoming about some of its attitudes towards this issue. I want to put on the record why I say that. We are debating this Bill because we are in deep trouble with public liability insurance. The Government's solution to the problem is to start a brand-new insurance company. After the passage of this Bill through two Houses, we will have a brand-new insurance company owned by the State. It will have a limited clientele but will offer a range of products, including some for which there is not a crisis, such as property and motor vehicle insurance. They are profitable areas for the general insurance industry, and the new insurance company will offer those products to a limited group of people.

Why are we in this position? Is it because lawyers are too greedy? Are they reaping the proceeds that result from chasing ambulances? About a decade ago an interesting program was shown on American television. It was one of those useless programs about community attitudes. Nevertheless, it was broadcast. A television company staged a bus crash in a major capital city in the United States. Seven people who were seen getting off the bus were not on the bus when it crashed. Seven people had enough nous to jump on the bus and get off hanging on to their necks or backs so that they could get in the queue for compensation. Is that the problem? Are lawyers the problem? Is it the insurance companies that are raping and pillaging people through their premiums and causing mayhem that are the problem? Is the problem the attitude of our general constituency? Is the problem that people are now free and easy and feel confident about suing their neighbour, council or State? Are they the reason for this problem? I suggest that all three are contributing to the problem. However, this legislation deals with an outcome in insurance.

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I will look at what is happening to the insurance industry in Australia, and to do that I will cite figures produced by the Insurance Council of Australia. I point out to the many insurance haters out there that these figures have been considered by the federal regulator, the Australian Prudential Regulation Authority, and the Australian Securities and Investments Commission. These figures have been approved by people who have skills in these areas that are beyond those of you, Mr Acting Speaker (Mr A.J. Dean) and me. We can only take these figures as read. The most recent figures in this document are for 2001. The figures show that the gross premium steadily rose between 1999 and 2001. There has been a steady growth in the gross premium. However, there has been virtually no growth in net premiums. That means the increase in premiums is going to the reinsurers, which are not Australian. Now that GIO has bit the dust, all the reinsurers are overseas companies. There has been a growth in the premiums that go to reinsurers of 65 per cent over three years. That is a substantial increase of, say, 21 per cent a year. That is not the exact figure, but when the figures are averaged, that is the case. What has been the net result? The net result is that both the reinsurers and the Australian insurance industry have made losses. In 2001, the reinsurers made a loss of about \$250 million, and the Australian insurance companies made a loss of a little over \$500 million.

Looking further into the process, what has happened to Australian insurance companies? Their assets dropped by \$300 million in 2000 and 2001. Their net asset base has dropped. It is still a substantial net asset base, but it has decreased. In 1999, 2000 and 2001, professional indemnity losses were \$280 million, \$300 million and \$140 million, rounded out; and public liability losses were \$600 million, \$530 million and \$500 million, rounded out. They are substantial losses. There were also losses on employers liability insurance. In fact, most forms of insurance made a loss. However, that is not an unusual situation. From time immemorial, insurance companies have run their companies pretty well square and have looked to make money out of investments. Therefore, those figures need to be topped up with investment returns to the insurance companies. However, we all know that those returns have not been too red hot in recent times. Much of the asset backing of the insurance companies will be in shares and equities, which have not done well. Inflation rates are lower, as are cash returns. Therefore, the investment income for insurance companies has not been red hot.

I refer to the Australian Prudential Regulation Authority statistics for public liability insurance in Australia. In 1998, the loss ratio to premium revenue was 136 per cent; in 1999, 144 per cent; in 2000, 134 per cent; and in 2001, 133 per cent. It is a consistent, heavy loss process. As I said earlier, I suggest that the average increase in premiums to the reinsurers is 21 per cent. The bulk of the problem comes from the requirement for people to insure overseas. Serious problems are likely to arise. I truly hope that they do not. However, we must watch closely if the situation with the overseas insurers continues and the credit rating of some of the substantial companies that have been around for many years drops from AAA to AA to AA minus. Australian companies must reinsure overseas; there are no options. Under Australian law, if an Australian company reinsures overseas and the reinsurer does not meet the prudential requirements, the company must make up the balance in its own accounts. That has meant that insurance companies are compelled, under Australian law, to increase their reserves. The only way they can increase their reserves is by increasing premiums. That is putting pressure on premiums, and that is an important issue.

I will now deal with claims. Most members will understand that public liability has a long tail. The chart that has been supplied to me goes back only seven years, but claims under public liability policies can go back beyond seven years. In 1994, the loss was 121 per cent of premiums over seven years; in 1995, over six years, the loss was 124 per cent; in 1996, over five years, the loss was 144 per cent; and it continues to go down. This means that for every dollar that the insurance companies receive in premiums, they pay out 130 or 140 per cent. Obviously, that is not sustainable. I have put forward the argument about why that is occurring. Total claims in Australia are not going through the roof. The claims pool is not the problem; the problem is the international reinsurers. Therefore, when our brand new Western Australian insurance company starts to operate, it must reinsure, so it will be in that game.

In the debate in this House a few weeks ago, we were told - I would love to remember the figure because I did not have time to look at *Hansard* - that about \$60 million worth of claims came out of Western Australia. I would love someone to jump up and say whether I am right or wrong but, according to my memory, that is correct. I notice that a lot of people are jumping into the debate! If that figure is correct, there is a counter-balancing argument. I refer to the 31 May figures in the monthly report of the Department of Treasury and Finance of Western Australia. Would members like to know what the increase in revenue from insurance premiums was in the 11 months to the end of May? Would someone like to take a guess at what the actual increase was? It was \$44 million. Therefore, most of the revenue that this State gets from stamp duty is on public liability premiums.

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Mrs C.L. Edwardes: What percentage does the Government get as a windfall?

Mr M.W. TRENORDEN: The member can pick it. Treasury's estimate on budget is \$52 million.

It should be remembered - I heard someone talking on radio this morning about this - that the goods and services tax and stamp duty go to the State; the State gets both of those taxes.

Mrs C.L. Edwardes: And the fire service levies.

Mr M.W. TRENORDEN: Yes. This money comes in. Where is the risk? I suggest that there is no risk. We have a bloody nice little earner; that is what we have.

Mr J.N. Hyde: You're sounding like Laurie Connell, I think.

Mr M.W. TRENORDEN: That is right; I am. I am looking at the Premier's vacant seat over there -

Mr R.N. Sweetman: If he were Laurie Connell, he would have said, "Do you want a bet?"

Mr M.W. TRENORDEN: Yes. All things can go wrong in insurance. I have no idea what the available premium is, but it would be a hundred million dollar-odd figure. Bearing in mind what could be earned from investing that amount, what the Western Australian claims experience has been and what the State Government has been pulling in from stamp duty on insurance premiums, this State is sitting pretty. It is not taking much of a risk. In fact, I suggest that most insurers would think that this is a really nice, comfortable little deal. Therefore, why is it being limited to certain people?

I will not go through the argument put by the member for Merredin, because he correctly outlined that and I support his point 100 per cent. We should expand this deal so that other people can get into the process. There is always a risk, but the risk in this case is not substantial. I am not suggesting that the State should take the \$44 million that it earned this year from insurance premiums and put it in the reserves of the State Government Insurance Commission, but the State can take some comfort from the fact that it is earning that money year in, year out from those premiums. Who is paying those premiums? It is the same people whom we are trying to rescue. If we are to be fair about this process, we must think about the people we are trying to assist. Therefore, we should broaden the net so that more people can come into this brand new insurance company and be given some protection under the process.

Another thing that we should consider, which is not in the Bill, is who should be the beneficiaries of profits under this process. Should it be the State? Morally, I would argue, it should not be; it should be those people we are trying to help. The National Party argues that a process should be put in place to ensure that the premiums these people pay are the same as last year. There is a good chance of there being a substantial net profit. Should the State pick that up or should we give it back to those people in the community who are hurting and whom we are trying to assist? We should give it back to those people in the community. We should insist that the responsible minister - in this instance, the Treasurer - come back to the House on an annual basis, not with an annual report, but with a report on the annual activities of the insurance company so that we can give some equity to the people of Western Australia whom we are trying to assist. We could then show those people that the premiums they paid did not go somewhere else. Those premiums are derived from cake stalls and personal, voluntary exertion. Those people do not want that money to go somewhere else.

[Leave granted for the member's time to be extended.]

Mr M.W. TRENORDEN: These people should receive consideration. The Government has not thought about this matter, which should be considered during the consideration in detail stage. It would be nice if the State could sell this new insurance company in five or 10 years and make a pretty penny out of it, and use the profit for the benefit of Western Australia. This insurance company will be competing in the marketplace. Should we not be giving the profit back to these communities, which mostly involve not-for-profit voluntary organisations? That is an important process.

In summary, members can blame the lawyers, the insurance companies and the general public for wanting to sue, but that is not the problem; the problem is that the reinsurers are grabbing the premium pool. That is where two-thirds of the excess money will go. The member for Rockingham should be aware that that risk has not yet shut down. In the American and European systems there is great concern about the credit ratings of these reinsurers. I hope that in the next few days we do not see a war or another attack such as that waged on the World Trade Center, because that attack involved claims totalling approximately \$80 billion. The next biggest claim in the world involved claims of approximately \$20 billion and resulted from a cyclone. This last time the reinsurers were hit substantially harder than they had been previously. We cannot say that the human tragedy and destruction that occurred on September 11 will not happen again - the next time could be worse. I understand

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that there is a new movie about someone exploding an atomic bomb in the middle of New York - as someone suggested the other day, it could have been Sydney Harbour - which would be much worse. We should give that scenario consideration. I will not say there is no risk, but on the balance of probabilities this State would be running a minimal risk.

The member for Rockingham estimated that increased stamp duty would total approximately \$52 million, from a total claim pool of \$60 million. That is not a big risk, or a risk that the State could not handle, unless an atomic bomb went off in the middle of Perth. One of the reasons I am happy to live in Northam is that I do not think bin Laden has ever heard of it. It is less likely that he has heard of Koorda in the member for Moore's electorate.

Mr M. McGowan: You had better hope he does not read *Hansard*.

Mr M.W. TRENORDEN: Exactly. By isolating our risk in Western Australia, we will see guaranteed revenue flowing from increased stamp duty. At least \$30 million of that \$44 million will come from those increased premiums; probably more than that. On the one hand, the State has benefited from these increased premiums; on the other hand, we should return any profits to those communities, as the member for Merredin has suggested. That involves a minimal risk, given what we are trying to do for this State.

I know we have some very dutiful people in the public service who are concerned about risk, but many things we consider in this place involve risks. Our job is to assess those risks and vote on them. I would be very happy to take this risk. The National Party will be moving amendments to this legislation. We will be supporting the Bill at the end of this process, and I hope the member for Rockingham takes that into consideration.

[Quorum formed.]

MRS C.L. EDWARDES (Kingsley) [5.48 pm]: I support this legislation. As the Leader of the National Party has said, some issues should be raised not only during the second reading debate but also during the consideration in detail stage of this legislation. A large number of people out in the public arena have been affected by increased premiums for public liability insurance. Those community groups and organisations deserve affordable insurance. Some organisations have not received affordable insurance for particular events, which have then been cancelled. Some of those events may have been nothing more than an annual dance for the local senior citizens group.

The community finds it unacceptable that the local senior citizens club cannot hold its annual dance because it is not connected to the local council and cannot be covered under its insurance. The community has expressed considerable concern about the situation of not-for-profit organisations and other community groups. Concern has also been expressed by some organisations, which may or may not be incorporated under the Associations Incorporation Act, for instance, the local caravan and camping association whose members get together every six to eight weeks to travel to various spots around the State. Some of those people put up tents, and the association is concerned that it will be liable if somebody trips over a tent peg. Most of the association's members are over 60 years of age and are retired. Members like to get together in this way, but the increase in public liability insurance premiums is jeopardising their continuing to visit country towns and enjoying themselves. The association is concerned about whether individual members of a club or association will be liable if somebody trips over a tent peg and is hurt.

The Parliament needs to address those concerns. However, this legislation does not do that. This legislation will allow the Insurance Commission of Western Australia to establish a new community fund. I hope the parliamentary secretary will make clear the reasons for a separate community fund when he responds to the second reading debate or during the consideration in detail stage. This legislation does not give any indication why a fund could not be established under existing legislation. What is it about this community fund that will be so important to community groups and organisations? Community organisations are identified in proposed section 3A. The Treasurer has the ultimate discretion over whether a community organisation can insure with the Insurance Commission of Western Australia through this community fund. Why does the Treasurer have the ultimate discretion? What criteria will he use to establish which community organisations are in or out? Reference is made in the second reading speech to a number of community organisations that will be eligible for cover - social service groups, culture and arts organisations, environmental bodies and sporting clubs and associations. The speech then refers to the process that will be in place for community organisations; that is, organisations will have an affiliation with or receive funding from a government agency. If members read the second reading speech, they would assume that would be the only criterion by which organisations would be eligible to receive cover. The only process that is outlined is that those organisations must go to the host agency, which then goes to the Treasurer. The second reading speech does not outline the process for all the other

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organisations that do not have a connection with or receive funding from a government agency. What is the process? Do they have to go straight to the Treasurer?

Another criterion that is not identified is whether those organisations must seek insurance elsewhere. The Bill refers to those eligible community organisations that are unable to access affordable, or any, private insurance cover, particularly public liability insurance. Will this special community fund under the Insurance Commission of Western Australia be the insurer of last resort? Will all community organisations that wish to be covered by the government scheme have to seek insurance elsewhere and then put their hands up to say they cannot afford it or cannot get it, and ask the Treasurer, through the Insurance Commission of Western Australia, to provide that cover?

This legislation has a number of deficiencies. A member of Parliament who is contacted by a community group will not be able to say with any clarity whether that group will receive cover or even be eligible to seek cover through the special community fund that is being established under the Insurance Commission of Western Australia. I want to know which organisations are in and which are out and what the process is for all organisations, not just for those that have a connection with or receive funding from a government agency. What must be done by those people who are not given the tick by the Treasurer - that is, after we find out why the Treasurer is given the absolute and ultimate discretion to determine this - and who is likely to be excluded? Those criteria are not contained in the Bill.

All I could say to my constituents tomorrow is that a special fund will be established, but I do not know the process or the criteria for eligibility, whether the special community fund will be of value to them or whether they will get cheaper premiums. The legislation is being established primarily to ensure there will be insurance cover for those who cannot currently obtain affordable cover. How will that be determined? Will there be some restriction on premium increases? Why is the Insurance Commission of Western Australia the sole insurer rather than a pool of insurers in the private market? Will the Government put funds into the Insurance Commission of Western Australia to set up this community fund? Under section 18 of the Act moneys can be transferred from one fund within the Insurance Commission of Western Australia to another fund. How much will be transferred from an existing fund to establish this community fund? What is the level of funding that the Government is currently considering? Do we know the number of potential clients that the Insurance Commission is anticipating, and is some form of assessment envisaged? If the Government does not have any form of assessment, how on earth will it know what it will cost the State?

The Leader of the National Party raised another very important point. Already this State is receiving a windfall in state taxes due to the rise in insurance premiums. We have all heard from our constituents that their insurance premiums have skyrocketed. Every time an insurance premium skyrockets, for whatever reason - the HIH collapse, the September 11 terrorist attacks or insurance companies being unable to get reinsurance - there is a windfall to the State through state taxes. What happened to that windfall and has its quantum been calculated? The Leader of the National Party estimates the windfall to be in the vicinity of \$52 million, which is a considerable sum.

Sitting suspended from 6.00 to 7.00 pm

Mrs C.L. EDWARDES: I referred to the State's tax windfall resulting from the increased levels of insurance premiums, which the Leader of the National Party estimated to be in the vicinity of \$52 million and I asked the parliamentary secretary to respond during the second reading debate. One of the questions I raised earlier was from where the funds would come for the community fund. I asked whether the State would contribute funds or whether it would be the insurer of last resort and would essentially underwrite the insurance. The Leader of the National Party said that reinsurance would need to be sought even for the community fund. Many questions are not answered by the Bill or the second reading speech. In fact, more questions are raised than are answered.

Earlier this year when the public liability issue became one of serious concern in the community, the heads of the State and Commonwealth Governments sought a report, and the Trowbridge report was presented earlier this year. Section F of that report referred to group buying, which essentially was viewed as a way of resolving what was considered to be the lack of availability of public liability insurance for not-for-profit organisations and the community sector. The Trowbridge report produced a number of recommendations. The first proposal was to create a public liability insurance group buying scheme, which to a certain extent is what the Government is putting forward now, although it is limited to the Insurance Commission of Western Australia. The recommendation for the group buying schemes for community organisations was that they should be available nationally with limited exclusions. We do not know what the exclusions for community groups are in this legislation.

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The second proposal was to refer community organisations that were excluded from the scheme to their own umbrella body, which could facilitate further groupings and risk management with a view to creating specialist schemes. Those are probably what are known in the system as mutuals, although some reference to mutuals is made later in the report, which refers to a lack of insurance. Mutuals comprise a group of people, organisations or associations that get together and underwrite the risk among themselves. To that extent, unless they have the backing of an insurance company, which is the way the system operates around the world, it would be regarded as quite a risky venture. The third proposal was that commercial and semi-commercial entities that find cover is unavailable should refer to their own industry bodies, with a view to negotiating a suitable industry scheme. I have referred to the fourth proposal, which was the pooling of risk without insurance backing, not being recommended for most organisations due to prudential concerns over security of claims and the difficulties of governance.

The report on group insurance, group buying and risk pooling goes through the subject in some detail. It highlights the key requirements for each one of those proposals. A recommendation that hits one right in the eye when one reads it is that a successful group buying insurance scheme needs to have available coherent data on the nature and extent of the risk covered, and that data should be made public. Neither this nor the legislation that will follow on civil liability contains sufficient data to assess what we are being asked to do as a Parliament. We do not have the information before us; it was not included in the second reading speech; and the briefings quite clearly highlighted the lack of available data. When I was the then Minister for Labour Relations and had responsibility for workers compensation legislation, it was clear that there needed to be a greater level of coordination between the data collected by WorkCover Western Australia and that held by individual insurance companies, and the nature of the data needed to be the same so that it could be transmitted. It was also clear that the provision of necessary information should not be duplicated for the federal and State Governments. That is a matter of commonsense, because one would not want to create extra costs for the insurance companies. We need to ensure that we require insurance companies to provide sufficient relevant data that will enable us as a Parliament to make proper decisions in the future.

[Leave granted for the member's time to be extended.]

Mrs C.L. EDWARDES: We should not be asked to make decisions on the basis that insurance companies are putting up their premiums and community groups and organisations are unable to access affordable public liability insurance - they then either pay it or are forced to cancel functions - and put in place a community fund, when we do not know the specific details of how the fund will operate, who will and will not be covered and what requirements will govern the Treasurer's discretion. We have no information before us. I believe absolutely that this Government needs to impose a strict requirement on those insurance companies that the data be made available and reported to the Treasurer, who would then make it available to this Parliament on a regular basis. The data could easily be available annually. We need to identify the sort of information that is required and we need a breakdown of the data. We have seen some figures of a limited nature, in the report of Justice Ipp, giving a breakdown of community organisations, the extent of the claims and the amount of damages. When we get to the Civil Liability Bill, I will argue that we cannot rely on that data, particularly as it relates to Western Australia. It has some serious holes and information has not been disaggregated. We as a Parliament should be seeking to obtain improved data.

[Quorum formed.]

Mrs C.L. EDWARDES: The Trowbridge report proposes that a national public liability group buying scheme for community organisations be created. The report recommends a number of key features that should be included in any such scheme; for example, the provision of more information and criteria than have been provided to this House for this community fund. The report also recommends that the scheme should be targeted at small to medium not-for-profit and community organisations, which are the sectors that have been worst hit by the current crisis, and that some eligibility conditions should be applied. What eligibility conditions should be applied in this legislation? Will ensuring that the ongoing availability of cover is not endangered by the inclusion of extreme risk activities be one of the criteria that the Treasurer, at his discretion, will knock out of those organisations seeking that type of cover? In that event, the Trowbridge report says that it is likely that some sporting clubs and hazardous pursuits would be excluded.

Before joining the scheme, each organisation would be subject to some degree of underwriting. How would that happen? Will that be given consideration in this legislation? The report recommends that a consortium of insurers should provide coverage. I look forward to the parliamentary secretary's response to why only the Insurance Commission of Western Australia and not a consortium of private insurance companies that operate in Western Australia will provide coverage under this legislation.

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The report also recommends that from inception, data should be rigorously captured and made available to the industry and the public. That is an essential criterion. If members are to be continually asked to support changes in Parliament - I am sure this will be only the first of many pieces of legislation that we will deal with for public liability, personal injury and the reform of tort law - we must have some certainty and confidence in the information that is provided to us so that the decisions we make will be effective. That is the crux of this debate. Currently, although we do not have sufficient data before us, we are aware of the community's concerns. Members have received calls in their electorate offices from their constituents and they are responding to the concerns raised. I have detected a considerable shift in the community's attitude to people who have made claims that some members of the community regard as frivolous or trivial. Although we must be cognisant of those views and changes of attitudes in the community, as decision makers we must be provided with hard data so that we know the decisions we make will effectively assist the community.

The Trowbridge report recommends that applications for entry to the scheme should trigger an awareness program on basic risk management techniques. That is an absolute requirement and is something that many insurance companies have endeavoured to incorporate in the insurance policies of their clients. The report also states that the Australian Prudential Regulation Authority controls and capital requirements should apply. Again, I hope to hear from the parliamentary secretary about the capital requirement that will be needed for this community fund. The APRA prudential controls will obviously apply. Although I say "obviously", I would like confirmation of that. I expect that those controls will apply because they will be operated through the Insurance Commission of Western Australia.

A number of issues have been highlighted in the reports that have been given to the ministers who are responsible for these areas. However, we do not have information on how the key criteria that have been highlighted have been interpreted in the legislation before us. There are some significant holes in the legislation only because of the lack of information that is available. I look forward to the parliamentary secretary's detailed response about that information.

DR E. CONSTABLE (Churchlands) [7.15 pm]: I have some questions that I hope the Parliamentary Secretary to the Premier will be able to answer. A number of speakers have recognised that the community has some serious concerns, particularly community organisations that are worried about the unaffordable insurance premiums that have been forced upon them. Many organisations have been hard hit, particularly in the past year. In my electorate, the surf life saving clubs and other clubs are enormously concerned about their insurance premiums. For example, independent schools and medical research organisations are suffering because of increased premiums. This is a major issue throughout the community and I am very pleased that the Government has sought to address it in this Bill.

I note the comments made by the member for South Perth and reported in *The West Australian* on 8 July this year that raised the issue of the Insurance Commission of Western Australia entering into this market. It is commendable that the Government has taken up this issue as quickly as it has. The member for South Perth argued that the Insurance Commission's involvement in this issue to assist our community organisations should increase competition and, hopefully, rein in premiums at the same time. As I said, I congratulate the Government for bringing this Bill before Parliament and I commend the member for South Perth for raising the issue some two months ago.

The Bill will establish a new community fund, which will be underwritten by the State and managed by the Insurance Commission. The Government will be able to use this community fund in the public interest to provide insurance cover to eligible community organisations based in Western Australia. This should benefit those community organisations that cannot get insurance or simply cannot afford the insurance on offer to them in the current insurance cycle. I hope that as many community organisations as possible will be assisted by this fund.

I will again raise some questions that have been raised by other speakers because I want to reinforce their importance. Hopefully, the parliamentary secretary will provide some answers to these questions. The parliamentary secretary's second reading speech referred to the proposed development of guidelines for screening community organisations. We all know that there is some urgency to pass this legislation to assist community organisations. I would like the parliamentary secretary to tell me when the guidelines for screening will be established and whether they will form part of the regulations to this legislation.

I particularly commend the Government for the accountability measures that community groups must comply with in order to receive assistance under the new fund. The requirement for community organisations to submit comprehensive risk management plans and to report against the plans is very prudent. However, there is no

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indication in the legislation of how often they will have to report or what sort of detail and information they will have to report on. Hopefully, the information will be sufficient but not too onerous on some of the smaller community organisations. I hope that a uniform approach is applied to this matter. The insurance cover is only temporary, for an initial period of three years, and subject to annual review. Therefore, accountability requirements and checks and balances are built into the system, which is commendable. This Bill encourages community organisations to be vigilant in their risk management, which is an important matter for them. It allows for organisations with significantly worse claims histories than their industry peers to be excluded from the fund; a track record is therefore important. Alternatively, organisations that do not have a good track record may have to pay higher premiums.

As I understand the legislation, the Insurance Commission of Western Australia will set a commercial premium for an applicant organisation and refer the matter with the relevant documentation to the Treasurer for consideration to join the fund. That, in itself, raises a number of questions. First, how will commercial premiums be set? Members do not have to hand details of how insurance companies arrived at their current premiums. There needs to be therefore some transparency about how the Insurance Commission sets its premiums. Can the Insurance Commission guarantee, for instance, that its premiums will be lower than the premiums set by private insurers, and therefore affordable? That is the problem faced by these organisations. The parliamentary secretary in his second reading speech said -

organisations can expect to pay an annual premium no less than their most recent annual premium prior to the commencement of this legislation, including stamp duty;

That again raises questions to which we need answers. What, for instance, will happen if an organisation cannot afford its current premium levels? Will that group collapse or is there room for movement on the premium that will be offered to the organisation under this scheme? The whole idea of this legislation is to give relief to these organisations. I again refer to very important organisations such as surf lifesaving clubs, two of which are in my electorate. The House requires the parliamentary secretary to clarify the extent of relief that organisations will be given. The Government could consider a rebate on stamp duty on these insurance policies if groups are providing a service that the Government otherwise would have to provide.

I support this legislation. When the free market cannot provide a good or a service that is vital to the community, it is reasonable to expect the Government to intervene to provide that good or service when there is a discernible benefit to the community. This Bill should fill a gap that insurance companies currently operating in the free market are unable, or refuse, to fill in the current phase of the insurance cycle. The legislation is restrained and reasonable in the current circumstances. I hope it will assist community organisations that deserve to have some assistance in not only my electorate, but also throughout this community.

MR T.K. WALDRON (Wagin) [7.23 pm]: I believe my colleagues have covered very well my thoughts on this issue. With that in mind, I will be supporting the two amendments to be put forward by the National Party. They are very important to the Bill and will make the legislation a lot more effective for all Western Australians. I will, however, make a few brief points.

When I spoke earlier this year in this place on public liability insurance, I said that we should have a fund such as this, or a new insurance of some sort, to cover this area. I am pleased that this Bill has been introduced and the National Party will support it, but it does not go far enough. When I spoke about a fund to cover this area, I was referring to a fund for all volunteer groups. However, this Bill covers only volunteer organisations that are incorporated. Small groups are important in the community. We have talked about the reality of small groups not being able to access public liability insurance cover and the effect that has on them and their communities. That has been the key social problem around WA. These groups should have access to that cover. I guess they can access the fund by becoming incorporated but although the cost is minimal, it is still a cost and those small groups must go through the paperwork involved in the application process. Bearing in mind that small groups are run by volunteers, people tend to throw up their hands, say it is all too hard and then operate without cover, which is a risk; or they cease to operate, which is a risk to communities in general. I will be supporting the National Party's amendment to include in the Bill unincorporated groups with collective funds of less than \$10 000. I ask all members to give that amendment every consideration because it will bring those small groups into the loop and will at least give them an opportunity to access the new insurance cover.

I am also concerned - this has been mentioned by the member for Churchlands - that the second reading speech stated that organisations can expect to pay an annual premium no less than their most recent annual premium prior to the commencement of the legislation, including stamp duty. That indicates that premiums will be close to their current level. A big problem about this issue is the premiums. When we have talked in this place in the past year about this issue, one of the main points we tried to make was that there must be a reduction in

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premiums so that people can access insurance and continue to operate. I ask the parliamentary secretary to explain that part of the second reading speech. How does that help small groups premium-wise? The problem for the groups that I have talked to is the cost of insurance premiums. I admit that this Bill will provide cover to those who can access it; that is fine. However, the premiums will still preclude a lot of people from taking out insurance cover and they will be forced to take risks by not being covered. That can lead to problems down the line.

Another issue I raise relates to clause 5 of the Bill, which states that the Treasurer must make a recommendation that a group be considered an eligible community organisation. In doing so, the Treasurer can make a ruling that groups of organisations in a particular class are eligible. I guess more information will become available. However, I ask the parliamentary secretary again: what groups are eligible, what criteria are there; and is it up to the Treasurer to pick and choose organisations? I do not understand that clause and I ask the parliamentary secretary to clarify it.

The Leader of the National Party raised and substantiated the issue that the State made a lot of money from stamp duty on increased premiums. As premiums have increased, the State received extra revenue. This new insurance fund will also make a profit for the State. It is interesting that the State has earned increased stamp duty on premiums in that time. I believe most of the higher public liability claims have occurred in the eastern States and I know that volunteer groups in this State have a record of virtually no claims. Western Australia's premiums have, therefore, subsidised claims made in the eastern States. Western Australians' premiums have gone up and the Government has made extra revenue on them. With this new insurance fund, WA will not be subsidising claims made in the east; the money will remain in Western Australia.

That brings me to the point that has been made by previous speakers; that is, if the State Government is making a good profit out of this - a nice little earner - we must know where that money will go and that it will be utilised responsibly. The National Party's amendment will require the Treasurer to report such profits to the Parliament - within 12 months or as close to 12 months as is practical - and to advise how they will be utilised, particularly for community groups. Large profits can be utilised to ensure that premiums are kept at a level at which groups and organisations can access public liability insurance. We must remember that this issue mainly involves community groups, not only in country WA but also suburban Perth. We rely heavily on such groups; therefore, we must provide them with protection and cover at a reasonable price. The National Party supports the Bill; however, I urge all members to examine the two amendments that it will move, because they will serve to improve the legislation.

MR R.A. AINSWORTH (Roe) [7.32 pm]: I support the Insurance Commission of Western Australia Amendment Bill 2002. However, I am concerned about the existing insurance arrangements and about the forms that people are filling out in the belief that they are avoiding the pitfalls of public liability.

When I spoke with the president of my local agricultural show society last week, he gave me a copy of the form that last year's equestrian participants were required to fill in. The form was a waiver, which, if legal, meant that if there was an accident in which a competitor was injured, the competitor would not hold the organising body liable for their injury. A degree of doubt has been cast upon the validity and legality of such waiver documents. It is my recollection that the argument goes along the lines that a person cannot sign away his or her statutory rights. It is my understanding that only a change in federal legislation would make a waiver document legally binding. Therefore, if a person voluntarily signed away their rights to claim damages against an organising body - in this case a show society - the matter would not be tested by the courts and ruled invalid, but would be upheld for the protection of the organising group. We must ensure that people do not put themselves in a position in which they believe that a waiver document protects their organisation because an individual has voluntarily waived their rights, only to find later, after an unfortunate incident, that they are liable and, therefore, subject to a precarious financial position. This would be detrimental to not only the organisation concerned but also similar organisations, because they would refuse to accept waiver documents and would then be faced with the prospect of paying much larger fees for insurance, or, and this is more likely, of closing down their activities to the detriment of all concerned.

The question raised by the members for Churchlands and Wagin, which related to the starting point for premiums under the legislation, is important, because there is no point protecting community groups if the starting point for premiums is too high to begin with. Most of the premiums that organisations have been faced with recently - some in Western Australia have had a zero claims history - have been horrendous. In some cases, the organisations and community groups to which I refer have a zero-claims history for the 30 to 40 years they have been in existence. It is extremely unfair to expect such groups to pay inflated premiums at the starting point. Although the Government's legislation may protect such groups in the future, initially they will gain very

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little because they will start behind the proverbial eight ball by being overcharged for a premium. The only positive aspect of this is that the premium is not likely to escalate in the way it does under the current system. We must look closely at this issue and not set the last premium as the starting point. We must assess each case individually to determine a realistic premium, and one that takes into account the claims history of an organisation or group. The starting point of a premium must not be set at a completely inflated figure; rather, it should reflect the level of risk involved.

MR B.K. MASTERS (Vasse) [7.36 pm]: After considering the Insurance Commission of Western Australia Amendment Bill 2002, I regret to say that I can think only of the sayings “too little too late” and “better than nothing”. Given the seriousness of this issue, and the need to offer confidence and protection to community groups, such legislation can never be too late, although I have to say that, to date, the Government has done too little to look after the interests of the broader community in Western Australia. Therefore, the phrase “better than nothing” is probably more relevant in this situation. Nonetheless, and in spite of what I have just said, I support the legislation. However, it is an incomplete and flawed response by the Government to what is an urgent and serious issue. Further, the Government is guilty of being one of seven State and Territory Governments that are proposing different models to overcome the problems of public liability insurance for community groups. In addition, the federal Government is introducing its own model. I appreciate the politics of the situation because the States and Territories have Labor Governments and the federal Government is Liberal. However, the reality is that this issue is so far above day-to-day politics that I would have thought there was enough maturity at the state, territory and federal levels to allow a concerted, cooperative and coordinated response to the many complex issues that must be addressed.

The problems and fears experienced by those in my community are real. For example, the Busselton Hospital Auxiliary approached me and asked, in all seriousness, whether it should risk putting a card table in front of the entrance of an Action Food Barn supermarket to raise money for the Busselton District Hospital. I refer to people who are almost entirely in their senior years; indeed, some are well into their 70s and 80s. The group was unincorporated, but I was happy to assist in incorporating it. Nonetheless, they genuinely feared that they could be at risk if they put a card table in a public area, even with the approval of the supermarket, and a person who was not looking where he or she was going tripped over a leg of the card table, fell to the ground and sustained an injury. They feared that individual members of the group might then be financially liable. The Busselton Horse and Pony Club expressed great concern when it seemed that it would have to close its doors on 1 July 2002. I am pleased the Government has stepped forward and offered between two and three months support - hopefully this has been extended - to allow pony clubs throughout Western Australia to continue to operate.

I have also been approached by a newly formed midwifery support group - one that I was also happy to assist in its incorporation - called Birth Choices South West. There are huge legal implications for a group of people - some of whom are midwives - who provide advice and physical assistance to women who are giving birth. If something were to go wrong - hopefully it never will, but realistically, there is one chance in several thousand - the financial liability could be millions of dollars. We are talking about the life of a mother or a newborn baby. They were genuinely concerned about the legal consequences of continuing their activities without being incorporated. Like all other community groups in Western Australia and Australia, they are very concerned about the legal liabilities of public liability insurance, even though they may be incorporated.

I will give another example of how the issue of legal liability has sprung to the forefront of people's minds. I was talking yesterday to people at the Legacy and Bardimia campsites. They lease land from the Shire of Busselton in the Siesta Park area. Those areas of the coast are very well suited to family groups, young people, seniors and others having a break or a few days away from their normal lives. It allows them to enjoy themselves on the shores of Geographe Bay. The only problem is that this section of Geographe Bay has a serious erosion problem. When I visited the Bardimia campsite yesterday we went to the edge of the dunes and saw a three-metre drop. The storms of the weekend before last eroded over three metres of sand in places. Apart from the broader issue of what is causing this erosion, the immediate issue that people want to address is what happens if the sand face were to collapse and bury young children who might be playing nearby at the time. The terrible tragedy of the cliff collapse at Cowaramup five years ago that took nine lives is still very much in people's minds. To say that this is a serious issue in Western Australia is a gross understatement. It is sad for me to say that this Government has done too little, too late. However, we must work with what is in front of us. For that reason, I offer my support for the legislation.

I ask members of the House to consider what is a community group. Essentially, it is a group of volunteers from a community. To define that further, volunteers are often seniors. The Busselton Naturalists Club, of which I have been president for 25 years, is a good example. Young adults with children often volunteer for such

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organisations as the parents and citizens associations that operate in all the schools in my electorate. Young people are often involved in groups such as scouts and guides. Overwhelmingly, they are volunteers; they are not paid employees of any group. The people who constitute a community group are not at all interested in red tape. They are primarily interested in trying to achieve the goals of whatever group they happen to be a member of. They do not want to spend half their time filling out forms, making phone calls, writing letters or waiting for things to arrive in the mail. They want to get on and do things, because they joined a naturalists club, hospital auxiliary or whatever in order to do things of mutual benefit to themselves and their community.

Volunteers in a community group are often financially constrained. Many members of the Busselton Naturalists Club are senior citizens on pensions who live in caravan parks or mobile homes. To say that they are financially well off is simply not true. Finances are a significant constraint for many of these people. For some community groups, volunteers are time constrained. Members of parents and citizens groups are mostly young adults with small children; they have many demands on their time and do not want to spend precious time away from their families stuck in an office doing paperwork and worrying about legal issues.

Nearly all members of community groups that I have met - with the exception of a few lawyers - are fearful of legal issues and the law. Many do not understand the legal consequences of negligence and, as a result, fear the possibility of being sued. I support the comments made by members of the National Party. Volunteers in smaller rural towns and communities have many pressures, one of which is the restricted catchment population from which they draw members. Many community groups are often not incorporated because there are time and financial costs in becoming incorporated.

I refer the House to the six dot points in the parliamentary secretary's second reading speech. I will go through each point individually and offer comment. The dot points describe the Government's response to the problem of public liability insurance, as enshrined in this amending Bill. The first dot point states -

insurance cover will be provided for an initial period of up to three years, subject to annual review;

I commend the Government for that; it is not an onerous or unreasonable expectation or requirement. The second dot point states -

organisations can expect to pay an annual premium no less than their most recent annual premium prior to the commencement of this legislation, including stamp duty;

As another member pointed out, many community groups are paying annual premiums for their insurance at all-time high levels. There are many examples of increases of hundreds of per cent - in some cases, over 1 000 per cent - for community groups that need public liability insurance. If the Government sets current annual premiums as the baseline that community groups will have to pay in order to obtain insurance cover, it may end up with a significant profit. That would be contrary to the intent of what this Government should be trying to achieve with community groups. Although this legislation does not specify that annual premiums will be no less than recent annual premiums, that is the Government's intention, as shown in the second reading speech. It is a misplaced goal of the Government. The third dot point states -

standard cover will be restricted to \$10 million with additional cover available for increased premium;

I commend the Government for that; I have no problem with that. The fourth dot point states -

in the case of public liability insurance, an excess per claim will generally be incorporated;

The parliamentary secretary is present tonight, but he is not listening. I hope he is able to give members some idea of what that excess might be. If, for example, my local hospital auxiliary - which to the best of my knowledge has never made an insurance claim - were told there needed to be an excess of \$1 000 for each claim, it would find that an insurance premium with such a restriction would be largely irrelevant to its needs. If the excess is more than \$50 or \$100, the Government will find that far fewer community organisations will take up the opportunity to obtain public liability insurance, because they will consider it to be largely irrelevant if the excess is too high.

The fifth dot point is probably the one that worries me the most. It states -

all organisations will be required to submit comprehensive risk management plans and report regularly to the Insurance Commission against these plans;

There are times when I wonder whether people in this place - I am looking at members on both sides of the House - live in the real world, which is outside Parliament, or are so closeted within this building that they do not know what is happening in the wider world. I have previously accused the Premier of not getting his hands dirty

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in any of the jobs he has ever done, and I wonder who has come up with this requirement that all organisations must submit comprehensive risk management plans and report regularly to the Insurance Commission of Western Australia. That is about the last thing in the world that the majority of the community groups that I am involved with want to do. They appreciate that it makes commonsense for them to apply reasonable risk management considerations to their day-to-day activities. For example, when I go out with the Busselton Naturalists Club on a 10, 15 or 20-kilometre hike, we actively discourage people from walking through bushland in thongs or with bare feet, even though one member who went in bare feet walked faster and more easily than the rest of us. Nonetheless, some commonsense should be and is always applied by community groups when subjectively assessing risk associated with their activities. However, I fear that the bureaucratic requirement to be placed on those groups to prepare, implement and report on the risk management plans will be so onerous that, once again, this unnecessary requirement will scare away a large number of community groups.

[Leave granted for the member's time to be extended.]

Mr B.K. MASTERS: Although I appreciate that consideration must be given to risk management, whoever is ultimately responsible for this legislation must be aware of the fact that, if handled incorrectly, risk management plans and regular reporting could be major impositions on community groups. As I said a few minutes ago, members of community groups do not want to be caught up in red tape by hanging on phones for long periods or waiting for forms to come in the mail so that they can fill them out and send them back. They want to go out and achieve the goals of the groups of which they are members. I fear that we are going down a path that will be so discouraging to community groups that, at the end of the day, we will strangle those groups. They will not be able to survive because of the unnecessary and excessive restrictions that will be placed on them.

The final dot of the second reading speech states -

those organisations with significantly worse claims histories than their industry peers could be excluded or be subject to higher premiums;

I do not have a problem with that.

I have tried to point out the general characteristics of community groups with which I am familiar, and what the Government will require of those groups if, at the end of the day, they seek public liability insurance from the Insurance Commission. This legislation does not cover any of those six points. Nonetheless, we must look at the fine detail. Remember, the devil is always in the detail. It will be important for the Government to get it right and make sure that it does not discourage community groups. When the Premier released a media statement on 14 August announcing that this legislation was to be introduced into Parliament, he made two points, the first being that -

“It will be a simple method of providing insurance cover to not-for-profit organisations so they can continue their valuable role in the community.

I emphasise the word “simple”. It must be simple, quick and cheap to undertake. If it is not all those things, I fear the end result will be that we will lose community groups. Unless we address the issues in time, the community will diminish and suffer as a result. The second point the Premier made was that -

“Eligible organisations will include groups such as P&Cs, surf life saving clubs, sporting clubs and cultural and arts organisations that cannot obtain insurance elsewhere.”

I am not sure exactly what is meant by the statement “organisations that cannot obtain insurance elsewhere”. I understood that any group could apply, regardless of whether it could obtain insurance elsewhere. The Premier said “groups such as”, and listed four or five. It is important that the parliamentary secretary clearly outline either the fullest possible range of groups that will be covered by this legislation, meaning those that will be able to apply for insurance cover, or the groups that will not be able to get or apply for insurance cover. That must be announced early, because if it is not, there will continue to be great uncertainty in the community of Western Australia. For example, if that announcement is not made, the Opposition will not be able to make objective comments on how this legislation could be improved or how the Government could word its regulations so that some of the problems we need to know about early rather than late could be properly dealt with. I would be grateful to the parliamentary secretary if that could be addressed.

It is important to diverge for a moment. A report in one of the weekend newspapers said that the profitability of insurance companies in Australia in this financial year had gone through the roof. One commentator said that the insurance companies had raised \$900 million in premiums from community groups, businesses and everyone else in the past 12 months. The commentator believed that the profit margin on that \$900 million would be

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between 10 and 40 per cent, which would provide a profit of between \$90 million and \$360 million. I hope this Government will use its resources to find out exactly how much money is being collected by insurance companies, and the costs and claims of insurance companies in providing that service to Western Australia and Australia. If the profit were close to the 40 per cent figure - \$360 million - I would be concerned that the community of Western Australia was being ripped off. There is no alternative way to say that politely. If it were closer to the 10 per cent figure, which to me seems fair and reasonable, it would not be of great concern.

I understand that later this week or next week we will debate the Civil Liability Bill 2002. Placing a cap on economic loss equal to three times the amount of gross weekly earnings may seem like a relatively small amount of money; not enough to cause anybody a great deal of concern. However, gross weekly earnings for an average Australian is in the order of \$600, or about \$30 000 a year. Three times that is \$90 000 a year. A young person aged 20 who seeks compensation for economic loss for a 40-year period might therefore be seeking a payment of \$3.6 million. This is a huge amount of money, and I am not sure if the Government has this figure right. Maybe it needs to do a little more work on that.

The Government is setting a new threshold for general damages for pain or suffering of \$12 000. I believe that figure is too low, and I again point to something I read in the Press in the last couple of weeks. It appears that in most claims against supermarkets and other shops by people who trip or fall in the aisles, the level of settlement is \$12 000 to \$15 000. The injured person, and the insurance company representing the supermarket chain, both go away happy. There seems to be a lucrative arrangement going on whereby certain people make claims against supermarkets in the knowledge that as long as they make a reasonable claim, whether or not the pain and suffering is as severe as they make out, or whether the accident was due to their own actions or resulted from the supermarket's actions, there is a very high likelihood that they will get a payment from the insurance company representing the supermarket of \$12 000 to \$15 000. If this is multiplied by many hundreds of claims each year, it can be seen why supermarkets are having a difficult time.

I support this Bill. More effort is needed from this Government to make sure that the broader community is adequately protected in the matter of public liability insurance. Far better coordination is needed throughout the whole country. There should not be seven different state and territory models as well as a federal model, all of which are potentially in conflict. I call on the Government to get serious about talking to the other States and Territories and the federal Government, to see what coordination can take place. I also call on the Government to listen to the community. Until people making the decisions enshrined in this legislation really understand what is happening in the broader community, what a community organisation is, and who comprises the membership of such organisations, we will be missing the point of many of these legislative changes. They are designed to protect the community, but in many cases they will fail to do so or may even be antagonistic towards those community groups.

MR D.A. TEMPLEMAN (Mandurah) [8.04 pm]: This is a very important Bill, and is part of a raft of initiatives dealing with a very important and concerning issue for many communities throughout this State and the whole country. I am the chairman of the volunteering reference group, which has been undertaking a wide-ranging consultation throughout the State, including a number of visits to regional centres. It is very clear to me that the insurance issue is of very great concern to the people we have spoken to in that consultation process.

I want to take up the point made by the member for Vasse about risk management. One of things that is particularly important about this legislation, and the whole issue of volunteering, is that it is important for community organisations that utilise the services of volunteers to acknowledge that there are many things they need to do in their own organisational procedures. Undertaking a review of their risk management practices, examining the kinds of things they do and acknowledging the need for a plan is an important responsibility. It is important for both the members of the organisation and those in the community who may become involved in the activities of that organisation. I take the point that people and organisations want as little red tape as possible, but one of the things this issue has highlighted is that individuals and organisations need to acknowledge that they must do things to minimise risk. That is the intent of the relevant clause in the Bill. It is an important element of this legislation. The member for Vasse mentioned that community volunteer organisations do not want onerous requirements placed upon them. However, they still have a responsibility for measures such as risk management practices. In the consultation in which I was involved in Dowerin last Friday, Councillor Jan Trenorden of the Wyalkatchem Shire Council raised this very point. Governments have a legislative responsibility, but responsibilities also lie with individuals in the communities. If that means having to minimise risks, that should be done.

I commend this Bill to the House. It is part of a range of measures designed to deal with the vexing question of public liability concerns in our community. This, and a number of other measures that the Gallop Government

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has already introduced into this House, will continue to seek to address a number of the issues. Obviously, it is a national, state and local responsibility, but this Bill certainly deserves strong support from this House, as does the other Bill, which the House will debate next week. This will go a long way towards ensuring that those people who are very valuable in our community - those who volunteer their time, energy and commitment - are protected, and that the interests of their community are protected.

MR M. McGOWAN (Rockingham - Parliamentary Secretary) [8.09 pm]: I thank all members for their contributions on this Bill, and for their constructiveness on the important issues at hand. I am very fortunate to be responding, because the Minister for State Development just quite negligently poured water all over my notes. I am considering consulting my lawyers about that. However, I will leave that for later consideration.

The Government appreciates the support of the Liberal Party, the National Party and the Independents. We would like to progress this legislation, and the other Bill that we have planned as part of this tranche of reforms, through this House as soon as we possibly can. I think all members agree with the statement made by many members that this is a significant issue for the wider community. I look forward to working constructively with the Opposition on this matter.

This Bill is unique across Australia. No other State has put in place a regime such as this to deal with this important issue. Obviously other States are putting in place reforms to negligence laws, as we are; and shortly we will have the second reading of the Civil Liability Bill. However, the Insurance Commission of Western Australia is unique to Western Australia, and we are fortunate that we have the capacity, unlike the other States, to bring in these sorts of reforms to address the concerns of community groups.

A lot of members have spoken about the context of this Bill. I will give a brief outline of the context. Negligence law has been recognised as a major national issue. So far as I can determine, negligence law has been developing throughout common law countries for the past 300 years. However, the situation has become increasingly serious over the past 10 years, as identified by the Trowbridge report. In the past 11 years since 1991, the increase in payouts and premiums across Australia has been in excess of the inflation rate. Those developments have had an impact on the insurance premiums for community organisations and businesses, and on the likelihood of insurers continuing to provide insurance for various groups and organisations. It is not easy to amend negligence law; 300 years of common law development cannot be changed at the stroke of a pen.

All the Australian Governments came together at the start of this year to deal with this issue. A Council of Australian Governments meeting was held in February, and another meeting was held in March or April. The agreements that were formulated at those conferences to provide for some changes to the negligence law were timely. All the State Governments and the Commonwealth Government have acted fairly quickly during the past six months to come up with this range of reforms.

The Insurance Commission of Western Australia Amendment Bill is unique to Western Australia. The Civil Liability Bill is similar to Bills that are being introduced in other States. We have an advance on most States. New South Wales put its laws through its Parliament very quickly; however, New South Wales had the biggest problem to fix. We expect a COAG meeting to be held next month on the first volume of the reforms proposed by Justice Ipp, and that will be the subject of further debate in this Parliament and the wider community. Justice Ipp is to bring down a second volume of proposals on negligence law, and that will also be the subject of further debate throughout the wider community. It has been said that Western Australia has been slow in implementing reforms. I do not accept that. New South Wales has acted fairly quickly, but some of the reforms in New South Wales are already in place in this State, so in some respects it is just catching up with the position in Western Australia.

This Bill is designed to cover not-for-profit associations incorporated under the Associations Incorporation Act or registered under some sections of the Corporations Act of the Commonwealth. It contains some fairly strict requirements about which organisations can receive coverage, and it provides that the Treasurer shall have final approval of which organisations are able to receive insurance coverage under this Bill. As requested by the Deputy Leader of the Opposition, I have provided a draft of the guidelines that are intended to be put in place to guide agencies in the provision of insurance to not-for-profit associations in the wider community. I have also provided those draft guidelines to the Leader of the National Party, and I am happy to provide them to anyone else who requests them. These guidelines are fairly sensible and are an attempt to protect the taxpayers of Western Australia.

The Deputy Leader of the Opposition asked why Western Australia was not putting in place some provision for risk management, as are the other States. I inform the Deputy Leader of the Opposition that it is. Various government departments have now put in place risk management training for community organisations and small

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business. The Small Business Development Corporation is able to assist in this regard. The Department of Sport and Recreation has made available significant packages - I have one with me - that provide resources, workshops and other forms of assistance to sporting and recreational associations throughout the State with regard to risk management. The sporting and recreational associations throughout this State are probably the ones that are most concerned about this issue, and the Department of Sport and Recreation has done a lot of work to make this material available to them.

The Deputy Leader of the Opposition asked why a comprehensive survey had not been done of the views of community organisations. It is evident that community organisations across the State are concerned about this issue, and all members in this place claim to have had concerns raised with them about this matter. Therefore, the Government did not think it was necessary to delay proceeding further on this matter by taking that course of action. Were we to wait until that work was compiled and expenses were incurred, we might not be able to debate this matter until next year. I have a folder of correspondence from organisations and various sporting groups that have expressed concerns on this matter, which is probably enough evidence to support the need for this legislation.

The Deputy Leader of the Opposition also asked what criteria would be used to determine which organisations would be eligible for coverage. The criteria are laid out in the information I provided to him. Like any other organisation, the Government is not in the business of providing insurance on a non-sustainable or non-commercial basis. The Opposition would attack the Government if it were to provide insurance in the market which undercut private insurers to any substantial degree or which put at risk taxpayers' funds. The Government has prepared a range of guidelines for applicant organisations. They include a description of the applicant's risk management strategy, financial profile, structure, connection to government and the nature of its services and community benefits, and whether it can afford insurance on the commercial market. Those guidelines are necessary to ensure that we do not put government funds at risk. All State Governments have withdrawn from selling public liability insurance because they do not want to put at risk taxpayers' money. This legislation will implement a regime to cover community organisations that cannot afford insurance cover. It is aimed at organisations that perform valuable community services or services that the Government would have to provide if the organisations were not in place. The regime is aimed at protecting members of the community without risking community and taxpayer funds in a speculative fashion. We do not think taxpayers would want that.

The Deputy Leader of the Opposition said that the legislation should apply also to small business. The Government has the view that this Bill should not cover small business. It will cover community organisations in the circumstances I just mentioned.

Mr D.F. Barron-Sullivan: I asked why you were not providing them with some sort of concrete assistance.

Mr M. McGOWAN: I wrote down what the Deputy Leader of the Opposition said. I do not want to be too aggressive, but he said it should apply to small business. We will debate the Civil Liability Bill next week, which I presume the Opposition will support. It will ensure that the insurance market is much more viable and stable, which will encourage insurance companies back into the marketplace. It will also ensure that competition returns to the marketplace and that insurers cover areas that they have abandoned. That will assist small business. As I said, the Small Business Development Corporation is in a position to assist small businesses and is developing a risk management program. We are yet to consider the recommendations of the first part of the Ipp report, which encourages small businesses to reduce their premiums.

The Government feels that at this stage it is not necessary to cover small business in this Bill. As I said, this legislation reflects an ongoing process of reform across Australia. We will wait to see what happens. Who knows what Governments throughout Australia will decide at the end of that period? They may decide to return to the insurance industry, although I doubt that. If all these reforms are fruitless, who knows what will happen to public liability insurance throughout Australia? We must allow time for these reforms to take effect. We do not believe in putting taxpayers' funds at risk by insuring businesses in that way. At this stage, that is the role of private enterprise. I expect the Opposition to support the Government on this issue. I firmly believe that representative small business organisations and the Western Australian Chamber of Commerce and Industry do not want taxpayers' funds put at risk for the sake of insuring businesses against public liability claims. The Small Business Development Corporation is working, as is the Government, to provide assistance to businesses so that they can join self-insurance schemes or buy cheaper insurance for their members through a representative body.

The member for South Perth indicated that the South Perth Community Hospital was under threat due to problems with insurance cover. I cannot give the member for South Perth assurance that that hospital will be

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insured under this scheme. However, if it meets the guidelines, the Treasurer will be well disposed towards determining that it is eligible. I will provide the member with a copy of the guidelines. They include a description of the organisation's risk management practices, its financial profile and its structure and whether it provides services that are of assistance and are analogous to government services. An organisation such as the South Perth Community Hospital will probably fit that profile. It is the type of organisation the Government is seeking to assist with this legislation. However, I cannot give the member a definitive answer until it goes through the application and assessment process.

The member for Merredin referred to the Muresk bachelors and spinsters ball and asked whether it would be eligible under this scheme. Again, I cannot give the member a definitive answer because that organisation must go through the application and assessment process contained in the guidelines that I gave to him earlier. I am not as confident that the Muresk agricultural B & S ball would be eligible for government insurance as I am that the community hospital referred to by the member for South Perth would be. I am not sure whether the Government should be in the business of insuring B & S. balls. However, it could go through the process of application and assessment as laid down by the Bill. I have attended B & S balls and I know what goes on at them. I am not sure whether the Government should condone that type of thing.

Mr B.J. Grylls: Did you inhale?

Mr M. McGOWAN: I nearly expired at one of them!

Mr D.A. Templeman: Which one did you go to?

Mr M. McGOWAN: That is a well-kept secret.

The member for Merredin suggested that the premiums applicable to community groups under this scheme might be quite high. An assessment process will be undertaken that will involve the agency to which the organisation is aligned. The agency will be examined under the criteria I have mentioned. If the agency meets those criteria, the application will be taken to the Insurance Commission of Western Australia. If the Insurance Commission considers that the application meets the criteria, the Treasurer will decide whether it should be agreed to. For that process to work, the premium must be sustainable.

The premium put in place will have to take account of market conditions. Obviously, if there have been exorbitant rises over the past 12 months - which has happened; some organisations have had a 1 000 per cent increase in their premiums - we might take account of the most recent premium and the premium before that and set a benchmark somewhere in the middle. If the most recent premium is quite reasonable and the next bill that an agency brings to the Treasurer has increased, we might take account of the last premium. That is how we will assess premiums.

The member for Vasse said that he did not think there should be excesses. Insurance policies contain excesses for very sound reasons. People who have any form of insurance want other people to be well behaved; they want people to act responsibly. The excess ensures that people act responsibly. If people suffer no consequences because their insurer meets the cost, some people might act irresponsibly. However, if an excess policy exists, an irresponsible person or organisation that has taken out the premium suffers the consequence. Excesses, and how much they might cost, must be judged on their merits. Every insurer does that and we do not want to put taxpayers' money at risk in a non-viable or non-sustainable fashion.

Mr M.J. Birney: I was not here earlier and you might have already touched on this subject. Your second reading speech says that the organisations should not expect a premium less than the premium they paid in the previous year. Is that the case?

Mr M. McGOWAN: I will elaborate on that point. In my second reading speech I referred to premiums that organisations can expect to pay. The most recent premium might be quite high, because premiums have increased a lot for some organisations. They might have jumped between 30 and 1 000 per cent. The most recent premium might be high or it might be quite reasonable. An organisation might bring a bill to the Government - it might be an oncoming bill that has not been met - and ask us to assist it under this scheme. The Treasurer and the Insurance Commission might work out a rate that is somewhere in the middle of the last premium and the current premium. The words I used in my second reading speech were "can expect".

Mr D.F. Barron-Sullivan: Could the premium be higher than the bill they are paying now?

Mr M. McGOWAN: It will most probably be at the same rate they are currently paying, if it is reasonable. If the new bill is much higher, we might take it at the rate of the last bill or an amount that is between the current amount and the previous amount. We will not put taxpayers' funds at risk. I am trying to be helpful. I cannot

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tell members exactly what premiums will be for specific organisations. I cannot tell the member for Mitchell what the Bunbury surf club would pay. These matters will have to be determined by the Insurance Commission on a sustainable basis, because we do not want to risk taxpayers' funds.

Mr M.J. Birney: I am not sure whether you understood what I said before. Is the statement you made in your second reading speech correct or not? I think you said that organisations could not expect to pay less than the bill they received in the previous year prior to this legislation being passed. Do you stand by that statement, or was that a mistake?

Mr M. McGOWAN: I said "can expect to pay", which is not a definitive statement. I will be perfectly honest with members. The Government and I do not want to hold out a false hope to organisations that somehow they will get premiums that are very low and that the Government will subsidise them. Having regard to the Liberal Party's professed philosophy, I would have thought that it would not want us to put taxpayers' funds at risk. I am sure that members opposite want us to ensure that we put in place sustainable premiums for the taxpayers.

Mr M.J. Birney: You said that organisations can expect to pay an annual premium no less than their most recent annual premium prior to the commencement of this legislation. That means that if an organisation had a bill last year that was through the roof, they should expect to pay no less than the bill when it was through the roof.

Mr B.J. Grylls: Just before you answer, if an organisation could expect to pay no less than that premium, why would it go to the state agency when it could just stay with the private body? The only incentive to go to the state insurance agency is if the organisations can pay less.

Mr M. McGOWAN: I thank the members for their contributions. However, I think they are reading too much into it. We do not want to hold out false hope for any community organisations that there will be a dreamy premium that is a lot less than the commercial rate. The Government cannot do that, and members opposite would acknowledge that. The Government will not be in a position to subsidise people's premiums.

Mr M.J. Birney: Then why are you doing this?

Mr M. McGOWAN: We are putting in place an insurance scheme that will help a range of organisations that perform valuable community functions. Later, I will give general directions as to what they might be, although some organisations do not want to be named. We will try to put in place a scheme that ensures that those organisations that perform a valuable community role and cannot get insurance can get an assessment from the Insurance Commission and, if they meet the criteria, get a policy. We may well consider organisations whose premiums last year were not excessive and whose premiums this year are a lot higher. In those cases we might take a figure in between those two figures.

Mr M.J. Birney: The statement, therefore, is not correct?

Mr M. McGOWAN: The member for Kalgoorlie can pick at words all he likes; I am explaining the situation. I thought all members would agree that this is a good scheme. We are the only State Government putting in place such a scheme.

Mr M.J. Birney: Seriously, that second dot point is a very clear statement. It states -
organisations can expect to pay an annual premium no less than their most recent annual premium . . .

Mr M. McGOWAN: I cannot explain it again to the member for Kalgoorlie. As I said, I do not want to give false hope to community groups who may run around thinking they can get a cutthroat, great deal from the Government way under a commercial premium. The member for Kalgoorlie may want to risk taxpayers' funds; we do not want to do that. We want to provide a reasonable rate on a commercial basis to community groups that cannot get insurance elsewhere. The words quoted by the member for Kalgoorlie were "can expect". An organisation's annual premium may well be less, it may well be more. Organisations can expect to pay a rate that may be equal to their last premium. That is a fairly straightforward -

Mr M.J. Birney: Why would they swap?

Mr M. McGOWAN: Their premiums may increase a lot.

Mr M.J. Birney: If they already have a high premium with their existing insurance company and you say that you will offer them the same premium, why would they go over to you?

Mr M. McGOWAN: They may come to us with a bill for a premium that is five times higher than their last bill. Does that make sense to the member for Kalgoorlie?

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Mr D.F. Barron-Sullivan: You are saying you do not want to put taxpayers' money at risk; you want to run it on a sustainable basis.

Mr M. McGOWAN: Yes.

Mr D.F. Barron-Sullivan: Perhaps you can explain the difference between that approach and the approach your Government is taking with building indemnity insurance. It has put taxpayers' money at risk by providing an indemnity to three of the biggest builders in this State.

Mr M. McGOWAN: I am trying not to be political in this debate. I want to get the Bill passed. The Deputy Leader of the Opposition can raise that issue another time.

The member for Murdoch said that he was concerned about medical insurance - that the Bill will cap public liability insurance at \$10 million and that therefore there will be a cap on medical payouts. We are putting in place insurance policies that will provide an upper payout limit of \$10 million; it is not a cap on medical insurance. It means that the Insurance Commission of Western Australia will cover an organisation up to \$10 million; it may be more or it may be less. That figure is not set exactly but we expect it will be in the vicinity of \$10 million for most groups. Naturally, the coverage figure may increase or decrease depending on the level of risk for a particular organisation. Some organisations may need more coverage that would attract a higher premium, which is the reason for the cap of \$10 million.

The Leader of the National Party, who has a great deal of knowledge of insurance, misunderstands the scheme. He thinks that the Government is setting up a general public liability insurer and that it is not a risky business; we disagree. We will implement a range of reforms to try to encourage private industry to undertake public liability insurance. The scheme in this Bill covers community groups.

The member for Churchlands was concerned about surf lifesaving clubs. I expect a surf lifesaving club would be a good candidate for coverage under this scheme. However, we prefer that organisations try to get insurance on the private market. Many organisations would prefer to do that. If they have difficulty with that, we may assist them with shopping around for coverage. If they still cannot get insurance, this scheme may become available to them if they meet the criteria. However, we prefer that groups get insurance on the private insurance market if they can. Surf Life Saving WA is a case in point. Under these provisions, we are considering some other organisations; for instance, organisations analogous to schools, hospitals and some other organisations that assist with community health.

The member for Churchlands raised the issue of stamp duty. We do not intend to discontinue stamp duty on premiums. By ensuring that stamp duty is applied, the scheme will be revenue neutral to government in that groups that get insurance on the private market pay stamp duty. The scheme will not be competitively neutral if stamp duty payments are not made on premiums, and that may create competition policy difficulties with the scheme.

The member for Vasse complained that a group should not have to effect a comprehensive risk management plan. We believe groups should have comprehensive risk management plans. There are often reasons that groups cannot get insurance on the private market, and comprehensive risk management plans are necessary to protect the taxpayers' interests in this matter.

The reasons that the Government is putting in place this scheme are plain. The scheme is designed to ensure that community groups that perform a role analogous to government, or a role assessed to be in the public interest that meets all of the criteria of risk management with a sound financial position and so forth, are able to apply for this insurance. The Government will not risk taxpayers' money, but it will adopt a scheme that will assist a range of groups to obtain insurance at a rate that is less than the current exorbitant rates and groups that cannot get insurance.

Question put and passed.

Bill read a second time.

Consideration in Detail

Clause 1: Short title -

Mr D.F. BARRON-SULLIVAN: Will the parliamentary secretary explain why he is handling this legislation, and not the Premier, who is the spokesman in this House for the Minister for Government Enterprises?

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Mr M. McGOWAN: The Legislative Assembly will soon be debating the Civil Liability Bill 2002, which, given that he attended a Council of Australian Governments meeting in Canberra, has been the responsibility of the Premier. However, because that Bill is related to the Insurance Commission of Western Australia Amendment Bill 2002, which I am handling on behalf of the Premier, the Government decided that I should deal with both Bills.

Mr D.F. Barron-Sullivan: Why is the Premier not handling the matter?

Mr M. McGOWAN: As the member for Mitchell is aware, it is accepted practice for parliamentary secretaries to handle a Bill on behalf of their minister. The Bills are obviously very time consuming, and, given that I have been briefed on all of the matters relating to the Bills, it seemed reasonable that I handle both Bills, particularly given that this was agreed to by both sides of the House. Did the member for Mitchell handle any Bills on behalf of the previous Government?

Mr D.F. Barron-Sullivan: I honestly cannot remember; however, I admire you for answering the question.

Mr M. McGOWAN: I recall that parliamentary secretaries in the previous government, including the member for Mitchell, handled Bills on behalf of their ministers.

Mr D.F. Barron-Sullivan: My minister was in the other House.

Mr M. McGOWAN: That is a good point. However, given that I have a law degree, and given that the civil liability legislation relates to negligence law, the Government thought it appropriate that I handle the Bills.

Clause put and passed.

Clause 2: Commencement -

Mr D.F. BARRON-SULLIVAN: Will the parliamentary secretary indicate the organisations that already have risk cover arrangements and outline the details of such arrangements?

Mr M. McGOWAN: The Government is happy to provide the member with a list of the organisations. However, the ones that come to mind include the Police and Citizens Youth Centre, the Blue Light Association of WA (Inc) and the needle exchange program. The type of guidelines to which I referred earlier also apply. Organisations must prove their viability, and their risk management strategies must be in place before they receive coverage from taxpayers' money.

Mr D.F. BARRON-SULLIVAN: Given the sense of urgency and the Government's draft guidelines, it seems as though the Government has given the Bill its highest priority. Will the parliamentary secretary assure the House that the Bill will be listed for immediate consideration in the upper House? In other words, will the legislation be put at the top of the Notice Paper in the Legislative Council, rather than left to languish?

Mr M. McGOWAN: I advise the Deputy Leader of the Opposition that if he allows the passage of the Bill immediately, the Government will ensure that it receives top priority in the upper House. This is an important matter and the Government would like to see the Bill progress through Parliament as soon as possible so that it can receive assent and be brought into operation by the Insurance Commission of Western Australia.

Clause put and passed.

Clause 3 put and passed.

Clause 4: Section 3 amended -

Mr M.W. TRENORDEN: I refer the parliamentary secretary to the definitions on page 5 of the "Proposed Amendments to ICWA Act 1986", which states -

A multi-step process similar to the following, will be implemented to determine "eligible community organisations"

We seem to have forgotten that we have to pay insurance notices within a month. The proposed process will not allow consideration by a government agency for at least two years. It is a ridiculous process. I challenge any agency owner in Western Australia to get that process through in 30 days.

Mr D.F. BARRON-SULLIVAN: It is appropriate at this stage to consider the draft guidelines. This clause deals with the definition of "eligible community organisation". The explanatory memorandum states that a multistep process will be implemented to determine eligible community organisations; that is, whether the definition applies. This is the appropriate time to consider some of the detail of the draft criteria. The parliamentary

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secretary indicated previously that the draft criteria will be finalised soon. Does he have some idea when it might be? I do not want to send this out to any community organisation until it is final. I note that the parliamentary secretary indicated to the member for South Perth that he could send it out, but he would rather not.

Mr M. McGowan: The guidelines will be finalised when the Bill receives assent. There are delays in the upper House. I want to be honest with members and give the guidelines that we currently have. They are not set in stone. There may be amendments between now and when the Bill goes through the upper House. I wanted to make clear that the guidelines are a draft. If there are amendments, the guidelines will be amended as required.

Mr D.F. BARRON-SULLIVAN: The guidelines state that agency chief executive officers should exercise some degree of control or influence over eligible organisations' operations and risk management practices so that the State is not unnecessarily exposed to increased risk. What expertise would chief executive officers of each government agency have in this area? This area is particularly complex, especially with risk management. The parliamentary secretary mentioned earlier that some departments are providing advice. I am unsure whether they are providing it themselves or obtaining it externally. The chief executive officers will have responsibility for risk management and a fairly complex insurance assessment process. I need to understand why the chief executive officers of agencies will have to shoulder the responsibility rather than use the Insurance Commission of Western Australia.

Mr M. McGOWAN: A chief executive officer of a department or agency may have some knowledge of a community group and may be able to provide an initial assessment of a group. The Insurance Commission of Western Australia can assist agencies in that respect. I am assured that the Insurance Commission will be available to provide such assistance to individual agencies and chief executive officers. The Government is putting in place a three-stage level of assessment: the agency level, the Insurance Commission of Western Australia and the Treasurer. It is to ensure that we do not risk public funds. I am sure all members support public funds not being put at risk.

Mr D.F. Barron-Sullivan: Why do we need three levels? It is not as if chief executive officers do not already have enough to do. A lot of them do not have expertise in risk management or insurance assessment.

Mr M. McGOWAN: A lot of the organisations are already carrying out activities analogous to government. They often carry out operations on behalf of government; activities that are intertwined with the agencies in question. As a consequence, the chief executive officers have a role to play in assessing organisations. They often have internal knowledge of such organisations. It is part of the Government's risk management strategy.

Mr D.F. BARRON-SULLIVAN: I will give an example. Surf Life Saving Western Australia is a massive organisation. It performs a number of functions around the State. I presume that the chief executive officer of the Ministry of Sport and Recreation would end up doing the initial assessment for that organisation. That would be a huge burden to place on the chief executive officer of that ministry unless he is well versed in insurance assessment. Alternatively, it may be a very cursory assessment. If that is the case, why have that level; why not go straight to the Insurance Commission?

Mr M. McGOWAN: It may well be that chief executive officers and agencies have a lot of knowledge of the organisation in question. It may well be a filtering process for organisations that are unable to obtain insurance. That may be for very good reasons; the organisation may have no risk management practices, a history of a high rate of claims or irresponsible internal activities. We need a streamlined process to ensure that organisations are assessed properly. The Insurance Commission of Western Australia is available to provide advice to agencies and chief executive officers. If the Insurance Commission were not involved, I might agree with the member. However, the Insurance Commission is there to provide advice to agencies and chief executive officers. It is a fair process.

Dr J.M. WOOLLARD: Will the parliamentary secretary table the list of eligible community organisations that have been identified by the Treasurer to date?

Mr M. McGOWAN: I am happy to provide the member with the same list that I have provided to the Deputy Leader of the Opposition. It includes the PCYC centres, the Blue Light Association of WA and a range of others. I am happy to provide that information.

Dr J.M. WOOLLARD: Will the parliamentary secretary table tonight the eligible community organisations that have been identified by the Treasurer to date?

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Mrs C.L. EDWARDES: It is very important for the House to be given that information. We identified earlier that there is a lack of data being provided for us, as decision makers, to be sure that what we do will provide some assistance to community organisations. The parliamentary secretary has already said that there has been no survey of community organisations. If any work is being done it is absolutely critical that the Parliament be provided with copies. It is not enough to just hand copies to the Deputy Leader of the Opposition or the member for Alfred Cove.

Mr M. McGOWAN: I thank members for their questions. Members have asked for a list of identified organisations. The Government has not identified a list of eligible organisations at this stage, but pages of criteria are available and will be used. The Government did not want to identify organisations and place them in the Bill, because that would have been inappropriate. Criteria have been identified. If organisations wish to apply under the scheme, they will be eligible subject to the criteria. The scheme will sort out which organisations are eligible to join through the process I mentioned. As I said during the second reading debate, an ideal example is that of surf life saving clubs. They perform a role that the Government might otherwise have to carry out. It is a great community function. I understand that those clubs have had some difficulties in obtaining public liability insurance. I do not have a list at this stage. Once the scheme is in place and the criteria are met, I expect that a list of the various organisations will be available for members. I understand that various agencies are collecting information from community groups on this issue. As I said earlier, the Department of Sport and Recreation is working hard on these matters and is providing assistance on risk management. It is also obtaining details of organisations, sporting groups and recreational associations that may at some stage wish to apply once this scheme is up and running.

Dr J.M. WOOLLARD: My concern is that although the parliamentary secretary said that the criteria are in place, many people might think that there will be some bias in how groups are selected. Before the last election, the Government said that it was going to listen to the community. Duncraig House was on the table to be kept as a community asset, but was suddenly identified to be sold. It was a broken promise. What is to stop this from being another broken promise?

Mr D.A. Templeman interjected.

Dr J.M. WOOLLARD: Duncraig House is to be sold to someone. It will not be kept as a community asset. It has not been saved. The Government has broken a promise. It is not listening to the community.

Mr D.A. Templeman interjected.

Dr J.M. WOOLLARD: Someone interjected, Mr Speaker, and I merely answered. I believe the community has a right to know who these groups are and exactly what is the promise that the Government is making.

Mr D.F. BARRON-SULLIVAN: The member for Alfred Cove has touched on an important concern about these criteria. It is something that I was going to lead to - it was to be my seventeenth question on this matter, but I will jump to it straightaway. The matter relates to the role of chief executive officers and so on. These criteria open things up to a degree of subjectivity. I draw the attention of the House to the criterion under the heading "Nature of the services" in the document headed "Joint Department of Treasury and Finance and Insurance Commission of WA Guidelines for Admission to Community Fund", which states -

Are the services under consideration essential or desirable in the public interest?

It also mentions other criteria that would clearly give carte blanche to the government organisation that was undertaking the initial assessment to decide whether to send it to the next stage. If there were some tension between the government agency and the community organisation being considered, whether it is in community development, sport and recreation or whatever, that community organisation might not receive the treatment that it should. I am concerned that there is scope in the criteria for enormous subjectivity. It does not look scientific enough. I would have every confidence in the Insurance Commission of Western Australia assessing an application, because it would do so on a commercial and objective basis. However, we are talking about government agencies, some of which are very small. It is hard to believe that the CEOs of those agencies will have expertise in insurance assessment or risk management program development. I have provided one criterion of when a CEO must decide whether a particular service is essential or desirable in the public interest, whatever that means.

Mr M. McGOWAN: I thank the members for Mitchell and Alfred Cove. Government agencies make decisions every day on providing funding to and assisting community organisations. If a person has a complaint about the process followed by government agencies, he can take that complaint to an agency, which I cannot name, or the Police Force. For the member for Mitchell to say that he thinks CEOs will be biased shows a lack of confidence

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in our public servants, and most members of this House would not agree with that. He has said that the Government is doing something evil and wrong. These guidelines were produced by the Department of Treasury and Finance and the Insurance Commission of Western Australia - two highly respected organisations. It is not reasonable to argue that they would somehow put in place guidelines that would promote bias. These criteria are similar to those that are often put in place for the provision of grants.

If members are suggesting that the Government should outline which groups should receive coverage under this scheme, why not start naming them now? We could include the Kalgoorlie branch of the Liberal Party, the friends of Duncraig House association and a range of community groups. We could include them in the legislation now. If that is what members opposite are suggesting, they can move an amendment to that effect. The Government is saying that there should be a proper process of assessment. These things should not be put in the legislation at this time, because that would not be the right way to go about this process.

Mr B.J. GRYLLS: I move -

Page 2, line 22 - To insert after "Commonwealth" the following -

; or

(d) an unincorporated group with a collection of monies less than \$10 000

The National Party is on the record as saying during debate on the Volunteer Protection Bill that it wants public liability support provided to all groups and not just incorporated groups. This amendment will bring in line the small groups in country towns and the metropolitan area that are not covered by clause 4. I thank the member for Mandurah for mentioning Jan Trenorden from Wyalkatchem.

Mr M.W. Trenorden interjected.

Mr B.J. GRYLLS: She is a lovely lady. I have spoken to her extensively on this issue. One of Wyalkatchem's greatest issues at the moment is that cake stalls on shire property have been banned because of advice the shire received from its reinsurers that cake stalls could not be covered. Most cake stalls are run by small groups that come together to raise money for one-off occasions. If unincorporated groups are not covered, cake stalls will be a thing of the past. I would like to hear the parliamentary secretary address the fact that this Bill does not cover unincorporated bodies.

Mr M. McGOWAN: I have some sympathy for the argument put by the member for Merredin. All members have unincorporated associations in their constituencies, to which they are sympathetic. The reason the Government has put in place a requirement that organisations be incorporated through the Associations Incorporation Act or other mechanisms under the Corporations Act is that incorporation provides some safeguards. The member for Kingsley will no doubt remember from her study of company law that certain requirements are placed on incorporated associations under the Associations Incorporation Act. Associations are required to have articles of association, a constitution and certain designated officer bearers. They are required to follow certain practices, and some of them are required to prepare an annual return. They are not able to distribute the profits of their association to the members, in the manner of a business, and there are also certain requirements placed on them in the event that they are wound up. The assets must be distributed to a like organisation, and not shared amongst the members as a windfall. The Associations Incorporation Act places requirements on organisations. Incorporation under the Act is a very cheap process. The cost of incorporation is \$80.

Mr B.K. Masters: There is also the cost of advertising in a local paper.

Mr M. McGOWAN: Let us say that the total cost of incorporating an association is \$100. Someone organising a cake stall may wish to join that cake stall into an incorporated organisation with which he or she is aligned. The cake stall may be associated with the hospital auxiliary, which may be incorporated. These are very reasonable requirements to place on a community organisation. The total cost of incorporation is \$100.

A whole range of organisations in the community are not incorporated, and do not have these requirements. The Government does not - and I am sure that the Opposition also does not - want to place taxpayers' funds at risk in that way. Many organisations do not have all these reporting requirements. There is no requirement for an unincorporated association to not distribute its funds amongst its members. There is no law saying that, if such an organisation is wound up, its funds must be provided to a like-minded organisation; such an organisation can wind up and distribute its funds amongst its members. The Government is merely saying that a \$100 fee is not an onerous obligation; it is an appropriate and proper safeguard in this matter.

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Mr M.J. BIRNEY: I support the amendment. I am somewhat astounded at the comments of the parliamentary secretary. He says that the Government will only offer eligibility to organisations that are incorporated. He went on to say that organisations need a constitution, duly elected office bearers and a whole raft of other rather interesting requirements. It does happen from time to time, particularly in country areas, that groups of people simply get together to hold a particular event. It may well be a one-off event, but one that is nonetheless beneficial to the community. There should be no requirement for such a loose alliance of people to get together and write out a constitution. Given the situation described by the member for Merredin of a few ladies holding a cake stall, what would they put in a constitution? What would they write? How long would the constitution be? How big a fight would there be over who would be the president of the cake stall, and who would be the vice president?

What the parliamentary secretary is putting to the House is quite ridiculous. We are talking here about cover for some of these one-off occasions that are of immense benefit to the community. Many of them are not particularly huge fundraising events. They may raise a couple of hundred dollars for a local organisation, and those funds are then distributed accordingly. The parliamentary secretary continues to say that he does not wish to put taxpayers' money at risk. While none of us would want to put taxpayers' money at risk, I do not agree with the wording being used, because the inference can be drawn from that statement that this fund will be of no benefit to taxpayers whatsoever. To use the terminology of the parliamentary secretary, it will not put taxpayers' money at risk. The second reading speech states -

The Insurance Commission will then determine an appropriate commercial insurance premium . . .

I take that to mean that taxpayers' money will not be put at risk. From time to time the Government needs to prioritise the money it has available. On this occasion it has to be said that this event is worth supporting with taxpayers' funds. Exactly how the Government goes about doing that would be the subject of some deliberation. However, if this fund does not provide a discount to community organisations for their public liability insurance, it will be absolutely and utterly useless.

Mr B.K. MASTERS: In my contribution to the second reading debate, I mentioned that I had been involved in assisting a number of community groups to become incorporated. I have done that more often than the parliamentary secretary has had Christmas dinners. I point out to him one small error in his summation of what incorporation entails. There is no requirement for annual reporting back to the Department of Consumer and Employment Protection. He has made one serious omission in saying that becoming incorporated is only a minor inconvenience. In fact, it is a process taking two to four months. Whether it is the Busselton District Hospital Auxiliary Inc, Birth Choices South West Inc, or any of the other groups I have assisted over the years, they first of all had to put together a draft constitution, which then had to go to their members. The members had to report back, and then the draft constitution had to go to the Department of Consumer and Employment Protection for vetting. The advertising then had to occur, and then after the organisation was incorporated, the first annual general meeting had to be held, at which the full board membership was organised, and so on. The total cost was about \$150, and the time involved anything from an absolute minimum of two months right up to six or eight months. The issue is that while we may be able to justify putting Birth Choices South West Inc through that process, that cannot be said for the cake stall that the member for Merredin talked about, where maybe half a dozen or a dozen volunteers may be involved in baking cakes for a good cause twice a year, or for a one-off occasion. Supposing Slim Dusty comes to town, for example, and a group decides to have a cake stall and raise some funds for some cause. First of all, to go out and get incorporated at short notice is impossible. Secondly, why would they go to the trouble of becoming incorporated when it is to be a one-off or two-off event?

This amendment proposed by the member for Merredin has a lot of merit. The parliamentary secretary needs to get out more, or as the Minister for Police said once when she was in opposition, he needs to get a life; get out into country Western Australia and see what actually happens out there. To say blandly, with a broad-brush approach, that every one of these groups should become incorporated shows that he simply does not understand.

There is merit in considering whether to give unincorporated community groups some form of protection. I do not know the best way of doing that. Nonetheless, the member for Merredin's amendment is challenging the Government to address this issue and deal with the reasonable concerns that the National Party has put forward.

Mr R.A. AINSWORTH: I support the amendment. In all that the parliamentary secretary has said tonight about the reasons for the precautionary measures in this Bill, he and the Government have missed the point of what this Bill should do. This Bill should not be about protecting taxpayers' funds and ensuring that taxpayers are never put at risk in some fashion, even if only in a small way; it should be about ensuring that community groups can

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continue to add to the quality of life of their communities without the threat of litigation or unnecessary cost. If we were to look only at what commercial rate of insurance the small unincorporated bodies that the member for Merredin is seeking to protect in this amendment should be charged if they were to be included in the Bill, we would again be missing the point. If the premiums for these types of groups were to be based on their previous claims history, even groups that are not just one-off but have been in place for many years as tiny unincorporated groups, the threat to the State's finances would be zero. We are not talking about a major corporation that may be subject to a claim for millions of dollars in compensation for omitting to put the correct ingredients in cakes that it has made in bulk. We are talking about groups that conduct minor and low-risk activities. Groups that run higher-risk activities, such as a one-off gymkhana, are a different matter. However, even those types of groups have a very good claims history. We are seeking to ensure that these groups can continue to exist and provide a range of activities, and in many cases financial support, for their communities, and are not forced out of business by ever escalating premiums or caught, because they are not incorporated, by the cut-off clause in the Bill.

If we can include those organisations under this umbrella legislation, with a cap on premiums so that they do not totally lose touch with reality, which is what they are doing under the existing commercial operations that these organisations are forced to be part of, we may get somewhere. We should be talking about protecting the way of life of the community and volunteer groups that are the backbone of the district or town in which they operate. If the threat of litigation or exorbitant premiums continues, the quality of life in regional Western Australia and Western Australia as a whole will keep deteriorating, and for no good reason. We have the power to do something about that. However, we need to have the wit to do that without putting too much bureaucracy in the way.

Mr M.W. TRENORDEN: Whether the parliamentary secretary likes it or not, this Bill is antivolunteers. In rural Western Australia, and I suspect also in some parts of the metropolitan area, although I have had little contact with the metropolitan area, there are small groups of people who wish to do certain things, perhaps as a one-off. One example is that every year the high school in my town seeks to raise money for the students to go on a school excursion. Another example is that Fred Nurk may have been picked to play for the under-18 football team in Melbourne and the club needs to raise money for his air fare. Under this process, if the football team decides that it wants to raise funds it will have to be incorporated. If it does not want to be incorporated, it may decide to go to the Northam Sport and Recreation Council, which is incorporated, to obtain its insurance. However, the council may have received 500 other applications from everyone else in the town who is doing the same thing in order to obtain insurance, so its request for insurance cover may be knocked back. At this stage it may decide to approach the appropriate government agency, which has to assess the organisation to make sure it is unable to find any relevant and affordable cover from the market. The agency will then refer the matter to ICWA for consideration. That should take about a year. ICWA will then assess each request and provide an initial quote for cover. ICWA will then - good lord - seek the Treasurer's approval for eligibility for the provision of insurance. That should take another three or four months. Upon the Treasurer's approval, ICWA will determine the final premium.

Mr W.J. McNee: Are you dinkum? Are you pulling my leg?

Mr M.W. TRENORDEN: That is the process.

Mr W.J. McNee: You will never get the bureaucrats through it!

Mr B.J. Grylls: Let us hope he manages to make it into the under-21 side!

Mr M.W. TRENORDEN: Yes! This is a joke. This just will not happen. Not one solitary organisation will approach ICWA for insurance if it has to go through this process. This is outrageous.

Mrs C.L. Edwardes: That is the plan! It is a feel-good document!

Mr W.J. McNee: It is the same Government that is trying to help the bush, just as it is helping it with petrol prices.

Mr M.W. TRENORDEN: I ask the parliamentary secretary to give this matter serious consideration, because these provisions will preclude most people from obtaining insurance. Despite what the member for Merredin has said, which I totally support, can the parliamentary secretary assure me that someone will be able to go through that process in 31 days? It will be absolutely impossible for that process to be carried out inside of 50 days.

Mr W.J. McNee: You would not get an answer back in 50 days, because there would be some little trick.

Mr M.W. TRENORDEN: That is right.

Mr Dan Barron-Sullivan; Barron-; Speaker; Mr Phillip Pendal; Mr Brendon Grylls; Mr Matt Birney; Mr Mike Board; Mr Max Trenorden; Mrs Cheryl Edwardes; Dr Elizabeth Constable; Mr Terry Waldron; Mr Ross Ainsworth; Mr Bernie Masters; Mr David Templeman; Mr Mark McGowan; Barron-; Dr Janet Woollard; Mr Tony McRae; Acting Speaker; Mr Rob Johnson

Mr R.A Ainsworth: It is a good case of bureaucratic constipation.

Mr M.W. TRENORDEN: Yes. The fact that we are debating this Bill is a nonsense, because there will not be one case in which this procedure will be able to be carried out. Before we pass this clause, the parliamentary secretary needs to guarantee that this process will occur within 31 days. He will not be able to do that. I would be very pleased to hear the parliamentary secretary say that the process outlined on page 5 of the proposed amendments can be carried out, because in reality it is absolute nonsense.

Dr J.M. WOOLLARD: I congratulate the member for Merredin for putting this amendment on the Table, because it raises a serious matter that has not been addressed by this Bill. The member for Merredin talked about rural volunteers. Alfred Cove has many friends' groups that are not incorporated and do a wonderful job in the area. I would like those groups to be supported by a Bill such as this. The parliamentary secretary said that one of the reasons this amendment is not acceptable is that the Government does not want to put taxpayers' moneys at risk. Maybe the Government should think about the community that elected it 18 months ago and trusted the Government not to put its money at risk. The parliamentary secretary is talking about wasting taxpayers' money, yet the Government is currently planning to sell Duncraig House, which is heritage listed and is a community asset. The Government will sell the house for less than 0.16 per cent of one year's health budget. Duncraig House is a community asset that has been held by the community for 80 years and should be kept for the community. It will be sold for less than 0.16 per cent of the health budget.

The SPEAKER: I remind the member that the amendment being debated relates to unincorporated groups being covered by this legislation, not the demise or otherwise of a building.

Dr J.M. WOOLLARD: I am sorry, Mr Speaker, but the parliamentary secretary talked about wasting taxpayers' money. When I asked the parliamentary secretary whether he would table a list of the community groups, he said that if people had any problems -

The SPEAKER: I understand that that issue relates to the clause. We will debate the clause and those lists later. However, members are now debating the amendment moved by the member for Merredin relating to unincorporated bodies.

Dr J.M. WOOLLARD: The Government has not addressed the inclusion of unincorporated groups. The member for Avon said that this Bill is a joke. This is another example of the Government pretending to do something for the community. The Government is not considering the concerns of volunteer groups within the community. The Government must address this clause and tell us what it will do for smaller community groups. Some community groups might come together only once or twice a year and they might not have the skills or the time to become incorporated prior to an event.

Mr M.J. BIRNEY: Members on this side of the House have made some very good points. I appeal to the parliamentary secretary in the role he is playing, as the de facto minister responsible for this legislation, to make a decision.

Mr M. McGowan: I do not find you very appealing.

Mr M.J. BIRNEY: The parliamentary secretary might not.

There are very few arguments that the parliamentary secretary could put up against this amendment. Rather than being the front person for either the Premier or the Treasurer, the member should put his stamp on this legislation and vote in favour of the amendment.

Mr M. McGOWAN: The member for Kalgoorlie has laid down the gauntlet. I thank the member; however, I support the Bill and, therefore, I will make my mark by voting for it. The member for Alfred Cove expressed some concerns relating to Duncraig House. I suggest to the member that if she wants to raise that issue, she might like to present a petition.

I will refer to the concerns raised about this amendment. The Leader of the National Party seemed to say that because of this Bill the Government is antivolunteers. I remind him that he was a member of the National Party when it was part of the coalition Government for eight years, and it did not put in place any legislation of this type. The member for Avon seems to have become a born-again socialist on this issue. He seems to think that there should be a government insurance agency to insure these people. In his contribution to the second reading debate he said that there is no risk in these issues. He seems to think that the Government should again be involved in public liability insurance even though, if my recollection serves me correctly, the State Government Insurance Office was sold in 1994. The argument of the leader of the National Party has no weight.

Several members interjected.

Mr Dan Barron-Sullivan; Barron-; Speaker; Mr Phillip Pendal; Mr Brendon Grylls; Mr Matt Birney; Mr Mike Board; Mr Max Trenorden; Mrs Cheryl Edwardes; Dr Elizabeth Constable; Mr Terry Waldron; Mr Ross Ainsworth; Mr Bernie Masters; Mr David Templeman; Mr Mark McGowan; Barron-; Dr Janet Woollard; Mr Tony McRae; Acting Speaker; Mr Rob Johnson

The SPEAKER: Order, members! I am sure that after about 15 contributions asking the parliamentary secretary for his view on this amendment, some members might wish to hear what he says.

Mr M. McGOWAN: This Bill is not antivolunteer; it is about putting in place insurance for worthwhile community groups. However, at the same time, it will not put the Government at risk. This is pro-volunteer legislation. We are the only State Government in Australia to introduce laws of this nature.

Members opposite have said that the Government is doing nothing to assist unincorporated associations. This Bill is part of a process of reform. We will introduce other Bills, including the Civil Liability Bill, that will remove a range of so-called nuisance and trivial negligence and personal injury claims under \$12 000. That will put a threshold in place that will cut out almost every claim to which members opposite refer. Those measures will remove claims made by people who, for example, trip and bruise themselves. That Bill will assist the cause to which members opposite have referred. Community groups and people in my electorate run cake stalls too. Often they work on behalf of a broader organisation. For example, if they work on behalf of the Northam Regional Hospital -

Mr B.J. Grylls: Or a football club.

Mr M. McGOWAN: I will talk about football clubs.

Mr M.W. Trenorden: What about footballers?

Mr M. McGOWAN: About 18 000 community organisations across the State are incorporated under the Associations Incorporation Act. The footballers to which the member for Avon refers most probably belong to one of those incorporated associations. That association can apply for insurance under these guidelines. The member for Avon said that he is often approached by people who want to travel to the eastern States on a soccer expedition. I get letters of that sort too. Often people who request a donation for travel assistance are members of the Junior Soccer Association, which is an incorporated organisation. Those organisations are eligible to apply for insurance under this scheme. That seems straightforward. A person can be linked to a wider organisation.

Mr A.D. McRAE: I was interested in hearing what the parliamentary secretary was saying about those clubs and I would like him to continue.

Mr M. McGOWAN: Any one of our electorate officers is available to assist an organisation to become incorporated. It is a \$100 cost. My electorate officer and I have a very simple system in that regard. The Government wants to put in place a means of ascertaining whether an organisation is an appropriate or viable one for obtaining insurance. Many cake stalls are manned by two people one day and another two people the next day and there is no accounting for their funds in any verifiable sense. All we are saying is that a cake stall that is a member of a wider organisation can apply for insurance under that organisation. All that organisation must do is become incorporated under the Associations Incorporation Act.

I will deal with the concerns of the Leader of the National Party. Some 18 000 organisations have found a way of incorporating under the Associations Incorporation Act; it is not too hard to do. We believe this provision is simple and straightforward. I am sure that if the Opposition were in Government it would say exactly the same thing. I have been advised that the Insurance Commission of WA can assess applications by these organisations under this process in one to two weeks. The Leader of the National Party was previously a member of the insurance industry and therefore knows the process they must go through. I am sure the Leader of the National Party would agree that the Insurance Commission is staffed by capable and competent people and that they are capable of examining these matters expeditiously.

I will raise another point. The amendment states -

an unincorporated group with a collection of moneys less than \$10000

A group with a collection of moneys of more than \$10 000 will not be eligible. What would happen if an organisation's collection of moneys went over the \$10 000 mark? Does that mean the organisation would not be permitted to enter the scheme and its insurance policy would lapse? There are holes in the drafting of this amendment.

Mr D.F. Barron-Sullivan: We can make further amendments and tidy it up. That is what we are here for.

Mr M. McGOWAN: All I am saying to the Opposition and to the National Party is that the process and means of verification that we have put in place are quite straightforward. Some 18 000 community organisations across

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the State have become incorporated. Members can assist organisations if they want to become incorporated. The Government believes incorporation is eminently sensible; we are the only State Government doing it.

Mrs C.L. EDWARDES: Community groups and volunteer organisations tell us - which is why we are here tonight - that the biggest killer of community organisations and volunteer groups is the non-affordability of public liability insurance. The second killer of these community groups and volunteer organisations is paperwork and bureaucracy. This Bill will not only add another layer to finding public liability insurance but also an unincorporated organisation will have to become incorporated. The parliamentary secretary says, "It is a very simple thing. Just go along to your local member of Parliament, who will draft up a form, and pay \$100. As 18 000 other organisations have done it, why can't you?" It is because they do not want to. That is why they are not currently incorporated.

In my contribution to the second reading debate I referred to a senior citizens camping and caravan club whose members do not want the organisation to be incorporated. They are seniors; they do not want to get involved in the level of paperwork required for incorporation. They have been operating for a large number of years without the level of paperwork that this Government now proposes to put on them if they want to access public liability insurance through the Insurance Commission, via the Treasurer and through a department or agency. They would have to go through the various steps to access the special cover intended to be provided under this Bill - we will get to the debate shortly about whether it is actually special cover.

The second biggest killer of community groups and volunteer organisations is paperwork. A constituent from a football club came to my office last Friday and said that was the exact point of why he had come to me. He said that the Department of Sport and Recreation had this guideline and that guideline and this policy and that policy. I asked the department about what it required of organisations. Any volunteer in a sporting organisation today would need to work full time just to fill in the paperwork.

Mr B.J. GRYLLS: I welcome this debate, which I think we will continue to have. Without pre-empting the parliamentary secretary, if he is not intending to support this amendment, I ask him to address the suggestion made by the member for Mitchell during his contribution to the second reading debate of putting a hotline in place to assist small groups to become incorporated. Perhaps some resources could be directed to that suggestion.

I must confess to members that I have become a true believer tonight. I intend going back to the people in Wyalkatchem to tell them that we will have a cake stall in six months and we will start the process of getting incorporated now.

Mr B.K. Masters interjected.

Mr B.J. GRYLLS: I will contact the member for Vasse for assistance in getting incorporated. When we have that documentation in place, we will contact our state government agency, with peak or industry association comment, requesting insurance cover. If the agency assesses the organisation and confirms that it is unable to find relevant, affordable cover from any market, the agency will then go to ICWA - there are about 15 dot points in these guidelines. After all that, we will nearly be at the stage of thinking about baking cakes. We will be at the stage of getting a policy and be just about to pay for it. In his second reading speech the parliamentary secretary said that after all this work, the organisation can expect to pay an annual premium no less than its most recent annual premium prior to the commencement of this legislation, including stamp duty. That is fantastic!

Mr D.F. Barron-Sullivan: You forgot one more thing. They will also have to pay an excess if someone chokes on one of the lamingtons.

Mr B.J. GRYLLS: That is just fantastic. I am really glad that we pursued that process.

Mr B.K. MASTERS: I do not want to take up too much time of the House but one point must be made, which I do not believe too many members on both sides of the House understand, if they are Perthites. If anyone in a small country town on a cake stall pocketed a bit of money so that it did not go to the intended purpose, I assure members that there is no need for police, lawyers or anyone to control that inappropriate action. In small communities, word of mouth would get around and that person would be persona non grata instantly or overnight. The sorts of controls that I understand the Government is trying to impose on unincorporated community groups may be necessary in larger towns and in Perth, but in small country towns everyone knows everyone. If someone took a cake home without paying for it or pocketed \$5 or \$10 instead of putting it into the kitty to go to the local football club, hospital auxiliary, parents and citizens association or whatever, that deed would be known instantly around the town and that person would never be invited back into that group again. That person may as well move to another town, because his or her name would be mud.

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Mr M.W. TRENORDEN: No-one has mentioned that, apart from the costs of becoming incorporated, an organisation or group must also pay for an annual audit. About a dozen of my friends are accountants and they are sick and tired of being approached by community organisations that want them to carry out an audit, because they put their professional reputation on the line for nothing. Their organisations are being picked on by the same people who are picking on the public risk. They are being told that they cannot do free audits for organisations for exactly the same reason that we are in the Chamber tonight. One way or another, the audits must be paid for and they must be paid for annually. It will prove to be more expensive than the cost of becoming incorporated.

I again refer the parliamentary secretary to a cake stall. No-one totes up the money and reports to a meeting the amount of money that has been raised from a cake stall; the money goes directly to a cause. The cakes are baked one afternoon and sold the following day. By the next day, it is all over. That is the process. The Government wants the process to include incorporation and an audit of the \$50 that is raised at a cake stall. This is a ridiculous Bill.

Mrs C.L. Edwardes: They would have to have another cake stall to pay for the audit.

Mr M.W. TRENORDEN: Exactly.

The parliamentary secretary has a nonsense of a Bill in front of him. He cannot guarantee the Chamber that the process can be undertaken within 30 days. There is no way on earth that that can be done. At some stage, the parliamentary secretary will have to admit that the Bill is inoperable.

Mr R.A. AINSWORTH: I support the amendment. The parliamentary secretary implied that most of the organisations or groups that are not incorporated are in some way associated with another body that may be incorporated and they can therefore use that umbrella-type protection to avoid the expense and trouble of becoming incorporated. I have no doubt that examples of such cases exist; indeed, we can usually find at least one example to support an argument. However, some years ago when I lived north of Esperance in Salmon Gums, there was a drama club that comprised a handful of amateur actors. They were not members of Actors Equity or any such organisation. The group merely got together to put on a one-act play or sing a few songs at an annual concert. Any takings at the door were usually distributed between the parents and citizens association or an appropriate charity. Some funds may have been retained to buy make-up, a new curtain for the hall -

Mr M.W. Trenorden: Or to pay for the hire of the hall.

Mr R.A. AINSWORTH: Exactly. The group did not retain any significant funds and it did not charge a membership fee. It was just a small group of dedicated enthusiasts who put on various functions at different times of the year to enjoy themselves, to raise a few dollars for the good of their community and to give everybody a good night out. It is the type of organisation to which the National Party refers in its amendment to clause 4; that is, organisations that do not raise large amounts of money. If a large amount of money is raised on a one-off basis, it is generally distributed back into the community almost overnight. The funds are not retained and there is no possible distribution of major assets among the members, which is what the parliamentary secretary seemed to imply when he talked about the need for incorporation and the need to monitor the financial dealings of small groups. Small groups have little money when they are formed, and what money they do have usually comes straight from the members' own pockets as a donation to get the group or organisation started. That is typical of dozens and dozens of different types of organisations that I have experienced in the country, and I am sure many of a similar nature exist in the city. It is unreasonable to expect such groups to have insurance cover at the current premium levels. Indeed, I do not see how the Government's Bill will protect such groups given that the premiums are starting off at a high point. It is also unreasonable for such groups to go through the expense of becoming incorporated in order to meet the requirements of the Government's legislation. If the real intent of the legislation is to protect community groups and to ensure that they are not unduly disadvantaged by skyrocketing premiums when there is no increase in liability, it has missed the point. Both incorporated and unincorporated groups must be covered by the Government's legislation.

Mr T.K. WALDRON: Many just points have been raised in the debate and it is obvious to me what should happen. In Parliament the Government has talked about fairness and equality, which is great. However, it has also talked about practicalities. Tonight's debate has proved that there is no reason why unincorporated groups should not be covered by the legislation. Such groups are the life of a community, and yet they are being excluded. The amendment is sensible, fair, equitable and practical. I urge the parliamentary secretary to support the amendment for the benefit of people. Indeed, that is what we are here for - let us do it.

Mr D.F. BARRON-SULLIVAN: The Liberal Party supports the amendment moved by the member for Merredin. I have a sneaking suspicion that the parliamentary secretary will not support the amendment and that

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it will be lost on the numbers in the Chamber. If that is the case, I seriously urge him to take on board members' comments, particularly those who represent regional seats. There is a genuine concern about the degree of hassle and burden that will be imposed upon some small groups. Earlier, we made the suggestion that the Government should provide some form of assistance for groups and community organisations that want to take advantage of the scheme. For example, we suggested a hotline that could assist people in Gnowangerup, Broome, Joondalup and the like, through the process of incorporation. I also urge the Government to provide money to assist groups in setting up such arrangements, as has been done in other States.

I make the point that this financial year the Government will reap an extra \$51 million in stamp duty on insurance policies. The Government will reap the financial gains of the misery of community organisations that have to pay such high premiums. I am sorry to dig at the parliamentary secretary but the fact of the matter is that it is time to give something back. The Government has indicated that it is not prepared to put taxpayers' money at risk or to spend taxpayers' dollars to assist community groups directly through the provision of insurance. The Liberal Party supports this amendment but if the Government does not, it should at least take on board these comments and provide some form of support mechanism. The Leader of the National Party beat me to the punch by pointing out that there is a burden not just at the initial stage when organisations must deal with paperwork and contact chief executive officers before they can bake a single lamington. According to the guidelines, organisations will be required to adopt risk management strategies and report annually to the Insurance Commission of Western Australia on their performance of the strategies. It does not state who will prepare the report; it only states that "they" will report. Small volunteer organisations will have to write a report, otherwise they will have to find out who writes such reports. They will have to determine who will assess them.

Point of Order

Mr A.D. McRAE: I know that members on the other side of the Chamber are keen to have their points of view heard, but I am interested in having the amendment dealt with. The member's comments do not seem to have much to do with the amendment.

The ACTING SPEAKER (Mr Andrews): I have allowed the member for Mitchell some latitude in his comments. Every now and again he did insert the term "unincorporated group". There is no point of order.

Debate Resumed

Mr D.F. BARRON-SULLIVAN: For the benefit of the member for Riverton I made reference to the amendment quite regularly.

These small community groups have to report every year on their risk management strategies and their performance in respect of the strategies. This legislation is a very heavy-handed approach. If the Government does not agree to this worthwhile amendment, it should provide some form of constructive support mechanism. The Government has the money available.

Mr R.F. JOHNSON: I have not taken any part in this debate so far. Apart from the parliamentary secretary, only two government members have made any contribution. I will continue to refer to the amendment before the Chamber. However, I wish to bring to the attention of the parliamentary secretary and the Leader of the House - who is not in the Chamber at present - that it is now a quarter past 10 and if there is a threat that the Leader of the House will keep us here until one o'clock in the morning, I think that is quite unreasonable.

The ACTING SPEAKER: The member for Hillarys must address the amendment.

Mr R.F. JOHNSON: Indeed. In discussing the amendment we must consider how long we will take to do so. We can take a short time or we can take a very long time. The question is, for how long are we to discuss this amendment. It is a very important amendment, and it is supported by this side of the House. There are many unincorporated volunteer groups in Western Australia. Now that the Leader of the House has returned to the Chamber he might consider whether we should continue to discuss this amendment.

The ACTING SPEAKER: The member for Hillarys must discuss the amendment.

Mr R.F. JOHNSON: I believe the words of the amendment should be inserted because they are very important. Members on this side of the Chamber hope that the parliamentary secretary will accept that these words need to be inserted. Many groups in Western Australia are not incorporated bodies and they deserve the same protection given to incorporated bodies when it comes to public liability. I am aware of such bodies, and I have great concern for the good Samaritans in society who are volunteers but are not part of incorporated bodies. We must cover these people. The amendment proposed by the member for Merredin will have an effect in that area. There are good Samaritans in society who join together as a group to help their elderly neighbours. Why should

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Mr Dan Barron-Sullivan; Barron-; Speaker; Mr Phillip Pandal; Mr Brendon Grylls; Mr Matt Birney; Mr Mike Board; Mr Max Trenorden; Mrs Cheryl Edwardes; Dr Elizabeth Constable; Mr Terry Waldron; Mr Ross Ainsworth; Mr Bernie Masters; Mr David Templeman; Mr Mark McGowan; Barron-; Dr Janet Woollard; Mr Tony McRae; Acting Speaker; Mr Rob Johnson

the legislation not protect those people in the same way that it will protect incorporated organisations? The parliamentary secretary has said that the groups need only to become incorporated and they will then be covered. However, there is a cost to that. As we have heard, the amount of red tape is enormous. If those people wanted to do a good deed, such as mow the lawn of an elderly neighbour, by the time they had obtained legal protection, the neighbour might be dead! The good Samaritans will have to go through a great deal of rigmarole in dealing with different government departments. What is the cost of incorporation? It must be at least \$100 these days. If these groups become incorporated, they will need a constitution. Unincorporated bodies do not have all that sort of stuff; they do not have to go to the trouble of having a constitution that would normally be drawn up by a lawyer or someone with some legal experience in order to cover themselves. The amendment proposed by the member for Merredin is a sensible one. It will help an enormous number of Western Australians who are doing a fantastic job in helping people throughout this State. If the Government and the parliamentary secretary refuse to accept the amendment, it will be on their heads if people stop doing good deeds because they either cannot afford to or cannot go through the hoops and trials required. I earnestly ask the parliamentary secretary to accept this amendment. If he does, we can vote on the amendment and go home at the normal time that the House should rise on a Tuesday night. If necessary, we are prepared to continue until three o'clock in the morning if that is what the Leader of the House wants. I hope it will not come to that, as it would set a bad example for the rest of the week.

Mr M. McGOWAN: I thank members for their contributions. I have stated the Government's position on this amendment. The motivation of the member for Merredin in moving the amendment was sound and good. I have explained the reasons that the Government cannot accept the amendment.

The member for Roe raised concerns about the theatre group in Salmon Gums that is experiencing difficulties in obtaining insurance. If the member passes details of the matter to me, I will pass them to the Insurance Commission of Western Australia to examine.

It should be noted that various hotlines are available for community groups and small businesses to access. The idea has some merit. Once these reforms are passed, the Government will examine that idea. We hope that this Bill will pass through the Parliament quickly, as we all know that this is an issue of some importance and it should be dealt with as soon as possible. The Government hopes that the Opposition and the National Party will not filibuster on this Bill. Although they seem to have some doubts about it, they have indicated their support. All sides want this legislation to proceed through the House.

Amendment put and a division taken with the following result -

Ayes (20)

Mr R.A. Ainsworth	Mr J.P.D. Edwards	Mr B.K. Masters	Mr M.W. Trenorden
Mr C.J. Barnett	Mr B.J. Grylls	Mr P.D. Omodei	Mr T.K. Waldron
Mr M.J. Birney	Mr M.G. House	Mr P.G. Pandal	Ms S.E. Walker
Dr E. Constable	Mr R.F. Johnson	Mr D.F. Barron-Sullivan	Dr J.M. Woollard
Mrs C.L. Edwardes	Mr W.J. McNee	Mr R.N. Sweetman	Mr J.L. Bradshaw (<i>Teller</i>)

Noes (25)

Mr J.J.M. Bowler	Mr J.N. Hyde	Mr A.D. McRae	Mr D.A. Templeman
Mr C.M. Brown	Mr J.C. Kobelke	Mr N.R. Marlborough	Mr P.B. Watson
Mr A.J. Carpenter	Mr R.C. Kucera	Mrs C.A. Martin	Mr M.P. Whitely
Mr A.J. Dean	Mr F.M. Logan	Mr M.P. Murray	Ms M.M. Quirk (<i>Teller</i>)
Mr J.B. D'Orazio	Ms A.J. MacTiernan	Mr A.P. O'Gorman	
Dr J.M. Edwards	Mr J.A. McGinty	Mr J.R. Quigley	
Mr S.R. Hill	Mr M. McGowan	Mr E.S. Ripper	

Pairs

Ms K. Hodson-Thomas	Ms J.A. Radisich
Mr J.H.D. Day	Dr G.I. Gallop
Mr A.D. Marshall	Mrs M.H. Roberts

Amendment thus negatived.

Mr Dan Barron-Sullivan; Barron-; Speaker; Mr Phillip Pendal; Mr Brendon Grylls; Mr Matt Birney; Mr Mike Board; Mr Max Trenorden; Mrs Cheryl Edwardes; Dr Elizabeth Constable; Mr Terry Waldron; Mr Ross Ainsworth; Mr Bernie Masters; Mr David Templeman; Mr Mark McGowan; Barron-; Dr Janet Woollard; Mr Tony McRae; Acting Speaker; Mr Rob Johnson

Mr M.W. TRENORDEN: I refer to the unfinished issue of the five dot points on page 5 of the explanatory memorandum to the Bill. The parliamentary secretary said that the Insurance Commission of Western Australia would take two weeks to carry out its part of the process. How long will it take the government agencies?

Mr M. McGowan: The advice I have, and it was not a guarantee -

Mr M.W. TRENORDEN: I know it was not a guarantee; I am not that unfair.

Mr M. McGowan: Just be reasonable; you cannot give a guarantee. The advice I have been given is that, from start to finish, it would take about two weeks during an ordinary period of operation. Obviously once the legislation is passed there may well be a flood of applications and it may take longer, but in an ordinary period it would probably take two weeks.

Mr M.W. TRENORDEN: There are five dot points and the parliamentary secretary has just spoken on one of them. He said it would take two weeks. I am not trying to be smart about it, but I ask the parliamentary secretary to look at the processes that have been outlined in the explanatory memorandum. The first dot point states -

Affected organisations approach an affiliated State Government agency, with peak or industry association comment, requesting insurance cover;

To be fair, if a person were in Beacon, how would he do that? It is not impossible, but the parliamentary secretary cannot tell me that it would take a couple of days.

Dot point two states -

Agency will assess the organisation -

That is the agency - the Department of Sport and Recreation, the Department of Health or whatever - not ICWA. It continues -

and ensure that it is unable to find relevant, affordable or any cover from the market;

The parliamentary secretary cannot tell me that that will take a couple of days. Dot point three states -

The Agency will then refer the organisation to ICWA for consideration;

That will take a couple of days; it is not a difficult process.

The parliamentary secretary has dealt with the fourth dot point. He said that it would take approximately two weeks, which I accept.

Mr M. McGowan: What I said was that it would take two weeks from the time the agency received the application in its complete form to when it was dealt with by the Treasurer. That is the advice I have received.

Mr M.W. TRENORDEN: The parliamentary secretary is still trying to cut the process. The first dot point states -

Affected organisations approach an affiliated State Government agency, -

There is not an affiliated state government agency in every country town in Western Australia. It continues -

with peak or industry association comment, requesting insurance cover;

How long will that take?

Mr M. McGowan: It would normally be by correspondence. I accept your point that it would be difficult to do that in person in a lot of country towns. I also accept your point that you are representing the interests of your constituents. It may end up taking a little longer if it is done by correspondence, but that is the process that affords the greatest accountability, and that is what we are doing.

Mr M.W. TRENORDEN: The National Party will support the Bill whatever the Government does. It is not what we want but it is better than the present situation. Without getting up the parliamentary secretary's nose, I suggest that somebody needs to look at this process. What happens if an organisation cannot get through this process before the due date for paying an insurance policy premium?

Mr M. McGowan: If you have a different technique that you would like us to adopt, please send it to us so that we can examine it and see whether it is more efficient and streamlined than the one the Government has suggested, but also allows for appropriate accountability.

Mr Dan Barron-Sullivan; Barron-; Speaker; Mr Phillip Pendal; Mr Brendon Grylls; Mr Matt Birney; Mr Mike Board; Mr Max Trenorden; Mrs Cheryl Edwardes; Dr Elizabeth Constable; Mr Terry Waldron; Mr Ross Ainsworth; Mr Bernie Masters; Mr David Templeman; Mr Mark McGowan; Barron-; Dr Janet Woollard; Mr Tony McRae; Acting Speaker; Mr Rob Johnson

Mr M.W. TRENORDEN: I will provide it to the parliamentary secretary now. Delete dot points one, two, three, five and six, but keep dot point four.

Mr B.J. GRYLLS: I would like to hear more from the Leader of the National Party.

Mr M.W. TRENORDEN: If someone in ICWA had to know whether a peak body could go through that process and make the decision about whether the insurance could be found elsewhere, why would that not be done by ICWA in the first place? Why not have a one-stop shop and the one process? If that occurred, there would be some chance of getting the deal through before the policy lapsed. Nobody in this room wants any organisation to be in a position in which it has not found an insurer, but the policy premium is due on a certain date and there is nothing after that date.

ICWA will not want that position either. To make it work, the Government will need a one-stop shop. It will have to be done at ICWA, and I suggest to the parliamentary secretary that once the commission has been doing this for a short time, it will not be an onerous task. Who better than ICWA to talk about insurers unable to find cover that is relevant and affordable? No-one is better equipped to do that in this process than ICWA. Why would the Government not just have a one-stop shop?

Mr M. MCGOWAN: The reason for involving the agencies and the chief executive officers of various agencies that have a relationship or an affinity with the various bodies seeking insurance is that they are best placed to make an initial assessment of the organisation that is seeking the insurance. The Insurance Commission of Western Australia will not have that detailed knowledge; and, in any event, if the organisation went straight to ICWA, it would have to seek advice from those agencies. There will be a streamlined process that will involve the appropriate forms and on-forwarding by electronic mail. Government departments do that all the time for grants processes and so forth. They are very used to it. It streamlines the process and makes it easier when we involve an agency that has some knowledge of the body in question and its potential risks and its activities, and of whether it is viable and has any claims history or any historical difficulties in the process. That is an appropriate way of ensuring that there is a streamlined, efficient way of examining organisations. Maybe some organisations cannot get insurance for a good reason, and maybe those reasons need to be brought to the attention of the Treasurer and the Insurance Commission. The member for Avon worked in the insurance industry for a long time, and he would know that some people and organisations have higher premiums, and others cannot get insurance for very good reasons having regard to their risk management practices and their claims histories. This process will ensure that a verifiable, simple process is put in place. If applications went to the Insurance Commission of Western Australia - the one-stop shop, as the member for Avon said - they would have to be referred back to the agencies to answer those questions.

Mrs C.L. EDWARDES: What a nonsense. The parliamentary secretary has said that 18 000 organisations in Western Australia are incorporated. Who has been insuring all those people for all these years? The insurance companies, including those that would be involved with the Insurance Commission, have been providing that insurance. What have they been doing all these years in assessing whether those organisations are relevant, affordable or should have cover from the market? Have they been looking at that? Maybe the question is relevant. Maybe the public policy issue on which this Government has made a decision is that only those community organisations that the Government regards as relevant will be eligible for any particular cover. This is an issue that insurance companies perhaps have not looked at in the past. Why should that be the case now? If the Insurance Commission of Western Australia were a one-stop shop, it would not need to go to those agencies and organisation. It has been making these decisions for years. It is an absolute nonsense.

I have a lot of time for public servants, particularly for the level of work they do. The question was raised earlier about the level of bias. Bias can come about for a number of different reasons. It may be that the agency or organisation has a particular focus that a particular group does not support. For instance, it may involve the Disability Services Commission. I have been aware of arguments over the years in which the Disability Service Commission has not necessarily agreed with what some groups have wanted to do. If a particular group wants to carry out a fundraising exercise of some description, the Disability Services Commission may not support that organisation because it wants to look after carers in the home, a model which the Disability Services Commission does not support. It may do so today, but that may not always be the case. That group would be disadvantaged on the question of relevance, having a particular bias, just because of the agency's own vision. That is the real crux of the issue.

Not only will community organisations be disadvantaged through the question of relevance, but the increased paperwork involved with putting in an application to the agency or department for assessment and the like, and then having it sent to ICWA, and then to the Treasurer, is unnecessary. Why are these steps being put in place?

Mr Dan Barron-Sullivan; Barron-; Speaker; Mr Phillip Pendal; Mr Brendon Grylls; Mr Matt Birney; Mr Mike Board; Mr Max Trenorden; Mrs Cheryl Edwardes; Dr Elizabeth Constable; Mr Terry Waldron; Mr Ross Ainsworth; Mr Bernie Masters; Mr David Templeman; Mr Mark McGowan; Barron-; Dr Janet Woollard; Mr Tony McRae; Acting Speaker; Mr Rob Johnson

The parliamentary secretary says that it is because the Government can assist those who may not be able to obtain cover for any particular reason. ICWA can then suggest to an organisation that if ICWA does not give that organisation cover it may like to talk to the Department of Sport and Recreation or the Department of Agriculture. It should be up to the organisation to decide whether to go to the department in the first place. The organisation may already have had a long association with the department or the agency and have no confidence in that department or agency, yet it is required to work collaboratively with that department. That is wrong. If this Government were genuine in its intention that those community organisations and volunteer groups who are having difficulty in getting public liability insurance were given help, no-one would need to put themselves through this exercise. The Government will establish a fund for a very limited exercise and group of people.

Mr M.W. TRENORDEN: I will run through the issue I spoke about earlier. Take the situation in the town of Northam in which an under-16 football player is picked for a team that will go to Victoria. His family and friends want to raise funds to send him there. They work under the banner of, say, the Railways Football Club in Northam, which I happen to support. They begin this process. The peak body is the Western Australian Country Football League, which would know the Railways Football Club, rather than any individuals, but would not know the financial operations and particularly the insurance details of the club. In fact, if someone phoned the Western Australian Country Football League and asked about the claims history of the railways club in Northam, or any other team, it would not know. Why would it know? It would have to go through a process of checking with the club whether it had ever been sued, and all the other issues about relevance and affordability. I ask the parliamentary secretary how long that would take. That one case I have given would take several weeks; probably a month. Whether the parliamentary secretary likes it or not, he is saying to the people of Western Australia that if an organisation wants insurance, the chances are that it will not get through this process. The failure rate will be about 90 per cent in regional Western Australia. It will be different for organised, not-for-profit organisations that have staff and other facilities for chasing these things up. The process will be far simpler for them.

However, for the thousands of organisations that are basically voluntary it just will not happen. People have approached the Government with a scream for help, but the Government will not be able to help them because this process will bar them before they are due to renew their policy premium. It does not matter how the parliamentary secretary puts it; that will be the experience. I spent 18 years in the insurance industry. I have some idea of how the process works. Organisations will not be able to go through this process in the time from when they receive their premium notice to the time when their premium expires.

Dr J.M. WOOLLARD: I once again ask the parliamentary secretary whether he will table a list of the relevant community organisations. I notice that page 5 of the proposed amendments states that affected organisations may approach an affiliated state government agency. The parliamentary secretary said that if organisations have any problems or complaints, they can take them to a state government agency. A constituent in my area had a complaint about the police. That constituent took that complaint to the Ombudsman, who made a recommendation to the Minister for Police and Emergency Services. The minister took the complaint to the Attorney General. However, the Attorney General did not accept the Ombudsman's recommendation. It is not adequate for the parliamentary secretary to say that if people have any problems or complaints, they can take them to a government agency.

Mrs C.L. EDWARDES: The parliamentary secretary does not appear to want to respond to the genuine issues that have been raised. Why do organisations need to approach government departments or agencies? Why does ICWA require that when insurance companies have been carrying out this function for years and have not required that? If organisations approach government departments or agencies and then make a freedom of information application, will those departments or agencies be required to make that information public? I am sure ICWA has strong privacy guidelines and rules. How will this process impact on that arrangement?

Mr M. MCGOWAN: The member is referring to the proposed ways in which these potential insurance policies will be dealt with by the Government. These proposals are not contained in any of the clauses of the Bill. They have been provided to assist members to understand how the Bill may work. This Bill has not received royal assent. If the member has any suggestions that she would like us to consider, rather than just say that we should delete this, that or the other, she should put them down on paper, and we will be happy to examine them. These guidelines are how things stand at the moment. Who knows what will happen? I have been advised by ICWA that in an ordinary period of operation, this process will take no longer than two weeks. However, if we find that it takes longer, the guidelines may need to be changed. To get upset about these guidelines, which are not part of the Bill at this stage, is perhaps not the best thing to do. This is the process that has been agreed on by Cabinet at this stage. If the process proves to be too cumbersome, I am sure Cabinet will re-examine the matter.

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Mr M.W. Trenorden: What time will it take before the application can be made?

Mr M. McGOWAN: Organisations must get the information together and put it in place if they want to apply. That is reasonable. If an organisation is having difficulty getting insurance on the private market, there may be reasons for it. It is important that the Government have all the facts when assessing any body that makes an application for insurance. As I said before, and I am sure that the member would agree ordinarily, the Government should not put at risk taxpayers' funds but should have all the facts at its fingertips. If it means that organisations must provide to a state government agency correspondence on requests for insurance coverage and evidence of their efforts to obtain insurance in the private market, I do not believe that is too onerous at this stage. If the process proves too cumbersome and if the member would like to make some considered suggestions, he should feel free to do so.

Mr M.W. TRENORDEN: The parliamentary secretary is trying to be conciliatory, but he is not being realistic. What happens when the first range of clubs has not been able to get through the process before the due date of the insurance policy? Will the parliamentary secretary say that the Government has made a genuine attempt to put together an organisation and a process that would facilitate insurance, but the organisation did not make it, so the event for which the organisation needs insurance cannot take place? The parliamentary secretary must realise that this involves a considerable number of organisations and tens of thousands of activities, not a few hundred. If one event does not occur, there will be heartbreak. In some cases such heartbreak may not be important to members of this House. For example, under threat at the moment is the Muresk annual bachelors and spinsters ball. As a bachelor, I am interested in that event. However, not everyone in the community would be highly excited about whether the event went ahead. Certainly, the 4 000 young people who would turn up to the event would be concerned. If the Kununoppin auxiliary workers, who raise thousands of dollars for the local hospital, are unable to raise money, there will be serious consequences. I would not like to put anyone's money on a bet that the process the parliamentary secretary seeks to put in place can be got through in a reasonable time. The parliamentary secretary has been told tonight that the process of using examples will not work for many organisations. The parliamentary secretary cannot go back to people at the end of such a process and say that it did not work. There must be a different process. I have told the parliamentary secretary what I believe the process should be; that is, a one-stop shop. If this process is to work within a given time frame, there must be one organisation from start to finish.

Dr J.M. WOOLLARD: People are concerned that there may be bias in the selection of community organisations. Particularly as a result of the Government's actions in recent months, people will think that the bias will be towards Labor electorates. The Government says that organisations should approach affiliated state government agencies, but the community does not have confidence in state government agencies.

It knows that ministers overturn the decisions of state government agencies, including those of the Ombudsman and the Environmental Protection Authority; and I could list a number of other agencies. We are told that the applications will also be sent to the Treasurer. I am still waiting for a response to letters that I sent to some ministers in this House six months ago.

Mrs C.L. Edwardes: Do you not get an answer back in two weeks?

Dr J.M. WOOLLARD: Does the member for Kingsley get a response in two weeks?

Mrs C.L. Edwardes: No, but that is what the Insurance Commission of Western Australia is promising.

Mr R.F. Johnson: The Minister for Planning and Infrastructure sent a reply to my letter after six months, and I am told that she is one of the faster ones.

Dr J.M. WOOLLARD: I am obviously not the only member who has to wait for six months to get a response from a government minister. The framework that has been set up under this legislation does not identify the community organisations that are eligible to receive insurance. Decisions are to be made by state government agencies, which we know are toothless tigers if the Government does not like the decisions they make. The applications for insurance are to go to a minister of this Government, and we know that ministers do not respond to correspondence for six months. How will this help the community?

Mr M. McGOWAN: I thank members for their contributions. As I indicated to the member for Alfred Cove, I am happy to provide her with a list of organisations that already receive some assistance from RiskCover. Although I do not have it to hand tonight, I will provide that list to her and to the Deputy Leader of the Opposition tomorrow. The member for Alfred Cove requested that we list in the Bill the organisations that will receive insurance cover. However, it would be unwise and unprecedented for politicians to determine which organisations will receive insurance. Members should not list five organisations from each of their

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constituencies that they think should get insurance cover. That would not be the right way to go. The right way is to conduct a proper assessment process of which organisations will be eligible.

The member for Kingsley raised the matter of freedom of information. I understand that organisations that are operating in a commercial capacity are not subject to FOI, but I am not certain. I will provide advice to the member on that issue tomorrow. I take on board the member for Avon's concerns about the selection process, and I will pass those concerns to the minister. The process is administrative; it is not contained in the Bill. If the administrative process does not work, we will change it. The advice I have from the Insurance Commission of Western Australia is that this is the appropriate process and it will work in two weeks.

If the Leader of the National Party wants to raise his points with the Insurance Commission, I am sure it would welcome an opportunity to have a chat with him about any ideas he has on how to fix the problem. I understand that the commission made itself available to brief the National and Liberal Parties on this matter, and I am sure it would make itself available to discuss that matter as well. These issues do not relate to the specific clause; they are administrative matters that are separate from the clause. I am happy to pass on to the minister the member's views.

Mrs C.L. EDWARDES: I thank the parliamentary secretary for seeking advice and information on how freedom of information provisions will apply. Obviously, that will turn on the definition of commercial activity. I refer to the question of whether providing clients' names would infringe on the Privacy Act. The parliamentary secretary has once again advised that he will give to the Deputy Leader of the Opposition and the member for Alfred Cove a list of the organisations that are presently clients of RiskCover. Does that not infringe on the Privacy Act? If not, can we have an explanation as to why those organisations do not have their details, including their names and addresses etc, made public?

Mr R.A. AINSWORTH: I draw the parliamentary secretary's attention to the Department of Treasury and Finance's draft guidelines for admission to the community fund, which also relate to this clause. The draft - I stress that it is a draft - refers to the affordability of insurance for organisations that may be able to be covered as community organisations under the proposed fund. The list of hoops that those organisations must jump through is so great that it will become a bureaucratic nightmare for them. I shall run through them briefly. The first question on affordability reads -

Is insurance from the commercial market place available to the organisation?

I presume the answer to that question would be fairly easily ascertained. However, the second question reads -

If so, is the premium, in all the circumstances, affordable to the organisation?

That raises the question: what does affordable mean? Does it mean that if an insurance premium is \$1 000 and an organisation has \$3 000 in the bank, it can afford the premium, although that would be 33 per cent of its total finances; or does it mean that a \$1 000 premium to an organisation like that should be, if it is to be affordable, around \$200 or \$300? On reading these draft guidelines, that is a very difficult question to answer. The Government is putting great faith in a bureaucrat coming to the right answer. That is what I am really trying to say. The next point on these guidelines states -

The CEO should consider whether a grant or subsidy or loan to the organisation, to assist it to meet the cost of insurance from the commercial market, is a viable alternative to maintain the services within the budget constraints of the agency.

I do not need to elaborate on what that means. It means that an organisation must go through another layer of bureaucratic gobbledegook to see whether it will get real assistance, a loan or a subsidy. It refers to "commercial" insurance premiums, whatever "commercial" is deemed to mean. The list of guidelines goes on and on. Even worse are the following questions under the heading "Nature of the Services" in the draft -

Are the services under consideration essential or desirable in the public interest?

Do the services provided by the organisation support or augment the services provided by the department?

The list goes on. These guidelines stand in judgment of whether a community needs a particular organisation. It would be easy to say that, on an economic basis, many community organisations do not serve any commercial purpose for a community, such as providing funds to help build school infrastructure, but are more of a social or recreational nature and, getting down to dollars and cents, are therefore not necessary. This draft paper appears to be focusing on financial questions, such as whether an organisation is necessary and whether it can pay its own way or needs to have its funding supplemented a little or a lot.

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As I said in a previous comment on the clause, we are missing the point in this whole process; that is, we will diminish the quality of life in communities if we put hurdles in front of organisations to make it hard for them to operate and provide the services that they have been providing to the general community forever and a day. I question the tone of this draft two-page document from the Department of Treasury and Finance and the Insurance Commission of Western Australia. I do not have time now to go through many of the other parts of the document, but the general tenor of it is so disturbing that it needs to be rethought before we consider making it part of the Bill.

Mr M. McGOWAN: I thank members for their contribution to the debate on clause 4. The member for Roe referred to affordability and so forth. He is again referring to the guidelines I provided to the National Party earlier this evening rather than to a provision of the Bill. The provisions in the guidelines about assessing the cost of an insurance policy are included because that is the standard practice for assessing an insurance premium. All the guidelines put together by the Department of Treasury and Finance and the Insurance Commission reflect standard practices for assessing a premium.

The member referred to the bureaucrats as some sort of evil. I remind him that he could be referring to the people sitting around me at the moment. These are professional people -

Mr R.A Ainsworth: Only the process. I am sure they are worthy individuals.

Mr M. McGOWAN: The term "bureaucrat" is thrown around all the time as an insult. These are professional people from the Insurance Commission and the Department of the Premier and Cabinet who are experienced in this area and in the area of the law. They have put together what I think is a very admirable Bill that will do a lot for volunteer organisations around the State.

I am at a bit of a loss to understand why this Bill is being attacked so vigorously. The Government is trying to do something right. If there are some administrative difficulties, we will work those out during its implementation. The provisions of the Bill are quite sound and deserve support.

Dr J.M. WOOLLARD: My question to the parliamentary secretary relates to the point in the guidelines that states that the Insurance Commission of Western Australia will seek the Treasurer's approval regarding eligibility. This is a very important Bill. Many people and community groups are looking to the Government to give them some support. In view of the fact that the Government is selling Duncraig House to make up 0.16 per cent of one year's health budget -

Ms A.J. MacTiernan: I would be checking the names on that petition.

Dr J.M. WOOLLARD: What was that comment? Do we have an interjection from the minister?

Ms A.J. MacTiernan: I would be checking the names on that petition.

Dr J.M. WOOLLARD: Which petition is this?

The ACTING SPEAKER (Mr A.J. Dean): The member for Alfred Cove should address the Chair. This is unparliamentary.

Dr J.M. WOOLLARD: I missed the interjection.

The ACTING SPEAKER: This is unparliamentary.

Dr J.M. WOOLLARD: I think the minister is very often unparliamentary.

My concern is that many community groups are looking forward to the support provided by the Bill. However, I wonder if this is not another empire the Government is building for its Labor supporters. How much will it cost in staff for the Treasurer's department, and was this cost included in the budget? We seem to be creating a little empire rather than helping people.

Mr D.F. BARRON-SULLIVAN: I will continue my questioning about the guidelines that relate to this clause and the definition of eligible community organisations. I will start by asking a very simple question. The draft guidelines comprise two pages, and there are also the explanatory notes. How many of those guidelines must an organisation meet to be approved for insurance? Is it all, one or five of them, or does someone make a subjective judgment that the organisation has met enough criteria and will cross the line? I ask that for a couple of reasons. I am not referring to the assessment by the Insurance Commission because I think its staff know their stuff about these matters. I am asking about the chief executive officer who must do the assessment but who might never have done an insurance assessment in his or her life. How many of these criteria must the organisations comply with?

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I have a second question. The criteria listed must be addressed by a chief executive officer before a matter is assessed by the Insurance Commission of Western Australia. The Insurance Commission will make a recommendation to Treasurer. What criteria will the Treasurer use when he assesses the recommendation of the Insurance Commission? It is mind-boggling; there are three levels of approval for something that the parliamentary secretary said would be dealt with on a commercial basis. To the best of my knowledge, the Treasurer does not undertake commercial insurance activities and the chief executive officers of the Department of Sport and Recreation and the Department of Health do not do that either. I am at a loss to understand why there are three levels of bureaucracy. I use the word "bureaucracy" with the nicest intentions. Why not give extra resources to the Insurance Commission and allow it to run the show? Doing that will cut out a lot of the delays that the Leader of the National Party and the member for Merredin referred to earlier. We will then be assured that matters will be in the hands of people who deal with insurance on a day-to-day basis. What criteria will the Treasurer use to assess matters?

The draft criteria given to members mentions guidelines for agencies to assist them to determine whether a non-government organisation should be considered for entry into the new community insurance fund. Presumably, there must be other measures as well, or some other basis for a decision. The guidelines are to "assist them"; they are not the only criteria. The other thing that flows from the same train of thought is the statement that -

The CEO should consider whether a grant or subsidy or loan to the organisation, to assist it to meet the cost of insurance from the commercial market, is a viable alternative . . .

How are chief executive officers supposed to make that determination?

Mr M. McGOWAN: I have difficulty in seeing the connection between the guidelines and the provisions of the Bill. The debate seems to be turning on the guidelines I provided to the Opposition in good faith. The Opposition is treating them as though they are the Bill, which they are not.

The member for Kingsley commented earlier about me providing advice, as requested by the Deputy Leader of the Opposition, on organisations that already may have an arrangement with RiskCover and whether that infringes the Privacy Act. The Privacy Act is a commonwealth Act and it does not apply in these circumstances. However, I will get advice on this tomorrow and if it does infringe the Privacy Act, the Government will not provide advice to the Deputy Leader of the Opposition and the member for Alfred Cove.

The member for Alfred Cove said that the Government is setting up an empire and that it is doing nothing for the community. I reiterate that we are the only State Government doing this. Our approach is designed to help volunteer organisations. The Government is not creating an empire; it is using resources already in place.

The member for Mitchell raised a number of points about the guidelines I gave him earlier. The guidelines are not to be used in such a way that an organisation gets 20 or 30 ticks and then becomes eligible for insurance. The guidelines are merely a mechanism for the Insurance Commission to make a broad assessment of the organisation applying for insurance. The process will be the same process that insurance companies use. Judgments are made on the broad assessment. In some circumstances an organisation may get ticks against all the criteria and still not get insurance cover. In other circumstances an organisation may get ticks against half the criteria and obtain insurance cover. I cannot give a definitive answer; each case is examined on its merits.

Mr D.F. Barron-Sullivan: Imagine a chief executive officer going through this checklist when assessing an organisation. How does the CEO determine whether to pass it to the Insurance Commission for approval if, for example, an organisation meets five of the criteria and none of the others?

Mr M. McGOWAN: The essential role of the chief executive officer of an agency is to determine whether the organisation can obtain insurance privately at a reasonable rate. That is the main role of the CEO of an organisation. He or she then uses these guidelines to make a further assessment of the merit of the organisation. However, I would expect CEOs of organisations to strike out only those organisations that already have insurance at a reasonable rate or those organisations that it is patently obvious should not be provided with insurance cover. Let us say a bikie gang came to an organisation - for instance, the Police Force - and applied for insurance under this scheme. I would expect the CEO to act as a filter to strike out that application. The commissioner may well go through this check list and come up with an arrangement.

Mr D.F. Barron-Sullivan: What about the charity run that is organised by a bikie group, which I am going on in a few weeks?

Mr M. McGOWAN: I am not close to the charity run. Which bikie gang is it?

Mr D.F. Barron-Sullivan: In fact, different organisations have these runs all around the State.

Mr M. McGOWAN: It is the Patriots or something like that, is it not?

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Mr D.F. Barron-Sullivan: There are different ones in different areas.

Mr M. McGOWAN: Is it the Coffin Cheaters or any of the outlaw motorcycle gangs?

Mr D.F. Barron-Sullivan: People associated with some of those gangs are involved in the organisation of some of these runs.

Mr M. McGOWAN: I cannot give a definitive answer on a bikie gang's teddy bear run. I can only say that that is the purpose of the guidelines, and it is standard practice in the insurance industry to assess the potential risk of a potential client.

The ACTING SPEAKER (Mr A.J. Dean): I point out that we are dealing with clause 4. The parliamentary secretary pointed out at the beginning of his remarks that the guidelines are not part of clause 4. Therefore, I rule out of order those questions that pertain to anything except clause 4.

Points of Order

Mr D.F. BARRON-SULLIVAN: I think we will need a ruling on this. I draw your attention, Mr Acting Speaker, to the explanatory notes provided by the parliamentary secretary in accordance with the usual procedure. On page 5, under the heading "Definitions", which relates to clause 4 of the Bill, it states -

The definition of "eligible community organisations" empowers the Treasurer . . . A multi-step process . . . will be implemented to determine "eligible community organisations":

We are talking about that multi-step process at this moment. If we cannot talk about that multi-step process, how can we talk about the definition of eligible community organisations? I am simply following the process of determining whether an organisation is an eligible community organisation in accordance with the definition in clause 4. If I cannot talk about the multi-step process and the criteria that form part of that process, to all intents and purposes I am being gagged from discussing clause 4.

Mr M.W. TRENORDEN: To assist you with the process, Mr Acting Speaker, this particular document -

The ACTING SPEAKER: We are dealing with clause 4.

Mr M.W. TRENORDEN: Yes, and this document -

The ACTING SPEAKER: That is not in the Bill, though.

Mr M.W. TRENORDEN: It deals with the definitions in the Bill, and it states that the definitions are in clause 4. If we cannot understand clearly the documentation of this House, this is a charade. This document clearly states that it is a part of clause 4.

The ACTING SPEAKER: I must be convinced that members are adhering to Standing Order No 179, which states -

Debate will be confined to the clause or amendment before the Assembly and no general debate will take place on any clause.

I stand by my ruling. I cannot see in clause 4, as printed in the Bill before us, the substance that the member is talking about.

Mr M.W. TRENORDEN: Mr Acting Speaker, you will need to give me some direction. What is this document and what is the purpose of it?

The ACTING SPEAKER: It is the explanatory memorandum.

Mr M.W. TRENORDEN: As a member of this House, how do I deal with this document? The explanatory memorandum states that this definition is part of clause 4. The Acting Speaker is saying that it is not. How do I deal with this document?

The ACTING SPEAKER: The member confines his remarks to clause 4 on page 2 of the Bill.

Mr M.W. TRENORDEN: The standing orders state that the purpose of an explanatory memorandum is to assist with a Bill. They cannot be taken in isolation. That is the purpose of the explanatory memorandum. That has already been decided by the standing orders.

The ACTING SPEAKER: The point of order has been taken.

Mr M.W. TRENORDEN: I want to know the outcome.

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The ACTING SPEAKER: I suggest that the member continue the discussion and test the bounds of my decision making.

Debate Resumed

Mr D.F. BARRON-SULLIVAN: Here we go then! I refer to the criteria provided in the document headed “Joint Department of Treasury and Finance and Insurance Commission of WA Guidelines for Admission to Community Fund” to assist in determining whether a matter complies with the definition of “eligible community organisation” in clause 4 of the Bill. Under the section on affordability, it states -

The CEO should consider whether a grant or subsidy or loan to the organisation, to assist it to meet the cost of insurance from the commercial market, is a viable alternative to maintain the services within the budget constraints of the agency.

When determining whether an agency is eligible in accordance with clause 4, does the CEO determine whether it should be funded in one way or another if at all possible? If government departments are required to fund agencies, or there is an expectation that they might, will the Government provide funding to them all to cover that cost? If it does not, I make the point once again about the degree of subjectivity in these criteria. If the CEO of a cash-strapped agency were approached by an organisation to assist in meeting the cost of insurance in the commercial market, but the department did not have the cash to do that or such a move would make the agency's budget a bit tight, the CEO would be encouraged to send the organisation to the Insurance Commission. Putting the CEOs at the top and making them the first line of assessment introduces an extensive degree of subjectivity when determining that definition.

Mr R.F. JOHNSON: I was interested in the comments of my colleague the Deputy Leader of the Opposition. He was hoping that the parliamentary secretary would get to his feet and answer those questions, but he is obviously not going to. I would like to hear some more comments from my colleague the Deputy Leader of the Opposition.

Mr D.F. BARRON-SULLIVAN: I am sure he will stand, because I asked a question.

Dr J.M. Woollard: Mr Acting Speaker, I draw your attention to the state of the House.

The ACTING SPEAKER: A quorum is present.

Mr D.F. BARRON-SULLIVAN: I will leave the parliamentary secretary to ponder that question for a moment. Another point leads on from that and is also in the criteria to determine eligibility in accordance with clause 4. The guidelines state -

... sponsoring agencies should ensure that NGO's are not just 'shopping around'. Provision of cover by the ICWA Community Insurance Fund will thus only occur where evidence is provided that an organisation has an inability to find relevant or affordable cover in the private insurance market.

The member for Roe mentioned that point earlier. If these organisations cannot shop around, I presume that means that they cannot try to use this system to get a lower premium than the one they are paying in the commercial market. Why on earth provide the system for those organisations if they cannot shop around to try to get a lower premium through the system? I do not know how shopping around could otherwise be defined. I ask the parliamentary secretary to explain that point to me. My first question was on the question of affordability and whether CEOs would be expected to assist community organisations with the costs of their insurance in the commercial market. My second question referred to the fact that the guidelines state that these organisations cannot shop around. If I were a CEO and someone came to me and said that he was paying an astronomical premium for his public liability insurance, I would have to tell that person that I was sorry but because he had public liability insurance, he was not allowed to shop around, but must go back to his commercial supplier.

Mr M. McGOWAN: The provisions referred to by the Deputy Leader of the Opposition are contained in the “Joint Department of Treasury and Finance and Insurance Commission of WA Guidelines For Admission To Community Fund”. He is referring to the third matter contained within this document and I will answer his question on that basis. First, he asked whether it was reasonable for an organisation or chief executive officer to consider whether a grant, subsidy or loan to an organisation to assist it to meet the cost of insurance from the commercial market was a viable alternative to maintaining the services within the budgetary constraints of the agency. That will be a decision for individual agencies in the circumstances. Sometimes it may be more appropriate than referring a matter on for insurance coverage under this scheme; sometimes it will not. It would be unusual to do that, but it may mean that an organisation that already receives a grant from an agency may receive a small increase in its grant. That may be a sensible way to go, if the organisation receiving that grant is carrying out an activity on behalf of the Government and needs that urgent assistance to retain a viable insurance

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policy in the circumstances. The reforms the Government is proposing in the Civil Liability Bill and the prospective reforms flowing from the Ipp reports, make it entirely possible that insurance premiums will plateau in future and may then decline. We are unable to provide a definitive answer. Agencies may decide to help some small community organisations over the hump until those reforms are through and the premiums have plateaued.

I will now deal with the second point in the guidelines referred to by the Deputy Leader of the Opposition. He asked me whether the explanation that this is not a technique for shopping around means that the Bill is worthless. I reiterate that the Government is not setting up another State Government Insurance Office. It is not setting up a competitor that will go out and seek insurance everywhere, in the same way as it is not getting into the car industry, butcher shops or fishing fleets. The private sector can undertake certain activities, and the Government believes that insurance is one of those. The insurance industry should undertake the activities of providing public liability insurance. There is a problem, however, with specific community groups that cannot obtain insurance at a reasonable rate. The Government is putting in place a provision for those community groups that perform a valuable community service, or a service analogous to government, which the Government might otherwise have to provide, to be assisted by the Insurance Commission of Western Australia. This is the only State Government doing that. That is the purpose of this measure. It is not intended to build another SGIO. If the Opposition wants to take a policy along those lines to the next election, it is welcome to do so.

Mr D.F. BARRON-SULLIVAN: I am sorry to keep harping on this issue, but it has been hard, all the way through this debate, to get a definitive answer on anything. Before I seek clarification, I make the point that the parliamentary secretary keeps insisting that this is not part of the Bill. I am talking about the guidelines to assist agencies to determine whether an organisation is an eligible community organisation in accordance with clause 4. It is part of the multi-step process referred to in the explanatory memorandum. The parliamentary secretary should not keep implying that I should not keep asking questions about this process, because that is what this clause is all about. Again I say that, under the heading "Affordability", the guidelines state that the chief executive officer will need to evaluate whether the organisation can afford to pay a reasonable premium increase, or is just seeking a better deal. Does the organisation just require a slightly increased grant or subsidy? It does not say that the chief executive officer must give an increased grant, or that, if the organisation is looking for a lower premium, it must be rejected. However, the implication is certainly there. It really does provide for a great degree of subjectivity on the part of the chief executive officer of the organisation. It even goes on to state -

Has the organisation made sufficient efforts to obtain affordable insurance by fully exploring the commercial insurance market and the options available to it to target its insurable risks, increase the excess on any claim, and review its level of cover?

The chief executive officer must determine whether a community organisation has looked at increasing its excess payments on claim, whether it has reviewed its level of cover and so on. This is talking about the chief executive officer of the Department of Health, the Department of Sport and Recreation, the Department for Community Development and so on. They are supposed to assess this sort of thing. I come back to the question I asked earlier. This is my key question at this point, and I will let the matter rest after asking it. Can the parliamentary secretary please explain once again why the system has not been designed so that the applications go straight to the Insurance Commission, so that they can be assessed on a proper commercial basis by people with experience and expertise in this area, rather than provide yet another burden on the chief executive officers of other government agencies in an area in which they do not have the expertise or the experience?

Mr M. McGOWAN: The chief executive officers of organisations can seek advice from the Insurance Commission of Western Australia about these matters, and the Insurance Commission will be available to provide that advice. Chief executive officers will no doubt delegate to their staff, which is standard procedure. Organisations such as those mentioned by the member for Mitchell, such as the Department of Sport and Recreation, would have officers who are quite experienced in these matters. The good people at the Insurance Commission can provide them with that advice. The reason this stepped process involving the agency up front is that the departments often have knowledge of the organisations in question. If the applications went direct to the Insurance Commission of Western Australia in the first instance, it would have to send them to the agencies for advice in any event.

Mrs C.L. Edwardes: Why? You called it a filtering process.

Mr M. McGOWAN: I will explain it one more time for the member for Kingsley. It is because the agencies often have knowledge of the type of organisation. As I said, we do not want the Coffin Cheaters applying for

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insurance from the Insurance Commission of Western Australia. We want that possibility filtered out. Agencies will be involved in the filtering process as they will often have intimate knowledge of the area of operation of the organisation in question. There are thousands of organisations doing thousands of things. The Insurance Commission of Western Australia may not have intimate knowledge of individual organisations. There may be specific reasons that an organisation cannot obtain insurance or that the premiums are levied at an unreasonable rate, and those facts should be passed on to the Insurance Commission from the agency. That is quite straightforward.

Mr D.F. Barron-Sullivan: Let us use your hypothetical example of the bikie gang, and it is involved in raising funds for some health cause. It goes to the Health Department and asks for its public liability insurance to be paid, and the Health Department then has to assess the suitability of this bikie gang. I would have thought it would be far more appropriate for the Insurance Commission to do that.

Mr M. McGOWAN: That is your view, not the Government's.

Mr D.F. BARRON-SULLIVAN: I will continue through the points that determine whether an organisation is an eligible community organisation. Clause 4 provides for the chief executive officer of the agency concerned to ask whether other organisations have provided similar services to the community organisation. Is the inference that if another organisation is providing a similar service it will be turned down?

Mr M. McGOWAN: It is merely a relevant factor in considering whether insurance should be granted. There are probably 20 relevant factors. That is one of the relevant factors that should be included in the assessment process by the department. That is quite reasonable.

Mr D.F. Barron-Sullivan: Is it something that will be stacked against them?

Mr M. McGOWAN: It will be used to obtain global information in the assessment process. The commission should have all the information at its fingertips before it provides insurance. The member for Mitchell would be the first person to ask why the Government did not carry out a proper assessment if insurance were provided to a client who was a poor risk and cost the commission, and therefore the taxpayers, a lot of money.

Mrs C.L. Edwardes: The Insurance Commission is the competent agency.

Mr D.F. Barron-Sullivan: Once it has looked at the application on a commercial basis with all its expertise in insurance, the final decision is made by an elected member of Parliament, the Treasurer. He is accountable to the people of this State and the Parliament. Accountability comes in at that level. Why does the Government need accountability at that first level, which will burden a CEO? What if a CEO refuses someone public liability insurance because three other organisations have applied?

Mr M. McGOWAN: That is the member's view; it is not the Government's. The Government views this as a priority Bill and would like to see it in operation. The longer the Opposition nitpicks about points that are not clauses of the Bill but relate to its proposed administrative framework, the longer it will take to get these provisions into operation.

The Insurance Commission has had a lot of community organisations inquiring about the progress of this matter and would like to see it in place so they can make applications through this process. The sooner we get this Bill through the House, the better for all.

Dr J.M. WOOLLARD: Page 5 of the proposed amendments states that affected organisations may approach an affiliated state government agency, with peak or industry association comment, requesting insurance cover. There are many wonderful voluntary groups in my electorate, particularly the ones that are interested in the environment. Will the parliamentary secretary table the list of what the Government considers are the peak associations, because when the community groups come to me I would like to be able to state the peak groups that they should approach.

Mr M. McGOWAN: As I have explained to the member for Alfred Cove on a number of occasions, the reason that we are unable at this stage to table a list of organisations is that they have not gone through the assessment process. I expect that environmental organisations will be able to apply and will receive consideration under this process, because they perform a worthwhile role in the community.

Dr J.M. WOOLLARD: The parliamentary secretary must be getting a bit tired. I asked whether the parliamentary secretary will table a list of what the Government considers to be the peak associations that are meant to comment on these applications.

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Mr M. McGOWAN: There are probably hundreds of peak organisations around the State. If the member for Alfred Cove would like to provide me with her list of the organisations that she feels should be advised of this legislation, I would be happy to pass it on to the Insurance Commission.

Mr D.F. BARRON-SULLIVAN: I will comment on three of the criteria that are proposed to be used to determine whether a community organisation is an eligible community organisation in accordance with clause 4 of the Bill. The first criterion is whether volunteers contribute to the delivery of services. What does it matter whether a community organisation has volunteers or people who are paid? The second criterion is how long has the organisation been delivering the services. Again, what is the significance of that? The third criterion is whether the organisation's management and control is located in Western Australia. What is the relevance of these criteria in assessing whether an organisation is eligible to apply for public liability insurance cover through ICWA?

Mr M. McGOWAN: We are dealing with the guidelines that I passed to the Deputy Leader of the Opposition in good faith, because I thought he would be interested. I did not think they would become debating points in the House. All of these matters are relevant to the risk profile of an organisation and therefore to whether it should be insured and to what the premium should be. It is relevant to the State of Western Australia whether an organisation's management and control is in Western Australia. I thought that would be self-evident. It is also relevant to know for how long an organisation has been delivering services. That is a relevant consideration to any insurer and is a standard question on any insurance application. It is also relevant whether volunteers contribute to the delivery of services.

Mr D.F. BARRON-SULLIVAN: I will have to be as satisfied as I can be with that answer, but I again make the point that the parliamentary secretary has said that I am entering into debate on these points, as if I should not be. We are in this place as legislators. My job as a member of Her Majesty's official watchdog is to go through the legislation as much as I can to make sure it is as workable as possible. The explanatory memorandum for clause 4 of the Bill contains an attachment. I am referring to that attachment. I draw the attention of the parliamentary secretary to the heading on the financial profile of the organisation. The question there is: does the organisation have the financial capacity to meet claims up to an agreed threshold from its own resources - that is, excesses that may apply to be agreed between the Insurance Commission and the community organisation? The reason I would like some clarification on this is that I want to know if this implies that public liability insurance will go only to organisations that have sufficient reserves to meet an agreed payment threshold, or will excesses apply only to those organisations that have reserves and therefore would be able to pay for excesses in the case of making claims?

Mr M. McGOWAN: I reiterate that I provided the Deputy Leader of the Opposition with draft guidelines in good faith. I did not have to provide them to him. Had I not, we would not be having this debate. In future I will not provide them to him, because he obviously thinks that getting a little largesse from the Government provides him with an opportunity to filibuster all night. In answer to his question on the clause that is not part of the Bill, it relates to an excess. An excess provision is put in place to ensure responsibility on the part of an organisation. People would pay an excess payment on motor vehicle insurance. An insurer assumes, quite reasonably, that if clients are required to pay an excess provision they will drive a little more responsibly. They may not bring a claim for something very minor because the initial part of any payment must be met by them. It therefore ensures responsibility on the part of people and organisations and is standard insurance practice.

Mrs C.L. EDWARDES: I refer to the parliamentary secretary's comments that if he had not provided additional information, we would not be debating this issue. The real crux of clause 4 on community organisations is the criteria and process by which eligibility would be determined. Whether we had this document or not, we would be asking the parliamentary secretary about exactly what is contained in the document. Whether he put it in written form, which he has, or whether he responded verbally, which he has additionally, we would still be validly asking those questions. If we could not ask those questions on clause 4, the Government would expect the Parliament to be a rubber stamp for whatever it put forward. It is quite appropriate therefore to ask questions about the process and criteria for the determination of the eligibility of community organisations. Whether or not the parliamentary secretary provided the document is irrelevant.

Mr D.F. BARRON-SULLIVAN: Had we not got this information, I can assure the parliamentary secretary that I had a separate list of questions liberally laced with lambasting comments about the fact that we would not be able to properly assess the legislation without the criteria.

The parliamentary secretary will be pleased to know that I have only a couple more questions on clause 4. First, when the Insurance Commission, in assessing an application by a community organisation and determining

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whether it is eligible in accordance with clause 4, ticks off an application and sends it through to the Treasurer, if the Treasurer declines that application against the recommendation of the Insurance Commission, is there any accountability mechanism? Must the Treasurer report to Parliament or anything like that? At any stage of the process when an application is being considered by the chief executive officer of an agency, the Insurance Commission of Western Australia or by the Treasurer, does a community group have a right of appeal or some other way to have a matter reassessed?

Mr M. McGOWAN: As I indicated earlier, these are draft guidelines and are subject to improvement; that is all they are. If the member would like to provide some suggestions on how they can be improved, the Government is open to those suggestions and I can pass them on to the relevant people and we can consider them.

Mr D.F. BARRON-SULLIVAN: I am asking these questions only because I want an answer. I presume from that answer that no appeal mechanism is in place, but I do not know because the parliamentary secretary did not give me a proper answer. We have an amazing bicameral parliamentary system. At this stage of proceedings, we give as detailed an assessment as we can in the time available with the information that is provided. It will be some time before this Bill gets to the upper House. I remind the member that he is the executive of the State in charge of this Bill and the onus is on him to take heed of what members on this side of the House say. Before this legislation gets to the upper House, the parliamentary secretary might care to take into account some of the suggestions, comments and questions that have been posed from this side of the Chamber because when this legislation gets to the upper House, the really detailed analysis will take place. The member knows that the other place does not have the same time constraints as this Chamber.

For two years, I sat next to the member for South Perth and I give him a great deal of credit for being one of the foremost and eminent parliamentary performers in here. I am sure he would not mind me saying that he once told me that legislation should not be rushed through Parliament because we want to make sure that we pass good legislation. If it takes us a couple more hours to get this legislation passed through here, we should do that. The parliamentary secretary should take on board my suggestion that an accountability mechanism should be put in place, particularly at the CEO level. The Government is allowing the potential for a great deal of subjectivity at the level at which the CEOs of different government agencies assess these matters and applications.

Clause put and passed.

Clause 5: Section 3A inserted -

Mr D.F. BARRON-SULLIVAN: The legislation says that the Treasurer may determine that an organisation is eligible to participate in this type of insurance arrangement. Does the Treasurer have the discretion to allow a non-incorporated body to seek insurance or to obtain insurance under this mechanism?

Mr M.W. TRENORDEN: I am curious about the process that is described in this clause. Why must the Treasurer determine whether each organisation is eligible for approval to participate in this arrangement?

Mr M. McGOWAN: I thank members for their questions. In answer to the Leader of the National Party, the application goes to the Treasurer because he is accountable to Parliament and accountable to the people by the democratic process. Ultimately, the Treasurer will no doubt suffer in this place if an unfortunate decision is made. It is therefore appropriate that the Treasurer have some say in the process because he is the one who will wear it.

Mr D.F. Barron-Sullivan: That was my point a few moments ago.

Mr M. McGOWAN: The Deputy Leader of the Opposition should let me answer his question on whether an organisation is defined. The definition is contained in clause 5, proposed section 3A, under the heading "Eligible community organisations". It includes organisations of a particular class and, for instance, manages to bring all of the surf lifesaving clubs together. Those clubs might be independently incorporated under the Associations Incorporation Act but they can all be brought together by the Treasurer under this provision.

Mr M.W. TRENORDEN: The parliamentary secretary still has not answered my question. Why should every single premium be sent to the Treasurer and to Treasury? Hopefully some of these premiums will be for \$1 000, unless the intention is that not many premiums will go through this process. That is the only conclusion I can come to. Many Acts that pass through this House have reportable funding requirements. Why does the Government not put the applications in bundles of 50 000 or 100 000 - or 10 000, if it wants to be super conservative? Why is it doing them in bundles of 1 000 individual applications?

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Mr Acting Speaker (Mr A.J. Dean), you would know from experience that many agencies must report to Treasury. It is a standard process, as the parliamentary secretary correctly pointed out. However, most of those processes are related to particular benchmarks in the spending cycle; they are not dealt with on an individual policy basis. Does the Government in this case expect only a handful of policies to go through the process?

Mrs C.L. EDWARDES: The Government of the day may not have confidence in the Insurance Commission of Western Australia and the Treasurer may want to be a further filtering process. The government state organisations and agencies will therefore act as a filtering process before an application goes to ICWA, and ICWA will then send it to the Treasurer who will act predominantly as another filtering process.

We will get to the community fund debate shortly but all the Government is doing with this clause is underwriting the insurance. Underwriters and reinsurers do not ask for approval from policy holders, but the Treasurer will do so. The only thing I can think of is that either the Government wants the Treasurer to be a further filtering process so that it can sign off on who should get it and what level of independence or discrimination that will provide; or the Government does not have the confidence in ICWA to make the appropriate decision.

Mr M. McGOWAN: I thank members for their contributions. In effect, insurance transfers a risk to the State. That is what this clause is doing - transferring a risk from an organisation to the State.

Mrs C.L. Edwardes: When?

Mr M. McGOWAN: When the premium is issued. At the time the Treasurer signs it off, the risk is passed to the State.

Mrs C.L. Edwardes: The State is paying for it.

Mr M. McGOWAN: No, the member is missing my point. The purpose of insurance is to transfer a risk from one party to another for a fee. The Treasurer will sign it off because ultimately he is responsible for the State's finances. He will bear the political burden and the public opprobrium if things go wrong. If the State took on a bad risk and an accident occurred that cost tens of millions of dollars, the Opposition would no doubt come into this place and accuse the Government of being at fault. The Treasurer realises that and on that basis is of the view that he should have the ultimate say. At the end of the day, as the responsible minister, he is the one who will carry the can. I cannot think of anything more democratic under our system of responsible Government.

Mr M.W. TRENORDEN: I would like to find out the real answer. Obviously that was nowhere near the real answer. The three people surrounding the parliamentary secretary should be able to tell me the answer. Is the parliamentary secretary telling me that Treasury tells the Treasurer about each and every single loan or financial transaction that occurs?

Mr M. McGowan: Yes.

Mr M.W. TRENORDEN: It does not.

Mr M. McGowan: Have you even been the Treasurer?

Mr M.W. TRENORDEN: I was the Chairman of the Public Accounts Committee for eight years.

Mr M. McGowan: The treasurer of the Northam Race Club is not the same thing!

Mr M.W. TRENORDEN: I want the parliamentary secretary to look me in the eye and tell me that the Treasurer sees every transaction that goes through Treasury. He does not. I do not doubt that a Treasury officer sees every transaction. However, that makes the parliamentary secretary's answer a nonsense. If he is saying that our august Treasurer of Western Australia will assess whether an application represents a good piece of insurance, I will start to be afraid about this Bill. I would not want that job, and the Treasurer should not have that job. That is not the job of Treasury, and it is not the job of the Treasurer; it is the job of ICWA. No-one else in that process will have any expertise. I therefore assume that the reason applications will be considered on an individual basis is so that the Treasurer can see which organisations want insurance. He will decide to grant insurance if it is a Labor Party organisation or to put a cross against another application because it is from a National Party organisation. He will not even look at applications by Liberal Party organisations. Is that the purpose of the procedure?

Mr M. McGowan: No, that is ridiculous.

Mr M.W. TRENORDEN: It is not ridiculous. If the parliamentary secretary tells me what this process is based on, I will stop putting that proposition to him.

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Mr D.F. BARRON-SULLIVAN: A moment ago the parliamentary secretary said what I was trying to say earlier: the Treasurer is supposedly in this process to provide accountability to this Parliament and the people. He also said that at no stage of the process - that is, when the application is assessed by the chief executive officer of an agency, the Insurance Commission or the Treasurer - is there any right of appeal or right to ask for another decision. The process is to be accountable through the Treasurer; yet, how will we even know what the decisions are? The Insurance Commission might recommend a particular application but the Treasurer could knock it back. How will we know if that has happened? We heard earlier that the Treasurer is not required to report to the Parliament on that. How will we will find out whether there has been a major payout in which the Treasurer must get involved? I think this might touch on an amendment that the National Party will move later. At the moment the parliamentary secretary is saying that the Treasurer is accountable; yet, I can see a number of stages of decision making that avoid accountability.

Mr M.W. TRENORDEN: Why will the process not entail bundles of requests being sent to Treasury? Treasury will not counter the risk that has been accepted by ICWA. Treasury simply counts money in and counts money out. It will not make decisions about risk. It may want to read the reports put forward by ICWA. That is fair and reasonable; it is an important process of accountability. Why are applications not sent to Treasury in bundles of 50 000 or whatever the standard process is? I do not understand it. There has to be a reason for what is being done here that the Government is not telling us about.

Mr M. McGOWAN: Any organisation that feels aggrieved about the administrative process - which the member has examined in some depth - can make an application to the Treasurer under this legislation.

This Government is elected; the Treasurer is elected. What is more democratic and accountable than having someone who is elected bear the brunt of attacks over any risky decisions that are made? The member is suggesting that decisions should be left totally in the hands of "horrific" bureaucrats. That is what he is proposing. As an accountability measure to protect the State's finances, the Treasurer will make the final decision. That is accountability, as he is elected. People who want to can appeal to the Treasurer if they feel aggrieved about any decision.

Mr D.F. BARRON-SULLIVAN: I like that! A person can appeal to the Treasurer about a decision the Treasurer has made! I will not go down that path, as there is no intention of having an accountability mechanism. I return to the question I asked earlier about clause 5. Can the Treasurer determine if a non-incorporated organisation is eligible for assistance from the committee fund? Proposed section 3A(1) states -

A community organisation is an eligible community organisation for the purposes of this Act -

That means that it can apply for insurance cover -

if the Treasurer has made a determination under subsection (2) in respect of the organisation or a class of organisations of which it is a member.

Proposed section 3A(2) states -

The Treasurer may determine that an organisation, or all organisations of a particular class, is or are eligible to participate in an arrangement managed and administered by the Commission for the insurance and risk management of eligible community organisations.

Does that mean that the Treasurer could approve a non-incorporated organisation?

Mr M. McGOWAN: No, that is not possible. I admit that the proposed section requires a bit of reading. It proposes that a group of organisations may be brought together under one umbrella. As I said before, it may apply to surf lifesaving clubs that are all incorporated independently. Similarly, it may apply to football clubs that are incorporated independently under the Associations Incorporation Act. They can be brought together and dealt with as one by the Treasurer if he sees fit.

Mrs C.L. EDWARDES: It is a shame that the Treasurer is not present to listen to this debate, particularly when the parliamentary secretary said something along the lines that if the Treasurer had not signed off individual policies and there was a loss of enormous proportions, the Opposition would be asking for a level of accountability. How will the Treasurer feel when he signs off on an individual policy and there is an enormous loss? It is a damn shame that he is not here tonight to hear what this legislation may do to him.

Clause put and passed.

Clause 6: Section 6 amended -

Mr D.F. BARRON-SULLIVAN: Clause 6 refers to the fact that the functions of the Insurance Commission of Western Australia are extended to conduct research, to educate and to promote and to raise public awareness and

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so on. Under section 6(e) of the Act in particular, although generally speaking under this clause, who will fund these programs? I ask that in particular because if the Insurance Commission initiates a program in accordance with this clause, will the cost of that program be taken from the community fund? In other words, firstly, will that cost, in effect, put upward pressure on the premiums for eligible community organisations? Secondly, is there any intention at this stage to initiate, participate in or promote programs referred to in this clause?

Mr M. McGOWAN: Quite simply, this is a fairly admirable clause that I thought would be well supported. The programs will be paid for out of premiums received.

Mr M.W. TRENORDEN: Clause 6 clearly extends the provisions so that ICWA will act for this other grouping of people. Who will define those people? Will that be a role of ICWA, or will it be a legal process to ascertain who does and does not qualify?

Mr M. McGOWAN: All the provisions that the member for Avon is talking about are already contained and dealt with in the Act.

Mr M.W. Trenorden: All I am concerned about is the competence of ICWA to deal with the people who will come to the commission for insurance if an administrative matter is being dealt with. Whose responsibility is it if someone says, "You've knocked me back and I should be in", or the other way around?

Mr M. McGOWAN: I am not sure that what the member for Avon is saying relates to this clause. The amendment proposed in the amendment Bill inserts paragraph (ca). Basically, it states that the Insurance Commission will be able to manage and administer insurance and risk management arrangements on behalf of eligible community organisations.

Mr M.W. TRENORDEN: That is the point I am making. Perhaps I did not explain myself clearly. The parliamentary secretary said that it would be provided to eligible organisations. Who will be eligible? Who makes that decision? Is the decision made through the Insurance Commission of Western Australia or some other process?

Mr T.K. Waldron: The Treasurer.

Mr M.W. TRENORDEN: I have got it; the Treasurer does it at the end of the process! Who makes that decision?

Mr M. McGOWAN: The decision to which the member for Avon is referring relates to the activities of the Insurance Commission in managing and administering insurance and risk management arrangements on behalf of eligible community organisations. That decision will be made by the Insurance Commission.

Mr M.W. Trenorden: So the Insurance Commission will decide who is eligible? Is that the short answer?

Mr M. McGOWAN: I understand the member for Avon's point. During debate on the previous clause, we discussed how an organisation becomes an eligible organisation. It is determined by the Treasurer following an administrative process. The member has a draft of what that process will be. The management of that will not be conducted by the Treasurer but by the Insurance Commission.

Mr M.W. TRENORDEN: That does not make any sense. The process the parliamentary secretary has outlined has the Treasurer as the final point. An organisation will approach ICWA at the beginning of this process and ask to be insured. At some stage the organisation will declare that it is eligible under the criteria, and ICWA will agree. The Treasurer cannot make that decision because he is at the end of the process, as the parliamentary secretary has explained.

Mrs C.L. EDWARDES: The parliamentary secretary is seeking advice before he responds.

Mr M. McGOWAN: Under the process in the Bill that we are discussing tonight, the Treasurer will finally sign off on whether a community organisation can receive insurance from the Insurance Commission of Western Australia. Once that decision is made, the Insurance Commission will have responsibility for managing and administering insurance and risk management arrangements on behalf of public authorities. The Government will give the Insurance Commission the capacity to do for organisations that receive insurance cover under this Bill the same things that it does on behalf of public authorities. That is all this is about. It is not sinister.

Mr M.W. TRENORDEN: I am afraid that it is, because the parliamentary secretary does not understand. I will go through the process. An organisation receives an insurance notice and decides that it is too dear. I refer to the five dot points in the explanatory memorandum. The organisation goes to the peak body and ICWA. It goes through the process and is then told that it is not eligible. It has taken the not-for-profit organisation a month to

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get through the process and at the end it gets a letter from ICWA saying that it is not eligible. There will be some angry people around. If people are not to be covered, the Government has a moral obligation to tell them up-front. The most critical part of insurance is just that: people make an application and they are accepted or rejected. In this process the Insurance Commission of Western Australia will accept or reject them, and they could then be rejected by the Treasurer because they are not eligible. That process will not be palatable to the public; it will cause much anger.

Mrs C.L. EDWARDES: Earlier we were talking about the insertion of the term “eligible community organisations” in section 7 of the Act and the proposed amendment to section 6 referring to powers -

Mr M. McGowan: We are not up to section 7 yet.

Mrs C.L. EDWARDES: I wish to clarify this issue. The amendment to section 7 will insert “or (ca)”, which refers to proposed section 6(ca) set out in clause 6 of the Bill. Proposed section 6(ca) provides the power to manage and administer insurance and risk management arrangements on behalf of eligible community organisations. The amendment to section 7 will add paragraph (ca) dealing with the promotion of programs and schemes. I would like clarification for the record, because there was some confusion in the responses.

Mr M. McGOWAN: This is a mechanical provision to give the Insurance Commission of Western Australia the capacity to manage and administer insurance and risk arrangements on behalf of eligible community organisations. That is all it is.

Mr M.W. Trenorden interjected.

Mr M. McGOWAN: They have already been determined under the clauses we have been dealing with. Once they are determined, the Insurance Commission will have the capacity to manage and administer that insurance.

Mr M.W. Trenorden: Who will determine the eligibility?

Mr M. McGOWAN: The Treasurer will have already done that. Once they are in the system a policy will be in place. This provision mirrors the position taken by RiskCover at the moment for public authorities.

Mrs C.L. EDWARDES: Earlier the Deputy Leader of the Opposition asked who would pay for the implementation of the powers provided for under amended section 6. Eligible community organisations are included under proposed new paragraph (ca) which is listed under clause 6 of the Bill. Clause 6(2) refers to paragraphs (a), (b) or (c). Does that mean that the commission does not have the power to initiate or participate in programs, schemes, research etc for eligible community organisations? Is that a correct interpretation of the clause?

Mr M.W. TRENORDEN: We have reached an impasse. It would be best to allow the parliamentary secretary and his advisers some time to work through this difficult process. We have been having some difficulty for a couple of hours, and I suspect that, for everyone's good health and good measure, and for the good progress of the Bill, someone should look over these clauses and come back with a better and defined process. I do not say that in a nasty way, but that is where we are at.

Mr D.F. BARRON-SULLIVAN: How lucky we are that the House has not rushed through its consideration of these clauses. The parliamentary secretary refused to be compromised by pushing this legislation through quickly, and we have found small glitches in it in this way. I thank the parliamentary secretary.

Debate adjourned, on motion by Mr M. McGowan (Parliamentary Secretary).