

Hon George Cash; Hon Peter Foss; President; Hon Norman Moore; Hon Robyn McSweeney; Mr Tom Stephens;
Hon Bruce Donaldson; Hon Barry House; Deputy President; Hon Ken Travers; Hon Derrick Tomlinson

ADDRESS-IN-REPLY

Motion

Resumed from an earlier stage of the sitting.

HON GEORGE CASH (North Metropolitan) [5.40 pm]: Prior to question time I was indicating the importance of the mining industry to Australia. I quoted some statistics and economic data in respect of the Australian mining industry. I refer now to some statistical data for the Western Australian mining industry. In 1999-2000 the value of mineral and energy production in Western Australia was \$21.2 billion or 50 per cent of the total Australian production. Of the \$21.2 billion mineral and energy production, 86 per cent or \$18.3 billion was destined for the export market. That accounted for 70 per cent of our State's export income.

I referred earlier to employment statistics for the Australian mining industry. It is estimated that for 1999-2000 direct employment in the Western Australian mining industry totalled 40 335 people and that the industry created another 141 000 indirect jobs. In pure economic terms that means that the mining industry in Western Australia accounts for 30 per cent of gross state product. Members will have been provided with a statistical digest from the Western Australian Department of Mineral and Petroleum Resources, which indicates that royalty payments by the minerals and energy industry amounted to \$776.287 million during 1999-2000. That amount represents direct payments made by the industry to the State Government and does not include other government charges for rail, road and port usage.

In the past 10 years the mining industry has paid the State Government in excess of \$4.65 billion in direct royalty payments. That is a lot of money towards schools, hospitals and other community facilities. The schedule for 1999-2000 indicates that royalties from petroleum amounted to \$7.649 billion; iron ore, \$3.722 billion; gold, \$2.935 billion; alumina, \$2.657 billion; and nickel, \$1.769 billion. The most recent breakdown of statistics for mineral and energy production as a percentage of world production is for 1998. However, they are very interesting statistics. For instance, Western Australia produces 30 per cent of the world's zirconium, 27 per cent of its rutile, 19 per cent of its alumina, 15 per cent of its ilmenite, 13 per cent of its iron ore, 11 per cent of its nickel and nine per cent of its gold. Those statistics are very impressive. Measured over 10 years they reveal the worth of the mining industry to Western Australia.

One of the areas now registering a decline is exploration. Exploration expenditure for the past few years, excluding petroleum, has fallen dramatically. In 1996-97 \$691 million was spent on mineral exploration in Australia. That fell to \$660 million in 1997-98, and was down to \$523 million in 1998-99. In 1999-2000 mineral exploration expenditure in this State amounted to only \$415 million. Although brownfield sites contain identified mineral deposits, which were discovered in the past and could one day form the potential of a mining operation, we are not finding any additional significant mineral deposits on the greenfield sites that can be developed in the long term. It is fair to say that much of the downturn in mineral exploration in Western Australia is related to land access issues. They in themselves are coupled with increasing environmental constraints and related compliance costs. Overall, that has imposed a severe reduction on oil and mineral exploration in Western Australia. I acknowledge that global commodity prices in the past few years, particularly in the gold industry, have played a part in the reduction in exploration expenditure.

Some of the good news reported by the Australian Bureau of Statistics last month is that the Western Australian mining industry spent \$724 million on capital equipment and buildings in the first three months of 2001. That is a promising situation. However, it will not be necessary to spend more money on equipment and buildings if we do not have an exploration program that enables the exploration companies to find additional mineral deposits.

In general terms, the figures I quoted indicate clearly the importance of the mining industry to Australia and, particularly, to Western Australia. Mining in Western Australia is clearly the economic generator that drives the State. We should therefore be doing everything in our power to ensure that the whole community recognises the importance of the mining industry.

I turn now to an area particular to my electorate. Last Saturday afternoon I attended the opening of the Inglewood United Soccer Club's new grandstand. That in itself was a great occasion inasmuch as it was the culmination of a number of years work by the club. The grandstand is a \$900 000 facility, and it was proudly opened by Councillor Tony Vallelonga, Mayor of the City of Stirling, attended by a huge number of people. To be realistic, the grandstand is very much the result of the work done over a long period by Mr Ziggy Kramer, President of the Inglewood United Soccer Club, and his wife, Lillian. The club has an interesting history. It was originally located in Victoria Park but it shifted to Inglewood in 1967. In 1976 Ziggy Kramer's father was very much involved in the building of what are now the old club headquarters. It was great to attend an opening 25 years later and be part of a ceremony that acknowledged the contribution of the late Mr Kramer's son, Ziggy, in building the new grandstand.

Extract from Hansard
[COUNCIL - Tuesday, 31 July 2001]
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The funding of the grandstand was always a problem for the club. I have worked with the club on the problem for a number of years. In the end we turned to the community sporting and recreation facilities fund. We approached the then Minister for Sport and Recreation, Hon Norman Moore, to see whether the Government would make a one-third commitment to the new facilities that were required by the club. I was pleased in February 2000 to receive a letter from the then minister indicating that the distribution of the sixth CSRFF triennium grant would provide \$250 000 for the Inglewood Kiev Soccer Club for the construction of grandstand and change-room facilities. Having secured that funding from Hon Norman Moore - I might say that at that time the club was most grateful to the minister for agreeing to that particular grant - the difficulty was then to ensure that the one-third contribution from the local authority, the City of Stirling, was made available, and the other third that had to be supplied by the club could be made available. It was an interesting situation because, at the time, each of the three potential contributors was basically saying that if the other two committed, it would consider a contribution. The Minister for Sport and Recreation, Hon Norman Moore, indicated to me that when the club put its application in it would need to make very clear that it could guarantee the funding of the other two-thirds of the proposed facility.

The club sought support from various supporters. The City of Stirling said that it would be prepared to make a one-third contribution if the other two potential contributors would come up with their funding. As for the club's one-third share, I am pleased to say that BGC Construction, a company owned by Len Buckeridge, came up with the entire amount. That deserves credit and should be recognised by not only the Parliament but also the community as a whole in Western Australia. I have never heard of one company or a private organisation coming up with the whole one-third of a community development - a development which technically is owned by the City of Stirling because it is built on land leased from the City of Stirling.

Hon Peter Foss: That was extremely philanthropic.

Hon GEORGE CASH: Very much so. I was pleased to learn last Saturday afternoon that this is not the only club to which the company has contributed in recent times. I do not believe that the company was seeking any recognition whatsoever. However, I take it upon myself to make clear that that is where one-third of the funding came from. BGC was certainly recognised in glowing terms by the president and others when they spoke at the opening.

Having secured the one-third club contribution by courtesy of BGC Construction, the City of Stirling was then prepared to commit its one-third. I thank the local ward councillors, Councillor Terry Tyzack and Councillor Bob Daniel, for the tremendous amount of work they did in making sure that the council fully understood the needs of the Inglewood United Soccer Club. I also thank the city mayor, Councillor Tony Vallelonga, who met with the club on a number of occasions and provided leadership in the debate when it was conducted at the city. The good news is that the city came to the party and the club was able then to proceed with the development. The development was completed in time for its opening last Saturday afternoon.

One other official duty I had at the weekend was that yesterday afternoon I had the pleasure of attending the opening of the Osborne Park community centre and library, which was named the Adam Spagnolo Osborne Park Community Centre in honour of one of the councillors of the City of Stirling. Councillor Spagnolo has been a councillor at the city for more than 17 years. He was nominated by the mayor of the city, Councillor Vallelonga, to have this building named after him. That proposal was unanimously supported by all other councillors at the city. I made the point when speaking at the function yesterday afternoon of recognising the forward-thinking policies of the City of Stirling. I say that because a number of local authorities and other organisations are not prepared to recognise significant community contributions by their members or former members until they are dead. It seems that a fair bit of the fun, so to speak, of recognition is taken out of a ceremony when one is recognising posthumously the achievements of a particular individual.

Hon Kim Chance: Especially for the dead man.

Hon GEORGE CASH: That is right.

As I say, I was very pleased that the City of Stirling had a policy that enabled it to recognise one of its existing councillors. I am sure that Adam Spagnolo's wife, Maureen, and his children, Amelio, Amanda, Matthew, Adam and Emily, and his sisters, Del, Terri and Joyce, were very proud to have had the opportunity of attending that function and seeing their husband, father and brother honoured by the city in the way in which it was done.

I was rather pleased with the number of members of Parliament and councillors who attended the ceremony yesterday afternoon. I will indicate the sort of support that the function achieved. The Minister for Culture and the Arts, Hon Sheila McHale, was there and spoke in glowing terms about Councillor Spagnolo's contribution to the community. Hon Bob Kucera, the Minister for Health, was in attendance. Jann McFarlane, who is the federal member for Stirling, and Senator Ross Lightfoot were in attendance. John Quigley, the member for

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Innaloo; John D'Orazio, the member for Ballajura; and Margaret Quirk, the member for Girrawheen; the former member for Girrawheen, Mr Ted Cunningham, and Mrs Julie Cunningham were in attendance. Lou Magro, the Mayor of the City of Bayswater, was there, as were three freemen of the City of Stirling. In fact, there are only four living freemen of the City of Stirling. Freeman Ron Stone, Freeman Alma Venville and Freeman George Strickland were in attendance. Regrettably the only other living freeman, Freeman Richie Guelfi, was not able to attend because he is unfortunately hospitalised. I take this opportunity of wishing him well in his recovery.

Some of the interesting statistics that came out yesterday afternoon were that Adam Spagnolo had been elected to the city as a relatively young man of 28 years of age. He attained the position of mayor when he was 34 years of age. He was elected mayor on three separate occasions and deputy mayor on one other occasion. In my view, in anyone's language that is not a bad achievement for a relatively young man, who I believe will offer much more to the community in the years to come. A huge number of supporters of Councillor Spagnolo were in attendance.

If I may go back to the beginning, in the 1960s the City of Stirling used the Hertha Road rubbish tip as its landfill disposal site. The people of the immediate area were often offended by the smell, noise and dust that emanated from that site. They made representations to the city on many occasions to have the city find either an alternative site or an alternative means of rubbish disposal. Not much happened in the 1960s, but by the 1970s the City of Stirling made a decision that it would lift the height of the then Hertha Road rubbish tip by three metres. The object of the exercise was to provide it with a number of years more service for landfill in that area. I think that decision broke the camel's back.

Sitting suspended from 6.00 to 7.30 pm

Hon GEORGE CASH: Prior to the dinner break I was advising the House of a function that I attended on Saturday afternoon at the Osborne Park community centre. The function was organised by the City of Stirling to honour one of its councillors, Councillor Adam Spagnolo. The council had determined to name the centre the Adam Spagnolo Osborne Community Centre. I also indicated that Councillor Spagnolo originally came to fame, so to speak, in the early 1970s. I mentioned that in the 1960s, Hertha Road was the site of the landfill disposal tip for the city of Stirling. In the 1960s, the local residents were endeavouring to have the rubbish tip closed and shifted to an alternative site or to have the city find an alternative method of disposal. In the 1970s, the council resolved to increase the height of the tip by three metres, which would have lengthened the use of that site by some considerable years. That decision broke the camel's back as far as the local ratepayers were concerned. They became furious. At that time, a small group of people, including Adam Spagnolo, organised what became known as the Hertha Road action group. That group organised a number of public meetings to protest the City of Stirling's decision. There were numerous meetings with councillors and senior staff from the city. Later, the City of Stirling decided to rethink its proposal, but not before the Hertha Road action group had upped the ante. Instead of just wanting the tip closed, which was the original demand, it decided that it should include in its demands a request for the city to develop the Hertha Road rubbish tip site as a recreational area. The City of Stirling later relented. Once the council had made it quite clear that it was prepared to close the tip and look to an alternative method of rubbish disposal, the action group organised a black-tie function at the old Hertha Road tip. Obviously, the reason for that was to attract some media coverage to emphasise and publicise the city's decision and, more than that, to ensure that the supporters of the group understood the council decision and to lock in the council so that it could not go back on its word. In fact, the black-tie function that was held at the tip in the 1970s was attended by a number of members of Parliament, councillors and ratepayers from the general area. The then *Daily News* featured it as a front-page article. The council certainly got the media publicity it was looking for. It also featured nationally on media around Australia. At that stage of the game, having achieved the closure of the rubbish tip, the local residents convinced Adam Spagnolo to stand for council to start dealing with other issues and the concerns of the local people in the Osborne ward. He accepted the challenge and was elected to the council as a young man of 28 years of age. He was the mayor on three occasions from 1989 to 1990, 1993 to 1994, and 1994 to 1995. He was deputy mayor from 1991 to 1992.

I was interested to learn on Saturday afternoon from the mayor of the city that Councillor Spagnolo had also been the chairman of all of the City of Stirling's standing committees and many advisory committees. He is a patron of a number of community organisations. On 3 August 1999, he was awarded the Meritorious Service Award for service to the community. Councillor Spagnolo is a worthy recipient of the honour bestowed upon him by the City of Stirling in naming the new community centre the Adam Spagnolo Osborne Community Centre. I congratulate him and the City of Stirling for the decision it has made.

Amendment to Motion

Hon GEORGE CASH: In concluding my remarks, I move -

Hon George Cash; Hon Peter Foss; President; Hon Norman Moore; Hon Robyn McSweeney; Mr Tom Stephens;
Hon Bruce Donaldson; Hon Barry House; Deputy President; Hon Ken Travers; Hon Derrick Tomlinson

That the following words be added to the motion -

but regret to inform Your Excellency that the Government has failed to adequately address a number of serious issues affecting Western Australia

HON PETER FOSS (East Metropolitan) [7.37 pm]: I will address this issue, because it concerns me. I was going to address a number of other matters, but something happened just recently about which I must speak and which falls squarely within the terms of the amendment moved by Hon George Cash. Members will recall the Government of Brian Burke and the terrible problems that Government got into because of a failure to understand the Constitution and government. It did not understand the basic institutions of Parliament, government and accountability. That was followed by the Government of Peter Dowding. He called a Commission on Accountability. One would hope that a Government would not have to call a commission on accountability, but by the time the Labor Government had reached the stage of the Peter Dowding Government, it was quite clear that it did not know what it was all about. The document that came out of the Commission on Accountability is an excellent one, which I recommend to everybody. In particular, it is due to the contribution made by the chairman of that committee, Hon Sir Francis Burt, AC, KCMG, QC. He was probably one of the most distinguished lawyers and jurists this State has ever seen.

During question time today, I realised that this Government already is making the same error that the Burke Government made. This Government already has failed to address the issue of accountability, because it does not understand the fundamental concepts. A classic example of a person who did not seem to understand it is Hon Ljiljanna Ravlich.

Hon Ljiljanna Ravlich: Give me a break! I'm just sitting here minding my own business.

Hon PETER FOSS: Hon Ljiljanna Ravlich should listen. If she not only minded her own business but also listened, she might learn from some of the things that were said by His Honour Sir Francis Burt. A question was asked today about a particular settlement. The answer to that question was that a settlement had been effected, but that there were terms in that settlement that required confidentiality.

Hon Ljiljanna Ravlich: It shows how much attention you were paying because I did not actually respond to that.

Hon PETER FOSS: No, Hon Ljiljanna Ravlich did not answer the question; she interjected. I was referring not to her giving the answer but to her interjecting. I was paying particular attention to Hon Ljiljanna Ravlich's failure to understand the difference. In the interests of this State, it is important to understand the question of commercial confidentiality. Pending the execution of a contract, various submissions are made by people during negotiations. While a contract is being negotiated, there are many occasions on which it is important that the terms of the contract remain confidential in order that the best contract may be obtained for the State of Western Australia, and also to ensure that one party is not given an advantage by having access to the details of another person's offer. However, once the commercial contract has been entered into, it is essential that the terms of that contract be made publicly available. I am pleased to say that during the entire period of the Court Government, it made contract terms available. Once a contract had been negotiated, it was open, and it was tabled in this place. I remember tabling -

Hon Ljiljanna Ravlich: You'd be kidding! I asked for details of the Matrix contract time and again. It had been negotiated, and there is no way it was tabled here. That is one of a hundred contracts that was not tabled here. What a load of codswallop! You are a disgrace!

Hon PETER FOSS: I am sorry, Hon Ljiljanna Ravlich has missed the point again.

Hon Tom Stephens: No, she has got you absolutely skewered.

Hon PETER FOSS: No, she has not.

Hon Tom Stephens: You were telling a fib and she proved it.

The PRESIDENT: Order! The Minister for Housing will come to order.

Hon PETER FOSS: Hon Tom Stephens always seems to go off his brain after dinner. I know that he does not drink alcohol, so it is obviously not alcohol that does it to him. It must be red cordial.

Hon Tom Stephens: It was the ice-cream.

Hon PETER FOSS: Hon Tom Stephens should avoid anything with sugar in it.

Hon Tom Stephens: It is when you come on with after-dinner mints.

Hon PETER FOSS: The point I was making is that I tabled contracts in this House. I did not say that everybody tabled contracts in this House.

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Hon Tom Stephens: That is not what you said at all. Don't try to worm out of it like that.

The PRESIDENT: Order! If the minister listens, he will manage to hear what is being said, but if he yells, he will not.

Hon PETER FOSS: Hon Tom Stephens' sugar content is obviously causing enormous problems.

Hon Tom Stephens: It is entirely your speeches that are the problem.

Hon PETER FOSS: I know that Hon Tom Stephens has always found the truth that I have had to tell about his Governments somewhat hard to stomach. What distresses me is that his Government is proving so soon to be so close to that of Hon Brian Burke. However, perhaps, as always seems to be the case, I should start again. The point I am trying to make is that the previous Government always made a distinction between the negotiation of a contract and the conclusion of a contract. I do not recall one occasion on which the previous Government claimed commercial confidentiality after a contract was executed.

Hon Ljiljanna Ravlich: Come on!

Hon PETER FOSS: Hon Ljiljanna Ravlich should try to show me when somebody claimed commercial confidentiality. As I said, I tabled contracts in this House, even before they were completed. Members may recall the contracts relating to the prisons. Hon Ljiljanna Ravlich and others were so surprised by this that they did not even realise that I had done so. I even put them on the Internet. People asked, "What about the terms of these contracts?" I made it so free and open that they did not even know they were there.

The important issue is that we are discussing a minor contract - a tiny contract. Clearly, a contract has been executed, and none of those circumstances could possibly exist; yet a parliamentary secretary has claimed commercial confidentiality on behalf of the Government. I find that extraordinary. The previous Government instructed people that they should not write terms like that into contracts, and it was very careful to make sure that it was not bound by contract.

Another matter that the parliamentary secretary probably missed is that, generally speaking, it is against public policy to bind a minister not to answer a question in Parliament. I think it is wrong to have commercial confidentiality to the general public anyway, but commercial confidentiality to the Parliament is absolutely outrageous. If members took advice, I think they would find that they are not bound by the terms of that commercial confidentiality and they should tell us.

Hon Tom Stephens: Hon Peter Foss was the minister who argued against giving over documents at various times on behalf of his Government.

Hon PETER FOSS: I am sorry; the only documents I recall arguing against were ones that for years had been considered to be documents that are not handed over - that is, legal advice. The fact that a minister of the Crown is so ignorant of the difference between one document and another shows once again -

Hon Tom Stephens: Not at all.

Hon PETER FOSS: What document?

Hon Tom Stephens: I know hypocrisy when I see it, and I see it standing before me.

Hon PETER FOSS: Mr President, these outrageous allegations have been made by the minister.

Hon Tom Stephens: No, you are a hypocrite.

Hon PETER FOSS: That is unparliamentary language. I will ignore it because Hon Tom Stephens is obviously under the influence of sugar.

Hon Derrick Tomlinson: He is not very sweet, however.

Hon PETER FOSS: He never is when he is under the influence of sugar.

Hon Tom Stephens: Who is sugar? Is it Sugar Ray Robinson?

Hon PETER FOSS: The minister obviously makes any sorts of allegations he feels like making without any basis whatsoever. I challenge the minister to find in *Hansard* -

The PRESIDENT: Order! The minister does not need to be incited any further.

Hon PETER FOSS: I realise that I should not ask him to do things which are a total waste of time, because he will not find anything.

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I want to raise a point with the parliamentary secretary. Because I realise he is a parliamentary secretary and is therefore a very junior and probably inexperienced member of the Government, who is consequently unlikely to be aware of the provisions relating to the Commission on Accountability, I want to draw his attention to the important recommendation that the Commission on Accountability made, which states -

The Commission recommends that, as a general rule, only to be departed from with the approval of Parliament, no government agency be permitted to conduct operations in a manner or to enter into any agreement which contains a provision which would prohibit that agency or the responsible Minister from providing to Parliament information as to its operations or the contents of that agreement in such manner and to the extent that the Minister thinks fit.

That is one of the big lessons that came out of WA Inc, and I hoped that this Government would be aware of it. I hoped that there would be a standing instruction to every government agency that contracts were not to contain such terms. After the eight years of the previous Government, I believed that this would have become standard practice and that people would have known it was the case. However, that is not so. What does it matter? It does not matter at all, yet this Government has gone back to the old habits whereby it does not want to tell Parliament certain things, and it allows itself to be bound by agreements to prevent it telling Parliament. We heard it today in Parliament. Not only did we hear it from one parliamentary secretary, but also another parliamentary secretary seemed to be incapable of telling the difference. That member is not aware of the history and the long tradition of Westminster accountability that insists that those contracts not contain such provisions; yet already the Government is doing that. I am not saying that the Government has instructed people to put in those provisions, but it should have issued instructions to people to stop them doing that.

One of the matters that really concerns me is the total failure of this Government to understand some of the basic institutions and processes of government. One gets into trouble, not necessarily because one starts out evil and wrong, but because -

Hon Kim Chance: You mean it is all right for you to have commercial confidentiality. What about Buckeridge, stevedoring, the term maintenance contract and Main Roads? When does the member want me to stop? He is a hypocrite!

Hon PETER FOSS: The minister should go and find the contract.

The PRESIDENT: Order!

Hon Kim Chance: You are a hypocrite.

Hon PETER FOSS: No, I am not.

The PRESIDENT: Order, members! The member will resume his seat and the Leader of the Government will come to order.

Withdrawal of Remark

Hon N.F. MOORE: I believe the language being used by the Leader of the House is unparliamentary.

Hon Kim Chance: Sit down, you fool.

Hon N.F. MOORE: And that is, too.

The PRESIDENT: Order! There is no point of order. Members will come to order; they have been totally out of order for most of the evening.

Hon N.F. MOORE: The use of the word "hypocrite" as a description of a member has been ruled unparliamentary on many occasions in this House. I ask that the same be done on this occasion.

The PRESIDENT: Will the Leader of the House withdraw that comment?

Hon Kim Chance: I will, of course, withdraw.

Debate Resumed

Hon PETER FOSS: I commend to this Government the reading of this report by the Commission on Accountability.

Hon Kim Chance: I refer to the stevedoring contract, the term maintenance contract, the Matrix contract.

Hon PETER FOSS: Is the minister saying he approves of this?

Hon Kim Chance: Time and time again the member would not reveal the details.

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The PRESIDENT: Order, members! We are getting into a dialogue. Hon Peter Foss should address his comments to the Chair and leave the minister alone.

Hon PETER FOSS: It may be that the unparliamentary interjections by the Leader of the Government were missed and people might not have realised that Hon Kim Chance appears to be suggesting that the idea of commercial confidentiality is time-honoured and has been adopted by his Government as proper policy. I hope that his Government would say that it does not approve of this.

Hon Kim Chance: It was your double standards that I found breathtaking.

Hon PETER FOSS: I have no double standards.

Hon Kim Chance: Nonsense. You have been an apologist for these people for years.

Hon PETER FOSS: I have been absolutely frank.

The PRESIDENT: Order!

Hon PETER FOSS: This does appear to be something that we enshrined in legislation in 1990, and it states -

The Minister and the accountable officer of every department, and the Minister and the accountable authority of every statutory authority, shall ensure that -

(a) no action is taken or omitted to be taken; and

(b) no contractual or other obligation is entered into,

by or on behalf of the Minister, department or statutory authority that would prevent or inhibit the provision by the Minister to the Parliament of information concerning any conduct or operation of the department or statutory authority in such a manner and to such an extent as the Minister thinks reasonable and appropriate.

Today the minister heard one of his parliamentary secretaries say that a condition had been put in a contract that did not allow it.

Hon Kim Chance: That is exactly the same as you did. You need to look at your own arguments when we challenge you with that exact fact.

Hon PETER FOSS: Is the leader approving it?

Hon Kim Chance: I do not even know what the facts are. I find it breathtaking that the member adopts one standard -

Hon PETER FOSS: I have always adopted the same standard.

Hon Tom Stephens: It is hypocrisy on all counts.

The PRESIDENT: Order!

Hon PETER FOSS: Is the minister challenging the President? I am absolutely disgusted to see the minister so flout the President's ruling. I am interested that the minister seems to be saying what I said: that that seems to be the basis upon which he does not seem to be concerned. I would have thought that if he believed that, he would be speaking to his parliamentary secretary in the hope that he did not follow what was a bad example.

Hon Kim Chance: You defend that practice when your side does it, and attack it in what appears to be a minor infraction.

Hon PETER FOSS: The minister should go through *Hansard* and find one example of when I have defended the practice.

Hon Kim Chance: There are about 200 cubic metres of it.

Hon PETER FOSS: The minister should find one example when I have done so.

Hon Kim Chance: They were blatant breaches of the Financial Administration and Audit Act, and you defended them.

Hon PETER FOSS: Is the minister referring to me personally?

Hon Kim Chance: Yes.

Hon PETER FOSS: Go and find it, then. Is the minister referring to me personally?

Hon Kim Chance: Yes.

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Hon PETER FOSS: Go and find it. He had better find where I was defending a contract with a provision -

Hon Kim Chance: Of commercial confidentiality.

Hon PETER FOSS: The minister missed the beginning.

Hon Kim Chance: If it is commercial confidentiality, it is all right to be secret.

Hon PETER FOSS: No. Unfortunately the Leader of the House was not present and he has missed the point. There are many circumstances when in the course of negotiating a contract it is important that one does not reveal a certain matter.

Hon Kim Chance: Notwithstanding the provisions of the FAAA.

Hon PETER FOSS: Very definitely so. The minister has missed the point. I will have to start again. It is unfortunate when people come into a debate half-baked, without any knowledge of what has occurred.

Hon Kim Chance: The principle is the same. You negotiated in secret as a government.

Hon PETER FOSS: The minister has missed the point. He is missing the history and he should go back and read this report. It was probably reported prior to his coming into this Parliament. There is a big difference. Many a time there is a need for commercial confidentiality prior to the negotiation of a contract, for obvious reasons.

Hon Kim Chance: When you are trying to stitch up the Western Australian taxpayers year in, year out and then hide behind commercial confidentiality.

Hon PETER FOSS: This is exactly the point I am making.

The PRESIDENT: Order! The member will resume his seat. I remind members of Standing Order No 116, sections (b), (d) and (e). Members, including the Leader of the House, ought to read that section, because then they will read Standing Order No 118 that follows.

Hon PETER FOSS: Mr President, I will not repeat my argument at length. To understand accountability one must understand what is behind it. It is very important in the interests of the taxpayer and also in the fairness of contractual arrangements that, whilst one is negotiating a contract, one does not make matters fully available to everybody, because under those circumstances either the State may miss out on a good deal or it may create unfairness between parties. That is a world of difference from the situation once an agreement has been entered into. I wonder why the minister is so vociferous in condemning me on this matter, because I happen to know that he is wrong. I follow what the Commission on Accountability said. It is important that a contract not contain confidentiality, but pending the execution of the contract, yes, obviously one is required in the interests of commercial confidentiality to maintain confidentiality. The point I am trying to make here is that it is not enough -

Hon Kim Chance: Why would you not release the Matrix contract when we asked?

Hon PETER FOSS: Ask the person who had it. I had no problem releasing the Matrix contract. I have never seen the Matrix contract.

Hon Kim Chance: The parliamentary committee system had to beat your people to death.

Hon Tom Stephens: Hon Peter Foss was the Attorney General in that Government. You could have resigned if you objected to the practice. This is breathtaking hypocrisy.

Hon PETER FOSS: It is worrying that the Government is so unaware of the basic underlying theory of accountability that it can only nip at odd little happenings and not see the logic and the reason behind it. The fact that the Leader of the House is incapable of seeing the difference between prior to contract and after contract is in itself quite worrying. He is a very senior minister in this Government and his basic lack of understanding of this situation is concerning. That is exactly how the Burke Government got itself into trouble. It failed to take cognisance of the underlying reasons for the institutions of government and how they operated. Once it got itself into trouble, it then had to cover up and try to prevent the details coming out. We then experienced a series of disgraceful losses. It worries me that, once again, we are witnessing a failure to understand the history and underlying requirements of the Constitution and our institutions. As I said, I recommend as good reading to all government members the report to Premier Dowding by the Burt Commission on Accountability. It would have been nice had it been put into some sort of treatise. There is no doubt that it is a casebook and a statement of principles that is well worth reading. It is an excellent document and I have read it frequently. Anyone who aspires to public office in Western Australia and who wants some understanding of our history and the proper

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principles to apply should read it. I recommend it to government members, and particularly to those holding office.

I originally intended to speak about the forest issue. It has now become a matter of considerable concern. We are now virtually into August but the people of the south west still do not know where they stand. This Government seems to be frozen in incapacity. I do not know how often the Minister for Forestry has told the people of the south west that he realises that they need to know what will happen to them. I do not know how often he has told them that he is presently incapable of telling them what they need to know. Human beings can cope with disaster and success; the one thing they cannot cope with is not knowing whether they are facing disaster or success. That was brought to my attention when I became Minister for Health. At that time, women who had a positive mammogram had to wait a month find out whether the shadow on their X-ray indicated that they had cancer or whether it was merely a blip on the X-ray. The agony those women went through during that month of not knowing whether they faced a death sentence was horrific. I moved quickly to ensure that they got an answer, if possible, on the day they had their X-ray.

The people of the south west have had to wait six months and they still do not know whether the axe will fall and, if so, on whom. I have talked to these people. If they knew they were facing a death sentence, they could cope. How do they cope with alternately hoping for the best and dreading the worst? How do we cope with people who are swinging between hoping for something much better than they can ever get and dreading something much worse than they will get? It is a form of subtle torture. Whether or not it is intended, the people of the south west are being tortured by this Government's inaction. They do not know whether they will have a business or a job, or whether their husband or wife will have a job, whether they will be able to pay their mortgage or whether people will stay in their towns. They do not know who will stay at school, whether their communities will survive or whether they will have towns. This situation has evolved because months have gone by and the Government has taken no positive action. This Government, which claims to represent people and to be concerned about people and which touts to the world that it cares, could not give a damn about the people of the south west. How can it allow those people to suffer without an answer? What has it done? It has been busy dealing with ideology. It is marvellous to see the things that have preoccupied this Government.

The Attorney General has announced that the oath taken by parliamentarians will be changed. It is nice to know it is busy dealing with such important issues. A committee has looked into the age of consent for buggery. It is nice to know that that is important. We have had many and varied public statements and investigations, but have we had action to help those who are hurting? No. What positive things has the Government done? What did the Labor Party's policy document say about forests? It said that a Labor Government would stop logging in 99 per cent of old-growth forests and that a moratorium would be applied to the other one per cent until it could be established whether it would be required. How long does it take to establish that we do not have enough timber? I asked the Leader of the House - the Minister for Forestry - whether we had enough timber to allow large and small mills to continue operating. His answer was no. The Leader of the House and the third most senior person in the Government knows, but what has the Government done? What have members opposite done to alleviate the suffering of the people of the south west? They have made it worse.

I cannot remember how many times I have raised the activities of the Minister for the Environment in this House. She is a loose cannon. She seems to think that the wonderful happy things she is interested in are more important than people. What is the most common complaint lodged by the people of south west? The Minister for Forestry keeps telling us that the Minister for the Environment is the minister responsible for forest policy. Can these people see her? No, she will not see them. The Minister for Forestry is very good; he is probably one of the most available ministers in this Government. He is prepared to see them, but he keeps telling them he does not know what will happen and that the only person who can make that decision is the Minister for the Environment. She sees only her happy little hippie mates who are involved in stopping forestry activity in national parks. She will talk to all the green groups and her political friends, but will she talk to the workers of the south west? No. Is she helping to make a decision? No, she is making it worse because she keeps telling everyone that the Government intends to lock up even more forests, not only old-growth forests. I have raised that proposal with the Minister for Forestry, and he has said that it is tentative. I do not know whether members have had dealings with green groups, but my experience is that, if they are given a tentative proposal, they never step back from it - in fact, they push it further and further. I predict that they will insist that every piece of forest that has been tentatively set aside be preserved.

I will ask my colleague Hon Robyn McSweeney to find an article in today's *The West Australian* dealing with the forestry issue.

Several members interjected.

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Hon PETER FOSS: The Minister for the Environment is making things worse. Rather than considering the moratorium on that one per cent -

Point of Order

Hon TOM STEPHENS: The standing orders prohibit members' reading newspapers in the Chamber.

The PRESIDENT: There is no point of order.

Hon PETER FOSS: That is a very important point of order, because it indicates this Government's attitude to people. I am raising in this House a matter -

Hon Tom Stephens: You would have been the first to raise the point of order if I had asked a colleague to do the same thing.

Debate Resumed

Hon PETER FOSS: I hope many members on the other side, including you, Mr President, are equally concerned about what is happening to their constituents. They can see what is happening to these people. They can see the agony they are going through as a result of that doubt. I am sure that behind the scenes those same Labor members will be raising with their ministers the need to deal as soon as possible with the distressing situation in which those people find themselves. I hope they do. I have some faith that the members in the other place are as distressed as I am, as are members representing the south west on this side of the House. I hope that the entire Labor Party does not have the same disregard for those people as that manifested by the Government. I hope that Labor members who are genuinely representing their constituencies have been raising with the Minister for Forestry and Fisheries and the Government in the way that I have been raising in this House concern about the impact on the people of the south west of the Government's failure to make decisions.

An article in *The West Australian* of Tuesday, 31 July expresses exactly my concern, and I quote -

A seven-year struggle by forest groups has seen thousands of hectares of old-growth forest -

It would be interesting to know what is meant by "old-growth" forest -

- included in the Greater Beedelup National Park, 15km west of Pemberton.

Pemberton was the heart of the forestry industry for years. I would be very surprised if there is old growth forest anywhere within 15 kilometres of Pemberton. One of the essential things about that area is the huge amount of healthy, albeit old, regrowth forest. That seems to have all become "old-growth" forest. The article continues -

Greater Beedelup National Park Society president Roger Cheeseman got written confirmation this month from Environment Minister Judy Edwards that his proposal to expand the park about 10-fold would go ahead. The area comprises three sensitive State forest blocks.

The letter said public submissions would be sought to assess the expansion of the park. Consultative groups and community advisory committees would be established where appropriate.

The decision is a coup for those who have worked hard to secure the future of the forests -

The future of the forests? That will not secure the future of the forests; that will ensure that it is not a forest. It will ensure the fact that those trees will not be part of the forest. It continues -

especially the inclusion of the 3962ha Giblett block, -

That is a well-known old-growth forest -

- the site of the first organised forest protest.

Mr Cheeseman said it was the biggest area of unlogged old-growth karri forest left.

Carey and Beavis blocks, the Donnelly River Valley and the Strickland Nature Reserve make up the other 13,397ha which will be added to the park's existing 1786ha.

Is it not time that this Government made decisions? I acknowledge that the Government went to the people with its policy and it was accepted by them. However, it is still the Government's policy. The Government therefore bears a responsibility to ensure it is carried out in a manner that does not cause unnecessary pain and suffering. It is our duty to ensure that the people affected by the policy are properly looked after and that something is done. It should not take six months to tell a community whether it will live or die. People cannot exist commercially when they must tell their bank that they do not know whether they can continue operating their businesses. When a mill operator has borrowed money to install a value-adding machine, how can he tell his bank manager that he does not know whether his business will survive? How can he ask the bank manager to

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allow his loan to stretch out in the hope that his business will continue after 2004? These decisions are required now; they should not be made in 2004. People need to know what will happen to them now.

I have raised some of these matters with the Minister for Forestry and Fisheries. I said that the longer he left it the more pressure would be put on people with the least financial ability to resist. Who will do best out of this? The people with enough spare cash in their pocket to hold out will do best. Is that what this Government is all about? Is this Government about putting pressure on the little man? Is it about saying to mills, both large and small, with heavy commitments that it will wait for them to go bust because that will allow more timber to be spread around? That will be the effect of the Government's actions. Due to the Government's indecision the people under the heaviest pressure are those who are financially strapped. This Government purports to be looking after the downtrodden, but it is making life good for people with deep pockets.

Hon Kim Chance: What are the contract volumes now and what were they at the time of the election? If your argument has any credibility they will be different. You cannot answer that. I did not think you could.

Hon PETER FOSS: I am disgusted.

Hon Kim Chance: You cannot answer the question. Your argument has no credibility whatsoever.

Hon PETER FOSS: If that is the attitude of the Leader of the House I am disgusted with him. While he disappeared from the House I was giving him credit for understanding the plight of these people and trying to do something about it.

Hon Kim Chance: Answer the question. The fact is, they are the same numbers, aren't they?

Hon PETER FOSS: Of course they are the same numbers. That is part of the problem.

Hon Kim Chance: I knew you needed a little help.

Hon PETER FOSS: That is part of the problem. Even after six months the minister, of all people, should understand the problem the Government has created. As the minister knows and as we have discussed in this House before, if the present contract volumes are maintained until 2004 there will not be enough timber.

Hon Kim Chance: I have told you I am not going to do that.

Hon PETER FOSS: Of course not. The Leader of the House worries me. I had thought that he was purely ineffectual.

Hon Kim Chance: Have you not tried to understand what I have told you?

Hon PETER FOSS: I have. But I am saying that people in the community do not know their future. The fact that the Government will tell them at some stage what will happen to them after 2004 is not much good because we all know that unless the quantities are reduced prior to 2004 everybody will go broke after that. That is understood in here. The minister has put himself in a bind because he has said that he will maintain the contract volumes until then. Of course he will, because he is bound by contract. However, if the Government sticks to its requirement not to use any old-growth forest, very little regrowth will be left to go around. We discussed the Richardson plan, which is to reduce the quantities prior to 2004 so that at least some people will survive after that. We all know that must be done. The Government must therefore fairly quickly explain how that will happen. It should have explained that within much less time than six months. However, the situation is not getting better; it is getting worse because the minister's friend in the other House who is supposedly responsible for forest policy seems to be creating enormous expectations for people by indicating, whether legally or not, that they will lock up not only old-growth forest but also large quantities of regrowth forest.

Hon Kim Chance: Have you considered that in order to come out with a figure of that nature you must make a decision on the moratorium blocks?

Hon PETER FOSS: I was saying it was about time the Leader of the House, as the Minister for Forestry, made a decision on the moratorium.

Hon Kim Chance: The URS Forestry report in draft form has just been put in front of me.

Hon PETER FOSS: I am very pleased to know that. It has taken six months.

Hon Kim Chance: These things take time.

Hon PETER FOSS: With the minister's Government they certainly take time. It took his Government about four months simply to understand the problem.

Hon Kim Chance: How long did it take your Government to get the Regional Forest Agreement in place - five years I think?

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Hon PETER FOSS: That is because ours was science based. This Government's is not science based but based merely on pick a figure. The big difference between the two Governments is that we did not go around destroying people's livelihoods. This Government has gone out and destroyed people's livelihoods and created doubt. Now the minister is saying that the Government needs six months to think about what it has done.

Hon Kim Chance: No.

Hon PETER FOSS: This has been caused by this Government.

Hon Kim Chance: It takes time to develop the science.

Hon PETER FOSS: It takes time to develop the science?

Hon Kim Chance: You know that because it took your Government five years to put the RFA together.

Hon PETER FOSS: If it is based on science, fine. This Government is not basing its approach on science. It has picked a figure, an ideology, which it will adopt. It has created this problem by its ideological policy, which is not based on science at all.

Hon Kim Chance: We have not picked a figure.

Hon PETER FOSS: I am pleased that the Government intends to put some science into the problem at last. People out there are dying from its ideology, which said that the Government would not allow the logging of old-growth forest. Its ideology said that it had a moratorium on one per cent.

Hon Kim Chance: You have missed the point.

Hon PETER FOSS: It said that the Government would lock up more of the forest in national parks. There is no science in that.

Hon Kim Chance: The contracts are in place.

The PRESIDENT: We are not having a dialogue, minister; it is a monologue.

Hon PETER FOSS: There is no science in any of it. The Government has created the problem. The useful thing about the RFA was that it was trying to put an end for all time, we hoped, to unscientific argument. I suppose it did put an end to unscientific argument because people changed to emotional and ideological arguments, which is what we are indulging in now.

Hon Kim Chance: Your Government walked away from the RFA.

Hon PETER FOSS: That is one thing of which I am not in the slightest bit proud. I was one of the people who set up the RFA. It is a problem one gets when one walks away from the science. We might have walked away from the science, but this Government has run away from the science.

Hon Kim Chance: We have redeveloped the science.

Hon PETER FOSS: Rubbish.

Hon Kim Chance: We have reworked it; that is what this report is about.

Hon PETER FOSS: There is no science whatsoever in locking up old-growth forest.

Hon Kim Chance: It was part of the RFA.

Hon PETER FOSS: That is all that was needed. The Government did not need any more, but it said that it would do the whole lot. If the Government goes beyond the RFA in locking up old-growth forests, it is going beyond the necessary science. That is where the science ends.

Hon W.N. Stretch interjected.

Hon PETER FOSS: It was certainly on the generous side at times. No science is involved in saying that the Government will not allow logging of old-growth forest. There is no science in saying that it will put a moratorium on the one per cent that it might have logged. There is no science in taking six months to find out whether the forest should be used. The Minister for Forestry knows that all the Government has at the moment is 140 000 cubic metres. He and I have agreed that the Government needs about 180 000 cubic metres.

Hon Kim Chance: It is 140 000 without taking into consideration the URS report.

Hon PETER FOSS: When will the minister give people the answer? He knows the allocation is not enough.

Hon Kim Chance: I have only just received the report.

Hon PETER FOSS: It has taken six months.

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Hon Kim Chance: Science takes time.

Hon PETER FOSS: How much science does the Government need to know that it has an allocation of only 140 000 cubic metres and it will need more? How urgently must the Government move to get to that point? It is unfortunate that we have an oscillating and occulting Minister for Forestry who seems to want to go out and come back into the argument, having missed bits of it, and who feels obliged to make comments on matters that have been dealt with earlier in the speech.

Hon Kim Chance: I went out to get a copy of the report.

Hon PETER FOSS: The minister missed some important points.

Hon Kim Chance: You missed some important points because you have not yet got a copy of the report.

Hon PETER FOSS: I agree that I have not yet got the report. The important point I am making to the Minister for Forestry is this: if he makes a policy decision to lock up old-growth forest except for one per cent; to put a moratorium on that one per cent while he works out whether he needs any more; to have a Minister for the Environment who goes around trying to lock up regrowth forest when the Minister for Forestry has communities in the south west who urgently need a decision, it is time he pulled his finger out and got it done. Until such time as he gives those people a decision, every day they are suffering, not only because of the worry he has caused them but also because their businesses are disappearing, they are going broke and they have a lack of certainty. Irreversible events are occurring in that community. The Government is destroying that community. Every day the minister delays making a decision, he causes more pain to that community. There is no more important decision for his Government at this stage than to try to save the communities of the south west. I am saying that the Government's priorities seem to be decidedly wrong. It is not getting on with what should be a fairly simple job. The minister has known from the time he announced the indicative figures that they were insufficient. He has known that those figures would lead to a collapse of the forest industry if we were to continue to supply the present contracts.

Hon Kim Chance: Yes, that is what the \$123 million is for. Why would we need \$123 million to assist an industry if there were no need to assist it?

Hon PETER FOSS: I am amazed that the minister seems to believe that this is a problem that one can solve by splashing money around afterwards.

Hon Kim Chance: It is prospective.

Hon PETER FOSS: The most important thing the Government can do at this stage is to give the industry some certainty. The minister must agree with that. I cannot believe that he has learnt so little in the past six months. He could not have been listening at Timber Communities Australia meetings or at any other meeting if he does not understand that one of the messages people keep delivering to him is that they need to know. I have been present while people have made those statements to the minister. If he has not heard them, that worries me. I am sure he knows that the one thing people need to know is what he will do to solve the problem that the Government has created. There is no doubt that the Government has created the problem. Because the Government has created the doubt in the south west, it must solve it urgently.

It is not for the Government to come along afterwards when everything has fallen apart and been broken and say that the Government has \$123 million to splash around. That \$123 million will not mend the communities in the south west or replace people who are put out of work. Money is not the answer. Obviously the Government will have to allocate money, because no matter what it does it will cause pain. I agree with that. No matter how clever the Government is or how clever and immediate its decisions, the communities will still need some money. I am horrified that the Government thinks that money alone is sufficient. The most important thing it can give people is a decision. The Government must work urgently to make sure that they get that decision. Six months is too long; it is an unconscionable delay, which is causing extra and unnecessary pain. The minister knows it because I have heard him apologise time and time again to people because he cannot give them the answer. He knows that they want it and that they have been expecting and waiting for it from the time of the election. The minister may have all sorts of lovely reasons that he has not done it. I am sure that he can adequately satisfy himself. All I can tell him is that from the number of times I have heard him on the outer in the decision-making process, I do not know why the Minister for the Environment was made the lead person on this question. It is not a matter for the environment but for people and industry.

Hon Kim Chance: You are talking of native forest. To suggest that the Minister for the Environment has no role in native forest exploitation or that she has anything but a key role is absurd.

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Hon PETER FOSS: I agree that she has a role. I did not say that she did not have a role. I am saying that the problem is that she has the lead role. The problem in the south west is not that there is any environmental threat to the forest; it is fine. Let us not worry about that.

Hon Kim Chance: People would argue about that.

Hon PETER FOSS: The big threat to the forest in the south west is that the Government is likely to kill off the community and the industry. That is a responsibility of the minister as Minister for Forestry, not a responsibility of the Minister for the Environment.

Hon Kim Chance: Only if we get it wrong. The more people rush, the more likely they are to get it wrong.

Hon PETER FOSS: The first thing the minister got wrong was the failure to give people a decision. This is something government members used to understand. They used to understand that one of the worst things we can do for the south west community is to leave it in doubt. Did the minister miss the first part of my speech?

Hon Kim Chance: No.

Hon PETER FOSS: I am glad. Does he understand the point about leaving people in doubt? Did he hear that part?

Hon Kim Chance: Yes, but the resolution of doubt is not something that will happen overnight, and you know that.

Hon PETER FOSS: Not with the minister's Government; I agree with him.

Hon Kim Chance: Not with yours either. You left the timber industry in a mess.

Hon PETER FOSS: Come on!

Hon Kim Chance: You did leave it in a mess. You talk about doubt and indecision -

The PRESIDENT: Order, members! This is developing into a dialogue again. Hon Peter Foss will address the Chair.

Hon PETER FOSS: I would not say that our response to the Ferguson report is something of which I am extremely proud. However, the one thing that could be said about it was that it was a decision. The first thing people knew was the decision. The decision was such that as soon as the Government went beyond it, it was going to have the sorts of problems that it has now.

Hon Kim Chance: That is what we are trying to fix.

Hon PETER FOSS: No, because the Government went beyond it. That decision was to leave the Government with a viable industry after 2004; that is, cutting from regrowth forest and still maintaining current contracts. As soon as the Government goes beyond that to reduce the quantities of old growth prior to 2004, it will know that it must reduce the quantities prior to 2004 or it will not have a viable industry after 2004. That is as far as the Ferguson report allowed us to go. Going further than that means that one of those two things must happen. What was the first thing the Labor Party said when it got into government? It said that it would honour the present contract quantities. As soon as the Government said that it would honour the present contract quantities, which must have seemed like a good idea at the time, it gave itself a problem post-2004, because it cannot have a viable industry after 2004 if it honours the quantities prior to 2004.

Hon Kim Chance: It provided short-term security.

Hon PETER FOSS: It required the Government to do something to ensure that there was sufficient timber to be cut after 2004. The only way it can do that is by reducing the quantities prior to 2004 or by letting go of some of the old-growth forest. Immediately after the election the Government made a big thing about the moratorium and the one per cent issue, which made it almost impossible for the Government to back down from that decision. I hope it can find some way to back-pedal on that. Its saying that it would honour the present contracts has added to the problem. The reason the Government got into trouble was that at that stage it did not understand the problem. The net result is that it started with a policy that caused problems, and it has compounded it by practically every decision it has made since then. It has proved incapable of making decisions, except those that further compound the agony and pain of the people in the south west. The Government is incapable of making any decision other than an ideological one. It is giving the lead in the forestry debate to a well-known ideologue - Dr Edwards. Obviously she will work not on science or on humanity but on ideology. What result does the Government get? Of course it gets the result we see now. The people in the south west have been left for six months with no decision in their favour and with a series of decisions by Dr Edwards that has left them in a worse position than they were in before. Even though I applaud what was done in Nannup, in which the Government concluded an agreement we were making when in

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government based on pre-election quantities, it further aggravated the situation. If we take from the small quantity left as a result of the Government's decision an amount that was calculated pre-election, even less will be left for everybody else. That is exactly what the Government did. Every time it made a decision, and has shown itself capable of making a decision, instead of improving the situation, it made it worse for people who cannot afford it.

All strength to Sotico Pty Ltd. Sotico happens to have done pretty well out of all this. Sotico has the biggest pocket around. It will not be squeezed. The one group the Government will have to negotiate with is the group that has the biggest pocket, and it has set it up that way. What a ludicrous situation! The Government is so inept at looking after the little person that it has set up a situation in which Sotico is the one player which can squeeze the Government most and which has the most to offer and with whom it will have to deal. I am very pleased that Sotico is in that position. I certainly would not wish it to be in a bad position. I am extremely sad that the Government is doing that at the expense of the small millers who are under financial strain and the workers who have mortgages on their houses. The Government trumpets to the world that it supports and defends all the little people; yet it is squeezing them. It is letting them drop off the branch one by one until eventually the right amount of timber will be left because all the little men will have gone.

Hon W.N. Stretch interjected.

Hon PETER FOSS: It is an immoral position, and I raised the issue before we rose for the break. What decisions have been made in the meantime? None. The Minister for Forestry and Fisheries is fully aware of this; yet he is telling us that it takes six months to make a decision. It has not taken the Government six months to make bad decisions. It seems to be taking six months to make necessary decisions. In the meantime, the political posturing, the ideology and all the other things that the Government is very good at have carried on unabated. It is too bad about real government and real decision making, which would help some people in the south west. The next thing the Government wants to do is take their votes from them, so that when they are disgruntled with the Government, they will not have any votes with which they can express that disgruntlement. However, that might affect some government members as well as opposition members.

I am disgusted with the cruel and totally politically cynical attitude of this Government to the real social plight of the people in the south west, its constant obsession with ideology and political play, and its inability to tackle a real problem that would have an important effect on a very important part of our society. We will pay for this. Unfortunately, whenever there is a Labor Government, we pay for it either financially or in the cost to the social fabric for years and decades afterwards. We will be paying for this for decades afterwards in both money and social cost in the south west of Western Australia.

As to Adjournment

HON B.K. DONALDSON (Agricultural) [8.37 pm]: I move -

That debate be adjourned to the next sitting of the House.

Question put and a division taken with the following result -

Ayes (13)

Hon Murray Criddle (Teller)	Hon Ray Halligan	Hon N F Moore	Hon Bruce Donaldson
Hon Paddy Embry	Hon Frank Hough	Hon Simon O'Brien	
Hon John Fischer	Hon Barry House	Hon W N Stretch	
Hon Peter Foss	Hon Robyn McSweeney	Hon Derrick Tomlinson	

Noes (15)

Hon Kim Chance	Hon Adele Farina	Hon Louise Pratt	Hon Ken Travers
Hon Robin Chapple	Hon Jon Ford	Hon Ljiljanna Ravlich	Hon Giz Watson
Hon Kate Doust	Hon Graham Giffard	Hon Jim Scott	Hon Ed Dermer (Teller)
Hon Sue Ellery	Hon Dee Margetts	Hon Tom Stephens	

Pairs

Hon Alan Cadby	Hon Christine Sharp
Hon Barbara Scott	Hon Nick Griffiths

Question thus negatived.

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Hon Bruce Donaldson; Hon Barry House; Deputy President; Hon Ken Travers; Hon Derrick Tomlinson

Amendment to Motion Resumed

HON BARRY HOUSE (South West) [8.46 pm]: Mr Deputy President -

Hon Ken Travers: Do you have copious notes for this one?

Hon BARRY HOUSE: Yes. I anticipated making a few comments -

Several members interjected.

The DEPUTY PRESIDENT (Hon George Cash): Order! Members, I called for order. I do not want any interjections. Hon Barry House has the floor.

Hon BARRY HOUSE: Thank you, Mr Deputy President. Obviously, I anticipated making a few comments tomorrow rather than today. What we have just seen demonstrates a couple of things, for a start. It demonstrates that this Government does not have any principles, nor does it honour any of the conventions of this House. For years, members on this side of the Chamber heard a large amount of meaningless rhetoric from Hon Tom Stephens, and it really sticks in our craw that when he is on the other side of the House and has a bit of power in his hands, he exercises it without any consideration.

Point of Order

Hon KEN TRAVERS: My understanding is that we are debating an amendment to the Address-in-Reply. It seems to me that the speaker is moving well off the specifics of the amendment.

Hon N.F. Moore: Why don't you read the amendment some time?

The DEPUTY PRESIDENT: Order! Hon Ken Travers has raised what he believes is a point of order. The fact is that the member has not even started. He has not had time to move off the amendment because he has not started on it. There is no point of order. If Hon Barry House will address his comments to the Chair and not worry about engaging in a debate with Hon Tom Stephens, we will make some progress.

Debate Resumed

Hon BARRY HOUSE: Hon Ken Travers raised one point. I would like to be provided with a copy of the amendment so that I can demonstrate clearly that my remarks fit within the parameters of that amendment.

I will spend some time on an issue that has been very important to many Western Australians. It fits well into the amendment, which reads -

but regrets to inform Your Excellency that the Government has failed to adequately address a number of serious issues affecting Western Australia

The serious issue that I want to address is the HIH Insurance collapse and its effect on many individual builders and on the housing industry throughout Western Australia. It is a serious issue because, at best, the Government has been tardy, totally without understanding or compassion, and has steadfastly refused to acknowledge a problem in a certain section of the industry. In broad terms the signs were around as early as November-December last year that HIH Insurance was in difficulty, and that manifested itself in the total collapse of the company in March this year. The issue for the housing industry in Western Australia arose because HIH, with its affiliated insurance companies, was one of two providing home building indemnity insurance in Western Australia. While the home building indemnity insurance section of that company's business was probably less than one per cent overall, it became a significant factor in the building industry in Western Australia.

Members will know that home building indemnity insurance has been compulsory in Western Australia since 1997. It is organised under private insurers, dissimilar to the situation in Queensland, which runs its own pooled insurance fund, with about 0.6 per cent of the building contract price being contributed towards that pooled fund.

Western Australia was covered by two private insurers who entered that market. It was probably not a very attractive market for an insurance firm to be involved in. Obviously it is a reasonable risk. The two insurance companies in Western Australia were affiliated with the peak industry bodies - the Master Builders Association of WA and the Housing Industry Association. HIH was affiliated with the MBA. That company provided home building indemnity insurance for many builders, large and small, because all builders had to have it. I guess that is the starting point. It is a state government legislative requirement that builders have indemnity insurance before they can be issued with building permits from local authorities and can proceed with work. Therefore, being a state government legislative requirement, the State Government has some responsibility if problems arise should that indemnity insurance fail. That is what has happened in Western Australia. Many builders who were insured with HIH and its affiliates lost their indemnity insurance and found that after April they could not proceed with their building work.

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That immediately presented two problems. Without indemnity insurance the builders could not get their building permits cleared from local authorities and could not proceed to commence buildings or even proceed with buildings that were under construction. Quite early in the piece that presented a serious situation, because banks were holding progress payments on many buildings under construction.

As early as the first sitting day of this year I asked a question about this situation of the Minister for Housing. I think I should read out that question -

- (1) Is the minister aware that the collapse of HIH Insurance is presenting severe difficulties for many builders who have taken out compulsory home indemnity insurance in that -
 - (a) local authorities are refusing to release building plans; and
 - (b) banks are refusing to advance progress payments to the builders?
- (2) What has the Government done to alleviate these problems and what plans does it have to resolve the situation in the weeks and months ahead?

I received the following answer from Hon Tom Stephens as the Minister for Housing -

I thank the shadow Minister for Housing and congratulate him on his appointment. I look forward to working with him in this portfolio. I hope he will continue to raise with me issues of concerns, both in the Chamber and outside.

I have been raising this issue with him and through him and other ministers such as Hon John Kobelke and the Government -

Hon Tom Stephens: You have not come back to me.

Hon BARRY HOUSE: Cut it out. This is my first question. The minister replied -

It is correct that there is an impact upon the housing sector as a result of the collapse of HIH Insurance. My colleague Hon John Kobelke, the Minister for Labour Relations and Consumer Affairs, has advised that alternatives have arisen for people who find themselves caught in the situation described by the shadow Minister for Housing. I will make available the details of the alternatives once the House rises. If necessary, I will supply a full and detailed ministerial statement on the alternatives available to builders. I do not have the details with me at the moment, but I am aware that alternatives exist and I hope that members can take some comfort from that.

That was fair enough, being the first day of the sitting. The minister showed that he was aware of the situation and that in the early days of the Government he and Hon John Kobelke were attempting to do something about it. In fact, the very next day the minister made a statement in the House, and I think he deserves some credit for that. The minister was obviously super keen in his new ministerial portfolio; he was like a kid in a lolly shop.

Hon Tom Stephens: I wanted to please you and make sure that my action was in contrast to the uncooperative way your Government behaved during the period when we were in opposition.

Hon BARRY HOUSE: I notice that the member ends a lot of questions that are asked of him by favoured members with the words, "Is there anything else I can do? I would be more than happy to oblige." This is very encouraging.

The minister made a statement, but I will not read it all. He outlined the requirements for home building indemnity insurance that stemmed from the Home Building Contracts Act 1991. The legislation providing indemnity insurance was enacted in 1997. Indemnity insurance to protect home builders is there to guard against the minority of builders, the shadowy or fly-by-night builders in this State. The vast majority of the building industry consists of responsible and reputable people. This is probably a classic case of legislation that pulls everybody into the net and has been established to deal with the one or two shonky operators in the industry.

In his speech, the minister outlined what the Home Building Contracts Act 1991 does and stated -

As a result of the liquidation of HIH, only one company was offering home indemnity insurance policies in Western Australia. That company was Home Owners Warranty, on behalf of Royal and Sun Alliance Insurers Australia. On 19 March 2001, Dexta Corporation approached the ministry with an application to offer home indemnity insurance policies in Western Australia. These policies were to be unwritten by Allianz Australia Insurance Ltd. I am pleased to advise members that the offer was approved and Dexta has entered the marketplace and is providing a service to builders. The absence of one of the insurers for a long period has caused a backlog in insurance approvals and a subsequent

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backlog in building approvals. The Ministry of Fair Trading is working closely with industry and local government to address the difficulties currently being experienced as a result of this backlog.

At that stage, a problem had come to my notice and to the notice of the industry and the community. Obviously it had also come to the Government's notice and it was addressing it. Initially it addressed it by receiving an application from Dexta Corporation to provide indemnity insurance, which it approved, and that company came into the industry. Subsequent to that, another company has entered the market. Builders now have three companies from which to choose for indemnity insurance coverage. Those with Royal and Sun Alliance coverage through the Housing Industry Association were not affected. At that stage, their indemnity insurance was unencumbered, but since then the rules have changed slightly.

The situation did not improve. I raised this issue again in Parliament on 13 June by asking the Minister for Housing another question. Once again, the response is being considered. I asked -

The minister will be aware of problems still being experienced by many builders who had their indemnity insurance with the collapsed company HIH Insurance, with the result that many housing projects large and small are still on hold, causing job losses and severe economic effects. Despite repeated requests from the industry for assistance and some action, along the lines of this Labor Government's counterparts in New South Wales and Victoria, why has the Gallop Government sat on its hands and done nothing?

I asked that question because at that stage the New South Wales and Victorian Labor Governments had introduced legislation to address, in particular, the consumer aspects of the collapse. They did not seem to be facing the same degree of difficulty with the indemnity insurance aspect that Western Australia was facing. By early June, the Labor Governments of Victoria and New South Wales had already introduced legislation aimed at protecting consumers dealing with builders who had insurance with HIH Insurance. This situation covered those HIH-insured builders who had finished projects any time between 1997 and the time of the collapse; that is, in March this year. If a claim relating to a building completed during that period was lodged relating to a builder insured with HIH, the consumer package would address the problems. Belatedly - about six weeks later - the Western Australian Government came to the party to deal with that aspect. However, it still did not indicate that it was prepared to address this other aspect of the disaster.

In reply to my question, the Minister for Housing stated -

The member raises an important issue that is, in the first instance, directly attributable to an industry that falls under the regulation of a federal agency which, in the view of many, has failed the Australian community.

An inquiry has been established to look into aspects of the HIH collapse. I am sure that that inquiry will expose whether the federal regulation authority was lax. Anecdotal evidence suggests that it was, but we should await the inquiry report. The Minister for Housing's answer continues -

The responsibility for that failure is sheeted home directly to the Opposition's federal coalition colleagues.

The minister could not help having a little political dig. He continued -

The minister with direct responsibility for these issues at state level is Hon John Kobelke, on behalf of cabinet, and ministers such as I who have a particular interest in this issue, and he is coordinating a whole-of-government response to these vital questions. Cross-portfolio work is being done and a response is being considered.

That was the first indication of our "mirror Government" - it is looking into it. I started to lose a little faith in the Minister for Housing. I expected him to be able to give me a little more direction about what the Government was doing six weeks after my first question. I expected him to know more about the damage being inflicted on a sector of the housing industry.

Hon Tom Stephens: Did you make similar representations to the federal Government about what help it could provide to Western Australia?

Hon BARRY HOUSE: Did you - you are the Minister for Housing?

Hon Tom Stephens: I am the Minister for Housing, not the minister responsible for regulating the insurance industry. That is the federal Government's responsibility.

Hon BARRY HOUSE: Yes.

Hon Tom Stephens: What was the reply?

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Hon BARRY HOUSE: The federal minister responsible for the Australian Prudential Regulation Authority, Hon Joe Hockey, was in Western Australia in early June.

Hon Tom Stephens: You were singularly unsuccessful in getting the federal Government to pay more regard to the needs of Western Australians.

Hon BARRY HOUSE: He gave me a more reassuring answer than that provided by the minister. I asked him a question at a public forum in Bunbury about the situation with the HIH collapse and APRA's responsibilities. He gave me a lengthy reply, which could be abbreviated to "watch this space". About two weeks after that the federal Government announced an inquiry.

Hon Tom Stephens: Anyone can have an inquiry.

Hon BARRY HOUSE: This Government has plenty.

Hon Tom Stephens: You are complaining about this Government when it rolled out a response to this issue. The federal Government has established an inquiry, but you congratulate it and attack us.

Hon BARRY HOUSE: I do not think I congratulated the federal Government for that.

Hon Tom Stephens: You said his response was better than mine.

Hon BARRY HOUSE: I will congratulate the federal Government for its initiatives in two other areas of the housing industry: first, the first home owner grant increase from \$7 000 to \$14 000, which has had a marked impact on the Western Australian housing industry and saved it -

Hon Tom Stephens: It will cause a slump if it is not extended beyond 31 December.

Hon BARRY HOUSE: It has also delivered low interest rates. The Howard Government has been able to maintain an incredible record of low interest rates for its five or six years in office. That low interest rate regime has assisted many homebuyers throughout Australia and has rescued the industry. If we want to make comparisons, we should refer to the days of the Keating and Hawke Governments.

Hon Tom Stephens: I can go further back than that. What about the Court and O'Connor days of 1981-82?

Hon BARRY HOUSE: Even with Hon Tom Stephens' limited knowledge of economics, I am sure he appreciates that a federal Government has more impact on interest rates than does a State Government.

Hon Tom Stephens: That coincided with a federal conservative Government when Malcolm Fraser was Prime Minister. Collectively, the coalition was responsible for high interest rates.

The DEPUTY PRESIDENT (Hon George Cash): Order! I can hear too much audible conversation in the Chamber. There is so much audible conversation that Hon Frank Hough cannot hear me.

Hon BARRY HOUSE: I asked that question on 13 June when some articles were appearing in the newspapers. The Master Builders Association was strongly advocating to the Western Australian Government, mainly through Minister Kobelke. Hon Tom Stephens as Minister for Housing should have been well aware of it because it is a housing problem. He indicated that he was aware of the matter due to the cross-portfolio cabinet subcommittee, of which he is a member. A few media reports that came to the notice of the community indicated that some serious repercussions had occurred from this HIH Insurance collapse. The obvious repercussion was the potential liability left with home owners whose buildings were insured from 1997 to now by insurers who had indemnity insurance through HIH. As I said, the Labor Governments in New South Wales and Victoria moved quickly to address those gaps. That issue was outstanding at the beginning of June.

The other outstanding issue was the builders' predicament. We were told early in the piece that the builders who were insured with HIH and who needed to arrange their indemnity insurance quickly could move to another insurer. Another insurer, Dexta Corporation, was found reasonably quickly. The Government then appeared to have washed its hands of the matter on the basis the problem was solved. However, the problem was not solved. To this day, many of those builders are unable to build due to the housing indemnity insurance situation. I will explain why a little later.

The minister said a while ago that I had not raised the matter with him. However, I have cited two instances when it was mentioned on the first day of Parliament this year, and again in June. As I said, it has been also consistently raised by the MBA. At that stage the other industry body, the Housing Industry Authority, was not as concerned. It seems that Minister Kobelke may have been taking much of his advice from the HIA. Through its spokesman, the indication is that the HIA may have had something of a conflict of interest. The two major peak building bodies, the MBA and the HIA, are funded partially from commissions they earn from insurance companies, mainly through indemnity insurance. The insurance company linked with the HIA was Royal and Sun Alliance Insurance Australia Ltd, which was not affected. The insurance company linked with the MBA

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was HIH, which went under. I believe the HIA saw it as a great opportunity to grab some business in a friendly, competitive way from the MBA. I am sure that was an aspect in the whole scenario. The HIA, therefore, encouraged builders seeking indemnity insurance who had been with the MBA to cross over and join its insurance company. By doing that, the HIA was indirectly lining its coffers.

I put out a media release on 16 May requesting that the State Government implement a moratorium to allow builders to begin projects while their indemnity insurance was being processed. I said -

Through no fault of their own, hundreds of builders throughout WA have been caught up in the HIH Insurance collapse.

I noted that it was beginning to have a devastating effect on many builders, the housing industry and the WA economy. According to figures from the MBA, an estimated \$400 million worth of building work was being held up due to that impasse. I pointed out that this aspect of HIH lay clearly within the State Government's jurisdiction and it had been extremely slow and uncaring in addressing it.

Hon Ljiljanna Ravlich: Why did HIH collapse?

Hon BARRY HOUSE: Hon Ljiljanna Ravlich is a member full of wisdom. I cannot answer that. I suspect some bad management was involved and perhaps there were other reasons for it.

Hon Ljiljanna Ravlich: Due to slack regulations.

Hon BARRY HOUSE: HIH was a private entity. I am sure bad management was involved as well as perhaps something else, but I cannot speculate on that. A federal government inquiry will delve into whether the collapse was due to lack of proper regulations or corrupt activities. That may have been the case. I cannot stand here and make those accusations. However, the federal Government has done the right thing by appointing a judicial inquiry to unearth those matters.

I am concentrating on the impact of that collapse on a sector of the Western Australian building industry. I raised the issue through media release on 16 May. In line with most of the media response to the Opposition, it did not get a run anywhere.

Hon Tom Stephens: You will forgive me then if I wasn't aware of what you said.

Hon BARRY HOUSE: I was beginning to suffer from irrelevance syndrome.

Hon Tom Stephens: Relevance deprivation.

Hon BARRY HOUSE: That is right; that was Gareth Evans' term. Subsequent to the other question I asked on 13 June, the Deputy Leader of the Liberal Party, Dan Sullivan, and I released a joint media statement in which we proposed a solution for builders. It read -

WA builders caught in the HIH collapse would get the financial security they need in a proposal by the Liberal Opposition.

Builders previously covered by HIH are still experiencing problems obtaining indemnity insurance, three months after the insurer's collapse.

The Government in New South Wales put in place a rescue package several weeks ago, followed by the Victorian Government. By comparison, the Gallop Government, despite approaches from the building industry had taken no action to assist builders.

I think 200 builders met with the minister in Perth a couple of days after 13 June - I could not attend and nor I think could Dan Sullivan attend - where they heard rhetoric but no promise of any action. We went on to present a solution. The media statement reads -

The Liberal Opposition has proposed a two-pronged strategy to assist builders.

"The first priority is for the State Government to mirror action taken in other States' and cover the immediate needs of builders unable to obtain indemnity insurance in the wake of the HIH crisis . . .

"The Labor Governments of New South Wales and Victoria have shown that this can be achieved quickly and efficiently".

Hon Tom Stephens: That would mean what on the basis of your advocacy; to cover a builder unable to get insurance in the marketplace?

Hon BARRY HOUSE: The object at that stage was to fill a gap.

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Hon Tom Stephens: Is that what you are suggesting?

Hon BARRY HOUSE: That is what we are suggesting.

Hon Tom Stephens: Any builder?

Hon BARRY HOUSE: Not any builder. Obviously there had to be some criteria but I suggest at that stage the use of the same criteria under which builders were previously insured, until new insurance companies could get fully on stream and process everybody because three months after the collapse people could not work and could not build. Their direct employees were out of work, as were their subcontractors, and their suppliers were starting to feel the pinch. People in their communities were starting to feel the pinch. All those people were members of families who were paying mortgages. They were members of communities that were starting to feel the effect.

The major point of my series of comments was made in this media statement -

“Builders are concerned that insurance companies have tightened the rules unfairly . . .

“There have been serious complaints of higher premiums and excessively tough financial requirements being imposed by insurers.”

“This is squarely a matter for the State Government to step in and assist the State’s builders and homebuyers as a matter of priority.

Hon Tom Stephens: You described a two-pronged approach. What was the second prong?

Hon BARRY HOUSE: The Government had to step in and take some position with the insurance companies to circumvent the onerous and unreasonable demands that they were starting to make on builders. The Government, as the strongest advocate in Western Australia, had to stress on them that they were placing unreasonable demands on builders.

Hon Tom Stephens: Which is the regulatory body for those insurers?

Hon BARRY HOUSE: It is the Australian Prudential Regulation Authority.

Hon Tom Stephens: Why are you calling on the State Government?

Hon BARRY HOUSE: I am calling on the State Government for two reasons: one is that state government legislation requires these builders to have compulsory indemnity insurance and, therefore, it is a state government responsibility if a problem arises, as it clearly had. The Government did nothing. The second reason is that the Government should be concerned that one of the most important sectors of the Western Australian economy was in strife and that a whole series of builders, large and small, were in strife in the Western Australian building industry. The State Government has been saved, as I have said before, by the fact that the housing industry in general has become quite buoyant due to two federal government initiatives - one is interest rates and the other is the first home buyers scheme. That was reflected in a headline in *The West Australian* of 12 July which read “Home boom. Building industry set to kick-start the WA economy”. Is the State Government not concerned about those things? If not, it is totally negligent.

Hon Tom Stephens: The largest negative impact that the federal Government’s policies have had on this State’s housing sector has been the combination of the goods and services tax and the withdrawal of funds which would otherwise have been available to the housing sector, through the failure to adequately index and upgrade the Commonwealth-State Housing Agreement to meet the needs of the housing sector in this State.

Hon BARRY HOUSE: We will come to that issue in a different debate. I will not address it now. The Minister for Housing some time ago raised that issue in this Parliament as a political exercise, and it is due for discussion at some later stage.

Hon Tom Stephens: Forgive me for raising in Parliament anything that might be of a political nature. I would not want to introduce politics.

Hon BARRY HOUSE: Let us get to the nub of what I am saying. Three months after the initial HIH Insurance collapse, there is still an obvious problem: insurance companies are imposing extremely onerous conditions on builders to reinsure them. They are requiring bank guarantees and full asset backing from builders. These are not fly-by-night builders; they are reputable builders who have a track record, in some cases going back over 25 years. They have had to completely restructure their businesses in many cases to forfeit some of their taxation advantages, purely to get indemnity insurance. In addition, their premiums have increased by about 300 per cent. Restructuring a business cannot take place overnight; it takes time. I do not believe that we can reasonably

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ask a builder to put up his whole private asset backing to get indemnity insurance. I know of a couple of circumstances in which builders have had to raise up to \$2 million of their private asset backing to obtain indemnity insurance to proceed with building. This is the crux of the problem: they then receive an indemnity certificate for up to \$250 000. The total turnover in a year for those builders might be \$2 million. What do they do after they have put down the pad and they are halfway through the housing construction? They cannot keep building if they have already built to the value of \$250 000. They must go back and start from scratch again. It may have already taken them four months to get to that stage. That is why many builders are not picking up their building certificates from local authorities, even though some of them have indemnity insurance. Many do not have indemnity insurance, but even those with indemnity insurance do not have significant amounts. This point was made to me very strongly by John Dastlik, the chief executive officer of the Housing Industry Association. He has discussed this matter with me on several occasions. He has said that I am on the wrong track and over-exaggerating the situation.

I will give the House an example from the Shire of Busselton, which I know well. Some 41 certificates were not collected in that shire about a week ago. It represents about \$6 million of housing industry work in that shire. John Dastlik made some inquiries, and said that in about only four of those cases were builders unable to obtain indemnity insurance and that many of the others had indemnity insurance. However, on further investigation - this is where I depart from John Dastlik's view to some extent - it seems that even some indemnity insurance is not sufficient to cover those builders' liabilities. I am not talking about large project home builders who are responsible mainly for the first home owners market in Western Australia. One would rarely find a first home in Western Australia worth more than \$200 000. Those home buyers are catered for very well in the main by project builders like Commodore Homes, J-Corp Pty Ltd and so on. They do an excellent job. Those types of companies that were caught in the HIH Insurance collapse had massive asset backing, so they could move quite quickly to obtain their indemnity insurance. However, even those building companies were held up for three or four weeks in some cases, but they were able to move on. It cost them in restructuring their businesses, providing bank guarantees and so on. The problem lies with the small-to-medium builders of custom-built homes. I suspect that the area I come from is no different from any other coastal region that is experiencing growth; that is, the Busselton, Margaret River, Bunbury and Capel shires. Many builders in those regions are caught up in this situation. Often those builders build quite individual homes for people, and very few of them cost less than \$250 000. Most of those homes cost upwards of that figure. I know a builder who had a contract to build a \$750 000 home in Eagle Bay. He is not a fly-by-night builder; he is a very responsible, reputable person. However, he could not get indemnity insurance and could not start that project. The home is owned by someone overseas who is getting a bit fidgety. He keeps ringing up and asking when the builder is going to start. The owner is almost ready to say, "Fix it; and if you cannot fix it, I will go to somebody who can." That is how it is affecting those builders. In some cases I am talking about builders who have won housing industry awards. They do not put up shacks. They do not concentrate purely on the first home buyers market. They are responsible for individual, custom-built projects.

I attended a meeting of between 10 and 20 builders from mainly the Dunsborough area, but builders from the wider area were also involved. Without mentioning any names, I will go through a couple of personal situations. The first builder is a young man in his late 20s. This very enterprising young fellow was having enormous problems. He directly employed five people whom he had to lay off, and he could not give work to his subcontractors. He was ready to start about three jobs, but he could not. Insurance companies, not the Builders Registration Board of WA, are deciding who will build in this State. Insurance companies are making that judgment on the net worth of a builder rather than on the proper criteria of whether the builder can do a good job and has a good reputation and a good history. This young builder's insurer was requiring a bank guarantee. He figured that if he must provide asset backing of, say, \$1 million, he may as well underwrite his own insurance. Members should not forget that I am talking about a young builder. It is pretty difficult for a young person to provide that sort of asset backing. That is another aspect of the situation. How will young builders ever get a start in this industry if indemnity insurance is measured on the criterion of their net worth? How many young builders would be worth \$1 million and thereby qualify to get their first indemnity insurance certificate so they can construct a house worth \$200 000? Not many I would suggest. This young builder thought that if he must provide a bank guarantee for that amount, he may as well underwrite his own insurance; and he wondered why he needed indemnity insurance. Some builders came to that conclusion out of sheer frustration with the situation. I admit that they had a point. This builder knows that state legislation requires him to provide indemnity insurance, but he cannot get it, even though he can demonstrate that he has built 10 or 12 homes very successfully and with no problems in the past couple of years.

The Master Builders Association country representative who attended that meeting estimated that there are 900 building applications pending in local authorities in Western Australia that cannot be released because of a lack of indemnity insurance. The estimated value at that stage was still somewhere between \$300 million and

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\$500 million, which is a significant part of the Western Australian economy. The problem is that there is a delay in those builders getting insurance because of the onerous and unreasonable conditions imposed on them by insurance companies, not the building registration authority.

A representative from one of the major project builders also attended that meeting. I mentioned before that the major project builders are largely responsible for the large-home industry in Western Australia. The representative said that initially there was a three to four week delay. That company had been insured with HIH, but it could now get approvals within seven days. Once the process is in place and working, it seems to roll over okay. However, that is a large company with huge asset backing. Smaller builders have a problem.

Another builder in Dunsborough turns over about \$1.8 million a year. After putting up personal asset backing of over \$1 million, he got insurance for a total of \$800 000, but with a limit of \$200 000 a job. That clearly illustrates that insurance companies are establishing totally unreasonable guidelines and boundaries for the building industry. That builder has been operating in the area for over 20 years. He builds individual, custom-made houses. Not many homes that he builds would cost under \$200 000. He also mentioned that after all the pain he went through, the maximum payout the insurance company would provide in the event of any problem arising was \$100 000. What is the point of his putting up \$1 million worth of asset backing and paying a premium that has previously been hiked up 300 per cent to get indemnity insurance up to a maximum of \$100 000? He is far better off providing that asset backing - in other words, his own insurance - to do the job. He is the sort of guy who is so well known and respected around the place that he could easily point to his track record to obtain work in that industry locally.

Another point he made is that it is embarrassing. He said that he had international people starting to ask him what was wrong with him as a builder - why could he not get indemnity insurance and start their project? He was starting to feel very peeved and embarrassed by that. He knows he is a reputable builder, and he has a reputation as a reputable builder. However, people were starting to ask whether something was wrong with him, and we all know that there is not.

I mentioned the point about entry into the industry for young builders. If this situation is allowed to continue, it will preclude any young builders entering the industry. They will be totally unable to put together the necessary worth to demonstrate to the insurance company that they should get their indemnity insurance. I repeat that that is a state government legislative requirement; therefore, the State Government should be concerned enough to get off its backside and help these people get their businesses and, in turn, their subcontractors and suppliers, as the multiplier spreads throughout the community, back to work.

Another aspect of the matter was raised by a real estate agent who was at the meeting. At that stage he was sitting on an offer that was subject to obtaining a building permit. That, in turn, was subject to obtaining indemnity insurance. A large amount of his business in areas such as Dunsborough, Margaret River and Busselton, which have a very high growth rate, comes from the building industry - from builders, carpenters, bricklayers and plasterers. In that part of the world, if the surf is up, a lot of people who work in the building industry are surfing. However, when it is not, they are building. They work and play hard. That is just an aspect of the way they operate in that area.

A further aspect which is galling is the onerous amount of paperwork required by the insurance company. One of the people at the meeting estimated that he was putting in about four hours a night - that was just to get his ticket to start work, which he previously had. Therefore, it is a restriction on trade. Some of these builders are experiencing enormous difficulties getting back their key to work - I suppose it could be put that way - whereas other builders who were fortunate enough to be insured with another company that did not go under have continued their work unabated.

I have put together all these matters and written a letter to Minister Kobelke, and I have copied it to Minister Stephens. I hope that Minister Stephens has a good look at this letter. It was written only last week, on 24 July. It is a summary of the situation. I think I have been very fair. I will read part of the letter -

Five months after the collapse of the Insurance Company HIH, there are still problems within the building industry which require urgent attention.

As you are aware, HIH Insurance was one of two private Companies providing compulsory Home Owners Indemnity Insurance when it collapsed in March this year.

I then give the minister a bit of credit. It continues -

Since this date I am aware that new Insurance Companies have been introduced into the industry and a "rescue package" -

Extract from Hansard
[COUNCIL - Tuesday, 31 July 2001]
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Hon George Cash; Hon Peter Foss; President; Hon Norman Moore; Hon Robyn McSweeney; Mr Tom Stephens;
Hon Bruce Donaldson; Hon Barry House; Deputy President; Hon Ken Travers; Hon Derrick Tomlinson

I have not even described that in depth. Perhaps I can do that at some other stage -

- launched to address consumer issues arising from the collapse.

While these measures partially address the difficulties, there are still outstanding issues for many home builders which need to be addressed.

It is clear that many small to medium sized builders have had their businesses curtailed, (in some cases stopped dead in their tracks!) by the onerous and unreasonable conditions being placed on them by insurance companies as they apply for indemnity insurance - which is compulsory as a result of State Legislation.

In that letter, I go on to explain the major problems that I have outlined in the past few minutes. In a nutshell, it comes down to the fact that a pocket of the building industry, and hence the housing industry, in Western Australia is still having severe problems as a result of this indemnity insurance situation. Insurance companies are now determining the criteria for who does and does not build. The proper regulatory body in Western Australia is not determining that; insurance companies are doing so. The minister is keen to talk about regulation. That is where the State Government can play a role.

As to Adjournment

HON DERRICK TOMLINSON (East Metropolitan) [9.48 pm]: I move -

That debate on the amendment be adjourned to the next sitting of the House.

Question put and a division taken with the following result -

Ayes (14)

Hon George Cash	Hon Peter Foss	Hon Robyn McSweeney	Hon Derrick Tomlinson
Hon Murray Criddle	Hon Ray Halligan	Hon N F Moore	Hon Bruce Donaldson
(Teller)			
Hon Paddy Embry	Hon Frank Hough	Hon Simon O'Brien	
Hon John Fischer	Hon Barry House	Hon W N Stretch	

Noes (15)

Hon Kim Chance	Hon Adele Farina	Hon Louise Pratt	Hon Ken Travers
Hon Robin Chapple	Hon Jon Ford	Hon Ljiljanna Ravlich	Hon Giz Watson
Hon Kate Doust	Hon Graham Giffard	Hon Jim Scott	Hon Ed Dermer (Teller)
Hon Sue Ellery	Hon Dee Margetts	Hon Tom Stephens	

Pairs

Hon Alan Cadby	Hon Christine Sharp
Hon Barbara Scott	Hon Nick Griffiths

Question thus negatived.

Amendment to Motion Resumed

HON DERRICK TOMLINSON (East Metropolitan) [9.50 pm]: I support the amendment. I refer to a question that was asked in this place on Tuesday, 22 May by Hon Jim Scott. The question was addressed to the parliamentary secretary representing the Minister for Planning and Infrastructure, and it was in two parts -

- (1) What contracts have been signed or otherwise entered into for the Kenwick to Mandurah electric rail extension?
- (2) Will the minister table details of these agreements?

The parliamentary secretary, Hon Graham Giffard, replied -

I thank the member for some notice of this question.

- (1) Contracts for forward works have been undertaken when there has been an interface with Main Roads WA freeway works. At Kenwick, where the railway will pass under Albany and Roe Highways, the railway tunnel has been constructed as part of the Roe Highway extension. At Glen Iris and Anketell, where the railway will cross under the Kwinana Freeway, the railway tunnels have been built as part of the Kwinana Freeway extension project.

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- (2) The client for the Kenwick tunnel is Westrail-WAGR, and the contractor is Consolidated Constructions Pty Ltd. The works commenced in March 1999 and are substantially completed. The client for the Kwinana Freeway interchanges and extension is Main Roads WA, and the contractor is Thiess Contractors Pty Ltd. The works commenced in January 2000 and are substantially completed.

On Tuesday, 22 May Hon Graham Giffard advised the House that the tunnels were substantially completed. The first of these tunnels is at Kenwick where the railway will pass under Albany and Roe Highways. The construction of that tunnel was an interesting engineering exercise because it required relocating the railway. Once the section of railway at Kenwick had been relocated, the contractor could start work on the construction of the tunnel and the relocation of Albany Highway. Once the tunnel and the upgrading of that section of the Albany Highway were completed, the railway line was then relocated back to its original position. That work is now complete. It was a substantial engineering exercise that took two years. It commenced in March 1999 and was completed in approximately March 2001.

As a consequence of the decision to build that tunnel, relocate the railway and relocate the highway as part of that construction, the construction of Roe Highway between Welshpool Road and Ranford Road was deferred, because the intersection of the Roe Highway and Albany Highway was in the area that was being deconstructed, constructed and reconstructed for the purposes of the Kenwick tunnel. That worked to the great annoyance of the people who lived in William Street, Beckenham, because those people have, since 1991, enjoyed their street, which is a major urban road, as the extension of the Roe Highway from Welshpool Road to Albany Highway, from Albany Highway to Nicholson Road and thence into the Canning Vale industrial area. In other words, it was a major heavy haulage route, as well as being a major commuter route twice a day, morning and afternoon. Their chagrin was such that they voted wholeheartedly against the then member for Roleystone, Fred Tubby, and wholeheartedly in favour of the new member for Roleystone. That delay was of great inconvenience to the people of William Street.

However, the work is now complete. We now have a decision that the railway may or may not use that tunnel. It may go as far as the Thornlie station. It may go as far as the Sheila McHale station at Thornlie, but no further. The Sheila McHale station at Thornlie backs onto Yale Primary School. There is very limited space between the proposed Sheila McHale railway station at Thornlie and Yale Primary School, not enough room for a substantial parking area. Therefore it will not be a Park 'n' Ride station; it will be a "kiss 'n' ride" station, if it ever proceeds. It was always intended to be nothing more than a "kiss 'n' ride" station.

Hon Ljiljanna Ravlich: What is a "kiss 'n' ride" station?

Hon DERRICK TOMLINSON: Come here and I will tell you!

Several members interjected.

The PRESIDENT: Order, members!

Hon DERRICK TOMLINSON: You kiss; I'll ride.

The PRESIDENT: Hon Derrick Tomlinson!

Hon DERRICK TOMLINSON: I withdraw, Mr President.

The Kwinana tunnel works commenced in January 2000, and Hon Graham Giffard replied on 22 May that they were substantially completed. What did this involve? It involved the building of the Kwinana Freeway from the point at which the tunnel had been constructed as far as Thomas Road, Kwinana.

The PRESIDENT: I must now interrupt the member's informative speech before he does any more damage.

Debate adjourned, pursuant to standing orders.