



# Parliamentary Debates

(HANSARD)

THIRTY-FIFTH PARLIAMENT  
THIRD SESSION  
2000

LEGISLATIVE ASSEMBLY

Thursday, 4 May 2000

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**THE SPEAKER** (Mr Strickland) took the Chair at 9.00 am, and read prayers.

## **MAYLANDS POLICE ACADEMY SITE**

### *Petition*

Dr Edwards presented a petition signed by 686 people regarding the future of the Maylands Police Academy site and requesting full and frank consultation.

[See petition No 113.]

## **COCKBURN CITY COUNCIL**

### *Statement by Minister for Local Government*

**MR OMODEI** (Warren-Blackwood - Minister for Local Government) [9.03 am]: In April last year I informed the House that I had suspended the Cockburn City Council and appointed commissioners to oversee the city. In May last year, I appointed Mr Neil Douglas to conduct an inquiry into the affairs of the city. This inquiry had the powers of a royal commission. He has now reported to me and I advise the House that he has recommended the dismissal of the council. I will wait the statutory 35-day period to allow the commissioners and suspended councillors to respond to the report before considering whether to proceed with the council's dismissal.

In his three-volume report, Mr Douglas made several findings of unlawful or improper conduct against the council as a body and 77 such findings against individuals. The adverse findings cover a range of matters over the period extending from 1993 to the council's suspension in 1999, during which time inquiries were made by the Department of Local Government and the Ombudsman. Of the 77 findings of unlawful or improper conduct against individuals, 66 are against councillors and 11 are against two staff members.

There were 16 adverse findings against the former mayor, John Grljusich. There were 13 findings against Brian Wheatley, nine against Dino Elpitelli, seven against John McNair, seven against Marinko Pecotic, six against Joe Ostojich, six against former Mayor Ray Lees, and two against former Deputy Mayor Terry Battalis. There were six findings against former city planner John Scharf and five against the chief executive officer, Rod Brown. The report spells out the seriousness of the findings against the different individuals. I will refer the report to the Crown Solicitor and the Director of Public Prosecutions to determine whether further action should be taken.

No adverse findings were made against councillors Logan Howlett, Laurie Humphreys, Sarah Hunt, Joe Gianoli, Stephen Lee, Maryanne Separovich, and Nola Waters. Mr Douglas praised Mrs Separovich and Mr Howlett. In his analysis of whether the council should be dismissed or reinstated, he pointed out that Mr Humphreys, Mrs Hunt, Mr Lee and Mrs Waters, who are still under suspension, were not responsible for any wrongdoing and in many cases spoke out against the wrongdoing. This is a salutary reminder to all councillors and members of Parliament that the working of democracy ultimately rests with the honesty and integrity of elected people. Mr Douglas said that while it might appear unfair that those four councillors are dismissed from office, the choice between dismissal and reinstatement must be made according to the best interests of the city as a whole. On balance, he believes it would be in the city's best interests for the council to be dismissed.

I will give close consideration to Mr Douglas's reasoning when making the final decision. I congratulate Mr Douglas on the conduct of the inquiry and the clarity of his report, and I commend the staff of the Department of Local Government, whose reports and advice to me have been thoroughly vindicated.

I table the "Report of the Inquiry into the City of Cockburn" and move that -

That this House authorises publication of the report.

Question put and passed.

[See papers Nos 863A-C.]

## **KERSTING, MS JANEEN, SUPERANNUATION**

### *Grievance*

**MR BLOFFWITCH** (Geraldton) [9.07 am]: My grievance is to the Minister assisting the Treasurer and involves superannuation. A young nurse, Janeen Kersting, who lives at 77 Hamersley Street, Geraldton, works at the Morawa District Hospital. Previously, she worked in the private sector. She asked for the \$260 in her superannuation fund to be transferred into the government employees superannuation scheme. However, she was told that it could not be transferred until the fund contained \$500. I have a lot of trouble with this. Is she supposed to keep the money in the fund for it to be eaten away and disappear altogether? That is scandalous.

I was involved in superannuation for quite a few years and thought that all employee schemes were required to be transferrable; that is, superannuation can be transferred when someone moves to a new employer. It can be transferred to

the employer's or another fund. I believe it is a legal edict, although that does not necessarily mean the State Government must abide by it. However, it is an industry standard and I am disappointed we are making it so difficult. Is this the way we want to harass nurses who work in a country area?

Mr Trenorden: Unfortunately, it goes both way: They are not allowed in and they are not allowed out. It is an absolute disgrace.

Mr BLOFFWITCH: It is a disgrace. Hopefully the State Superannuation Bill before the House will do something about it. Something needs to be done. It is an extremely bad case. Ms Kersting told me that she has effectively blown the \$260 that she put in her superannuation fund.

I agreed with her that she had, under the current scheme. I think it is very bad. If industry can adopt a standard that employees' contributions to superannuation funds be transferrable, I cannot understand why a government system cannot do exactly the same thing, when it is a federal law that controls these matters. I would like to know why the superannuation fund believes it is exempt from the federal law. I do not think it should be. We should be doing something to try to recover the young lady's money. We also have trouble getting nurses to go to Morawa hospital, the Three Springs hospital and other places like that to work. If we are going to put these sorts of obstacles in their way, how successful will we be in getting nurses to transfer to these country towns? I think it is something we need to address very quickly and I look forward to the minister's response.

**MR KIERATH** (Riverton - Minister assisting the Treasurer) [9.10 am]: I thank the member for Geraldton for raising this issue. Members should be aware that the State Superannuation Bill 1999, which was introduced into this House in October last year, is on the Notice Paper to be debated. I understand that it will be considered by this House this week or next week. The Bill will provide a better superannuation framework for public sector employees. It will provide flexibility for members and access to industry-standard superannuation and will also remove some of the anomalies and inequities in the current scheme. The current restrictions on roll-ins will be addressed in the new regulations to support the Bill. The restrictions on the ability to roll funds into the Government Employees Superannuation Fund is set at \$500. It was set at that level to link to the maximum benefit amount that the Commonwealth committed to be cashed out. It was assumed that there was not significant demand from members to roll-in funds if they could cash them out. However, since the commonwealth limit has been reduced to \$200, the restrictions on roll-ins is being reviewed and changes will be incorporated as part of the new regulations following passage of the State Superannuation Bill 1999.

The new regulations will also address a number of other anomalies and inequities in the scheme rules. For example, although lawful, the closed pension scheme contains some gender discriminatory provisions in relation to revisionary pension entitlements for widowers. The proposed regulations will allow the qualifying conditions for the pensions to be the same for both widows and widowers. Another inequity that exists within the current legislation relates to salary packaging whereby, unlike other schemes which have access to this feature, pension scheme members cannot package their contributions.

The Bill also provides an opportunity to consider more modern investment arrangements and new products and services. Public sector employees who are members of the board's largest scheme feel trapped in an outdated and inflexible superannuation arrangement especially when compared with members of private schemes. I think that encapsulates the feeling of the member for Geraldton's constituent.

In summary, this new legislation is necessary to give us greater flexibility to respond to members' needs such as the issue raised by the member for Geraldton today, and to ensure timely compliance with relevant commonwealth legislation and to support efficient administration.

Resolution to the issue that the member raised is under way and as soon as this House can deal with the legislation -

Mr Bloffwitch: I asked the Leader of the House to make it a matter of priority.

Mr KIERATH: If the Leader of the House is prepared to give it top priority, I will accommodate that.

## **DEVELOPMENT SITE, CITY OF WANNEROO**

### *Grievance*

**MS MacTIERNAN** (Armadale) [9.13 am]: I want to grieve on behalf of the residents and the City of Wanneroo whose views have been ignored by the Minister for Planning in the development of the Wanneroo townsite. It appears that at some point in the past couple of weeks, the Minister for Planning made a decision to uphold an appeal of a developer against the wishes of the Wanneroo City Council and many residents. I say that this appears to be what the minister has done because there is some uncertainty about it. Although the minister has made a public statement that he has done that, nevertheless, a letter was sent to Ms Diane Guise from the minister's office two days after the public announcement stating that he the appeal will be subject shortly to a mediation conference in an endeavour to resolve the dispute. On the one hand, the minister made a public statement at some time around 25 April that he has made a decision on the appeal, yet two days later a letter has come out of his office telling the community that he has not yet made a decision and it will be the subject of further mediation. I would certainly like the minister to explain this anomaly to us.

Getting back to the substantive issue: A town strategy plan for the town centre of Wanneroo and zoning requirements under the metropolitan region scheme are in existence. The area in question, on the corner of Wanneroo Roads and Shaw Road, was designated under the metropolitan regional scheme as deferred residential. Under the town centre planning strategy

it was also considered to be residential. Early in 1999, moves were made by certain developers who wanted to develop a fast food centre on that site. Until that time it had always been considered to be residential. I will read one paragraph of a letter that the Minister for Transport, Hon Murray Criddle, sent to concerned residents at that time. He said -

As you would now be aware through contact with my office, Main Roads is opposed to any commercial development at this location and has advised Council that it would be preferable to keep the development of fast food outlets within the existing shopping centre area.

This was generally the view of all people who were involved with this issue in March 1999. At that time, the council had been suspended and commissioners were running the City of Wanneroo. The developers' consortium included a company called Kelshore Pty Ltd, which is a major sponsor of the Liberal Party players in that area. At the last council elections, Kelshore Pty Ltd made a \$5 000 donation to mayoral candidate Alan Carstairs, who was the acknowledged Liberal Party candidate, although not officially endorsed. However, he is strongly associated with the Liberal Party in that area and is seeking, I understand, preselection for the No 3 position on the ticket for election to the upper House.

The situation was that this area was always going to be residential and Hon Murray Criddle was telling the residents not to worry about it as Main Roads is totally opposed to any commercial development. However, all the Government's appointed commissioners in Wanneroo are generally considered to be batting with the blue team and, all of a sudden, we started seeing a completely different attitude to the development of the site. All of a sudden what was a residential site becomes a site that maybe could be made into a commercial site - maybe a fast food centre!

To contract the story: Eventually Mr Fixit - I will not say who that is but one of the commissioners - went around and bent everyone's arm and advice started to change. Suddenly Main Roads, which was totally opposed to any commercial development, said that a commercial development would be all right provided a slip road was developed. As a result of that, and various other people being leaned on, the advice was that it would be approved with 33 conditions. That happened, but democracy intervened and a council was elected. In the meantime, there were many community protests. Notwithstanding that, the developer appealed to the minister over 11 of the 33 conditions that had been placed on the development. As a result, there was a mediation process and most of the points were resolved, with the exception of three points that the elected council said it would not yield on. One was that there would be a limit of two fast food outlets on the site.

They also want a brick wall to protect the residential development from this inappropriate commercial development. They want a slip road off Wanneroo Road to provide some safety for those people who will be queuing up to enter and exit the fast food centre. Those are three very reasonable conditions. What do we find? We find the Minister for Planning intervening in circumstances in which there is a clear apprehension of political bias. The minister has ridden roughshod over those three very reasonable conditions that were placed on this highly problematic development. It is a disgrace. The minister must do something to get rid of his ministerial appeals process.

**MR KIERATH** (Riverton - Minister for Planning) [9.21 am]: Once again the member is suffering from some fanciful thinking. At the beginning of her speech she said that the views of the community had been ignored and at the end she admitted there had been mediation. The city imposed 33 conditions on the development, 30 of which have been agreed by mediation and conciliation without anybody ruling one way or another. The irony is that if the Opposition had progressed the Planning Appeals Bill before the House instead of delaying it, the minister would not have been able to make the decision and it would have gone off to an independent body. Because of the member causing delays by filibustering on the legislation, we cannot do anything to resolve it. She must look in the mirror next time she complains about something. She cannot say that the views of the community have been ignored when some 90 per cent of the community's views were taken into consideration.

Agreement could not be reached on three issues. When parties cannot reach agreement the matter comes to me for a decision. Whether or not the member likes my decision, I take expert advice. In the end someone must make a decision; there cannot be indecision. Someone must look at the facts, rule on them and get on with it. Most people accept that, but not the member for Armadale. She wants to ignore the 90 per cent that has been agreed and focus only on the 10 per cent that has been disagreed. Most members of this House know that that is true to form for her.

The appeal was originally lodged against 11 of the 33 conditions imposed by the city. At the mediation conference, eight of the 11 conditions were agreed, leaving just three remaining. I will outline what they were and the reasons for the decision. The first reads -

*The uses permitted on the site as part of this approval shall be restricted to two (2) Fast Food Outlets, Offices and a Video Store only.*

It was not that there would not be any fast food. The permitted use was for two, and the question was whether there would be three. It is not a question of fast food or no fast food but of whether there are two or three outlets. The second condition reads -

*A brick wall with a height of 2 metres above the finished ground level shall be constructed along the proposed boundary between the development site and the remainder of Lots 1 and 132 prior to the development being first occupied.*

The third condition reads -

*Provision of a left turn slip lane on Wanneroo Road with a storage capacity of five cars. The developer shall be responsible for all costs involved in the design and construction of the left turn slip lane and driveway. This includes the ceding free of cost of additional land that may be required for the slip lane, signing, road markings, relocation of services if necessary and Main Roads Western Australia's costs involved in the design checking of the construction drawings and site supervision.*

I had Mr Ross Easton, an investigator, have a look at the site and speak to various parties and make recommendations. Basically I endorse his recommendations. The group that I sit with to look at it did not even change his recommendations.

Ms MacTiernan: To whom did he talk?

Mr KIERATH: I will come to that in a moment. Let us take the conditions one by one. Condition 3, which was for the fast food outlets, reads -

The original proposal was for MacDonalds and Chicken Treat outlets and a commercial building comprising a video store and five tenancies which were to be used for fast food outlets or offices. A revised proposal changed the use of the commercial building to a video store, a bank/office with an automatic teller, a restaurant and four take-away food outlets. The City's professional staff made an objective analysis of the proposal and recommended approval of the proposed uses.

Is it not funny that the professional advice was to approve it? It continues -

A traffic study indicates that the proposed uses will not result in any significant increase in traffic. The proposed uses are consistent with the requirements of the West Precinct of the Wanneroo Town Centre Structure Plan and a restaurant is a permitted use. The City has already approved two fast food outlets on the site and there seems little logic to an argument which says that while it is acceptable for the site to accommodate two particular tenants, it is unacceptable for other such tenants to occupy the site.

The second condition relates to the brick wall. It reads -

This is a mysterious condition considering that there is very little reporting or discussion on the issue in the City's documentation. It is said that the Youth Advisory Council wanted fencing between the Wanneroo Primary School and the development site to be improved and a comment was made at a Special Electors' meeting that a 2m wall was imperative for the security of the children. The proposed fence, however, is not on the school boundary but on a newly created lot boundary in the middle of privately owned land. It is difficult to justify the need for a fence in the circumstances let alone that it be in the form of a brick wall. Nevertheless, I note that your client is prepared to erect a colourbond fence and that to me is a reasonable and acceptable compromise.

If the question is not about aesthetics but security, a colourbond fence will meet the objective of keeping people out just as well as a brick wall. The third condition is condition 20, the left turn slip lane. It reads -

Main Roads Western Australia, and not the local government, is the organisation which is responsible for determining the need or otherwise for particular access arrangements along Wanneroo Road and it does not require the slip lane. Other expert opinion supports this view. There is, however, an urban design advantage in not having a slip lane. It is desirable to slow traffic in town centres and left turning vehicles achieve that objective whereas slip lanes can be counter-productive by encouraging traffic movement and speed.

Against that background and following full consideration of all the issues involved, I had to conclude that the city's imposition of those conditions could not be reasonably sustained. Therefore, I decided to uphold the appeal so that conditions 3 and 20 were deleted and condition 14 was modified by changing the term "brick wall" to "colourbond fence". I also endorsed the mediated outcome for the other eight conditions, the details of which have already been conveyed to and accepted by the parties. I went on to congratulate the city for its effort and cooperation in helping us to mediate.

## GOSNELLS SENIOR HIGH SCHOOL

### *Grievance*

**MRS HOLMES** (Southern River) [9.27 am]: This grievance is made on behalf of the Gosnells Senior High School, which is the only government senior school facility in the seat of Southern River. The Gosnells Senior High School does a wonderful job looking after the students in the district and I congratulate the principal, Sue Rodway, and her team on their efforts and dedication. However, the hard work of the staff is not reflected in the calibre of the building, which is badly in need of upgrading. The school has received repairs, but it has not had an upgrade in 24 years. This is clearly an unsatisfactory situation which needs to be rectified as soon as possible. The school has one transportable plus one two-sided storage area with desks in it, which is totally unsatisfactory. In the winter when it rains the students must walk through flooded areas to move from class to class. Last year when talking to the students they told me that they were anxious about the safety aspects of their school. They also told me that the general feeling of the students at the school was that they had been forgotten and ignored. The conditions prevailing at the Gosnells Senior High School do not, in my opinion, provide a learning environment that enhances the morale of the students and staff and encourages them to work at their optimal level.

Last year I was extremely pleased that the Minister for Education, Hon Colin Barnett, accepted my invitation to visit the

school. He was able to see firsthand that it required attention and as a result he kindly arranged for minor improvements to be made in the reception area and the registrar's office, for which everyone was very grateful. The need for upgrading of the school has also been acknowledged by the Education Department and Mr Barrie Wells, the new district superintendent, who kindly visited the school with me earlier this year. A discussion took place at the conclusion of the visit between me, the principal, representatives from the parents and citizens association, Mr Wells and a representative from the Education Department. At this time it was acknowledged by the department that parts of the school, including the home economics wing, were not equipped to fulfil the current curriculum requirements. The school has repeatedly put forward requests for upgrades, particularly for a design and technology classroom, home economics wing and the administration area. It also wants an adequate work area and interview space for pastoral care staff. It has also requested a work area that is safe and noise and traffic free. I fully understand the difficulties that surround the important need to maintain the infrastructure in all the schools in education districts in our State. I am also mindful of the balance that must be struck to ensure that everyone receives the attention they so rightly deserve. I am proud that Southern River has two of the newest, most magnificent primary schools in the State. However, I firmly believe that Gosnells Senior High School has been ignored by successive Governments - not by this Government - for far too long. It is the only government high school that services the primary schools in the Gosnells area and over the years it has consistently maintained its student population numbers. The parents and citizens association, headed by Anne Smyth, is passionate about the school, a fact that is clearly demonstrated by the P & C's tenacity and ongoing enthusiasm. The people involved have worked tirelessly for years to achieve their goal of the school being recognised for the important role it plays in the community. The principal, Sue Rodway, is also totally committed to the school and its students and is keen to meet curriculum standards to the fullest extent. To this end, at the start of the school year the principal implemented a year 8 block and also renamed areas of the school. This action forms part of the move towards the middle school-senior campus model which is leading the way in fulfilling future secondary education needs in this State.

I too am fervent about Gosnells Senior High School and I am committed to doing everything I can to help the staff, students and the P & C to achieve their goals. I have seen firsthand the wonderful work and the transformation, carried out in consultation with parents and staff, that took place at what was the Maddington Senior High School. This revamp has now created a wonderful learning environment for the students who attend the school, which is now called Yule Brook College. I have no doubt that this new college will provide its students with every opportunity to progress successfully through their secondary education. This is what I want for the students at Gosnells Senior High School. It is a waste of time to do a piecemeal upgrade of the existing facilities at Gosnells. What is required is the same transformation which led to the formation of the Yule Brook College. This approach will ensure that all the needs of staff and students are met into the future, and will enable them to work and learn together on a playing field which is level with their counterparts at Maddington. Therefore, I urge the minister and the Department of Education to take notice of the plight of Gosnells Senior High School with a view to taking urgent action to transform the school's facilities and bring them into the twenty-first century.

**MR BARNETT** (Cottesloe - Minister for Education) [9.33 am]: I agree with all that the member for Southern River has said about Gosnells Senior High School. I recognise the major need to upgrade many of the senior high schools in this State which were built during the 1960s and 1970s in particular. Those schools were designed in a different era. Many of them have deteriorated over the years and do not have the necessary layout to suit modern education. I will make a few comments specifically about Gosnells before returning to that point.

Gosnells Senior High School was opened in 1976, so it is 24 years old, which is not as old as some other schools which face similar problems. During the period of rapid population growth in Western Australia in the 1960s and leading into the 1970s a great number of senior high schools were built. They are now heading towards being 30 years and even 40 years old. They were never designed to continue much beyond that, and that is becoming evident. Gosnells Senior High School has identified specific areas that need upgrading: The administration and staff facilities, design and technology, and a general maintenance and refurbishment of the school.

As the member said, I visited the school at her request in April last year. Following that an architect visited the school to inspect the facilities. As a result the Education Department made available \$15 000 to the school to create some minor changes - to establish a new registrar's office and a new interview room and to upgrade the foyer and reception area. They were fairly minor upgrades, but the school used that small amount of money effectively. During 1999-2000, \$86 000 was spent at the school on repairs to roofs and gutters, on tree lopping and on other minor repairs. That is a large amount of money in one year on one school. It reflects the fact that the day-to-day maintenance of these ageing schools is becoming expensive. Beyond that some significant changes in secondary education need to be acknowledged, and we cannot duck the issue.

Some surveys and assessments of parents have shown that parents of primary school age children are generally happy with the standard of facilities and the way primary schools are progressing. However, there is not such a high level of confidence among parents of secondary school students in the government school system. In many respects that reflects the age of many of the secondary school facilities. Some of the changes that have taken place in education are creating an urgent need to do something more about the problem; for example, the growth in vocational education, in which Gosnells Senior High School is strong. It does some fantastic work in that area. Over the past three years the number of students undertaking vocational programs in secondary education has gone from 3 per cent of the total to 30 per cent. That is great; that is providing another attractive and relevant option to traditional tertiary entrance examination subjects. Students are choosing vocational education subjects. That encourages them to stay on and complete their secondary education.

By its nature, vocational education requires new and different facilities, and many schools have made significant investments in the vocational area. They tend to be significant facilities, and those for home economics are one example. However, there are a lot of other areas. Similarly, some of those schools do not have performing arts centres, which are standard facilities in new schools. A number of the old high schools do not have anywhere near adequate facilities for drama and dance, which are programs that young people enjoy and participate in. With the changes in technology, the government program of spending \$100m to put computers and new technology into schools - with the target of one computer for every five students - is being achieved in Gosnells and elsewhere. However, the layout of the schools do not necessarily suit that program. Often we have computer labs, and that is fine. However, more and more it is desirable to have cabling and computers spread throughout the school and used throughout the curriculum. Many old schools in the physical sense do not suit the use of that technology. That is related to the curriculum, which has become outcomes based instead of the "stand up and deliver, and you will learn" approach. Education is now based far more on self-motivated research, learning and interpretation by students. That more individualised approach to learning, rather than simply being taught, requires different physical facilities than the schools typically built in the 1960s and 1970s. For all those reasons we recognise that we need to do something as a matter of urgency about some of those older secondary schools. Parents compare the facilities in the older schools with the level of facilities in the new schools such as Ballajura Community College, and those in Warnbro, Shenton, Seven Oaks and Halls Head. Those new secondary education institutions are superb. I credit the Education Department with building the highest standard of secondary education facilities anywhere in Australia. The member for Kalgoorlie will see similar changes to secondary education facilities in her electorate. It means that many of the older schools are seen to be very much behind. For that reason I have requested the Education Department to do a review of some of our older secondary schools with a view to setting up a program of systematically modernising and upgrading those schools, so that rather than doing bits and pieces we go in with a substantial program to improve them.

The member for Southern River gave the example of what was Maddington Senior High School but is now Yule Brook College. That is an excellent example. The school changed from senior high school status to a middle school. There were changes in organisation and curriculum. For the relatively modest sum of \$1m that school has been absolutely transformed in a physical sense. That is the lower end of expenditure; some schools will require \$2m to \$3m, or perhaps \$7m to \$8m. The member for Kalgoorlie will have seen the changes to the Eastern Goldfields Senior High School at a cost of \$12m, and that is at the upper end of refurbishment. Mt Lawley Senior High School is another school that needs expenditure, and it is among the schools which are old and do not suit the modern education practices. I am very conscious of the situation at the Gosnells school and I hope the Government will be able to do something significant for it.

### **POLICE SHORTAGE**

#### *Grievance*

**MS ANWYL** (Kalgoorlie) [9.40 am]: My grievance would have been to the Minister for Police but, in his absence, it is to the Leader of the House. It relates to the shortage of police in both my electorate and the electorate of the member for Eyre. That is especially important for those constituents who have had crimes committed against them. Currently the number of police officers at the Kalgoorlie Police Station is 10 per cent below the full complement. This is creating very real problems. There is a need for government intervention. It is not good enough to simply say that it is a matter for the Police Department to sort out internally. The Minister for Education is well aware of the need for incentives to attract teachers to regional areas, and that is exactly the situation in respect of police officers. However, the Government is sitting on its hands. People expect the police to be visible and responsive to their needs. We would also like the police to be able to act proactively and preventively.

I make it clear that this is not a criticism of police officers, they do an excellent job, but it is recognition that they have a difficult and stressful job. I have nothing but praise for local police officers and the local hierarchy. This grievance is about the Government not providing adequate funds so that incentives can be provided to attract police, and not recognising the complex policing needs of the goldfields central region, which includes the central desert. Also the Government has not responded to the large number of crimes that occur in that region. Kalgoorlie has the busiest regional courthouse.

Currently there is a shortfall of eight police officers in that police district. Last week they were 10 officers down and the shortage has been as high as 11 officers. This is a longstanding problem. About 10 per cent of the full complement has been missing for a long time and this has significant impacts. The first of those about which I am concerned is the effect on the police themselves. Police officers are leaving the service because of the stresses and strains of the job. They frequently have less than a 10-hour break - sometimes it is only eight hours - between shifts because of the existing roster. The police must work extra hours, and there are problems with morale as a result of that.

The second problem is that the shortage of officers is affecting their ability to carry out investigations to solve crimes and respond to calls from the public. One of the most graphic examples I have of that is contained in a letter I received from the parents of a young woman who went missing in the Kalgoorlie-Boulder area last October. She was last seen outside the clubhouse of one of the outlaw motorcycle gangs in that area. I am sure we all feel for the parents whose 26-year-old daughter has not been seen since last October, and nobody knows what has happened to her. I quote from the letter from Mr and Mrs Govan -

As you are aware of Lisa's disappearance on the 8th October 1999, to date the police are no closer to solving her disappearance from outside the Biekie's club house on Boulder road. . . . The Kalgoorlie police are no closer now to solving this investigation than they were at 7.30 am on the day of Lisa's disappearance.

We strongly believe that if Lisa had disappeared from Claremont, there would have been a longer and more intensive response to the investigation. It would be very interesting to be able to compare the costs of these investigations, man hours, resources used, and at what stage the decision is made to put these investigations into the too difficult to solve category.

It is all very well for the District Superintendent to say the police clearance rate is currently running at 40 per cent but what are the nature of the crimes and what about the double standards that we have experienced on each of our visits to Kalgoorlie compared with Perth.

We are fully aware of the financial restraints and cut backs on Government Departments but should this come at the expense, safety and well being of the general public and financiers of the police force whom we pay (supposedly) to maintain law and order.

Mr Barnett: Who said that?

Ms ANWYL: The parents of the girl who has been missing since October. They asked me to make it clear that they are not critical of individual police officers. They have only praise for individual police, but they are extremely frustrated to know that routinely the police station is 10 officers down. That must impact on the ability to investigate crime.

Deputy Commissioner Brennan came to Kalgoorlie the week before last, and I expected some action from him. However, there was no action, and no commitment was given by him. On Tuesday of this week the Minister for Police Kevin Prince and the Commissioner of Police Barry Matthews came to Kalgoorlie, and I thought there would be some solution and some action. However, it was reported in *The Kalgoorlie Miner* yesterday -

But during a visit to Kalgoorlie-Boulder yesterday, Police Minister Kevin Prince said budget management was the responsibility of the WA Police Service and it was up to Police Commissioner Barry Matthews to find a solution to the problem.

The commissioner was asked what would happen in the case of the two officers who are waiting to come to Kalgoorlie-Boulder but for whom no money is available to pay for their transfer. They cannot be relocated until 1 July because of lack of funds. That is unacceptable. The newspaper reported his reply -

Commissioner Matthews said extra funds were not available in the overall police budget to assist Kalgoorlie with the transfers.

"Ultimately, everybody has a budget and we have to live within that budget," he said.

There is no hope in sight, at least until 1 July, in one of the busiest policing districts in the State. I have spoken to the Minister for Police about this, and I am disappointed that he could not be in the Chamber now. I understand he has another commitment.

This issue requires intervention from the Government. Funds must be made available. That police station has a shortfall of 10 police officers. I can almost guarantee that if this situation continues until 1 July, there will be a mass exodus of serving police officers because they are under extreme pressure. The answer to this problem has been provided to the Government from a range of sources. Clearly, extra funds are needed to enable the transfer to take place; changes must be made to the roster which is unpopular; the zone allowance must be fixed up - currently police officers in my electorate receive only \$14 extra a fortnight, which is absolutely inadequate for the higher cost of living; trips to Perth should be made available annually; and they should be able to work a 44-hour week, rather than a 40-hour week, as occurs above the twenty-sixth parallel.

**MR BARNETT** (Cottesloe - Leader of the House) [9.47 am]: I apologise for the Minister for Police not being present. He had an important prior commitment to officiate at a ceremony, which he was not able to cancel. He was endeavouring to be in the Chamber in time for this debate, but obviously failed to do so. However, he will respond in writing to the comments made by the member. The situation with respect to police, and indeed other employee groups within regional and rural areas, is similar to that which I experienced last year with teaching staff. I do not suggest for one moment that the issue of teacher shortages in these areas is totally resolved, but this year it is far better than it was last year.

Ms Anwyl: You came up with incentives.

Mr BARNETT: A number of things were done. At times last year we had between 80 and 100 vacancies, and at the moment there are between 10 and 12 across 20 000 teaching positions. That is as good as it can get. The problems with the police are probably similar. In the case of teachers, a number of actions were taken. Financial incentives were offered. Also, and this would apply to the police, the Government Employees Housing Authority is doing a great job in upgrading the standard of housing in regional areas. That is important, particularly for married officers with families. With teachers, the most effective means of attracting and retaining staff in regional centres was by providing employee promotional benefits. In teaching, that relates to gaining permanency through agreeing to serve for periods in those areas. I am sure there are some parallels, in both financial and career incentives, that might be effective for the police. The Minister for Police is working on these, but the police must also be willing to adopt more flexible arrangements. That is important, and it has been the case in teaching. We must recognise that 70 per cent of the State's population live in Perth. Young people grow up and join a particular profession or career structure, but they may have no experience of rural or regional areas and little or no experience in dealing with Aboriginal people. In a place like Kalgoorlie, that will be a significant part of police duties. Therefore, training and preparation for those roles is important.



I am advised that the comments made by the member are similar to those made publicly by police superintendent Hadyn Green in Kalgoorlie a week ago. He acknowledged the shortage of police officers in the area and that the service was having trouble attracting and retaining officers. I am also advised that four new officers have started work in Kalgoorlie in the past week.

Ms Anwyl: There are two more waiting, but there are no funds. That has not been denied by the minister.

Mr BARNETT: And I am not denying it now. However, at least we have four new officers in the area. The problem has been acknowledged.

This problem relates to issues other than wages; that is, career structures, flexibility in work practices and organisational career structure. I am not close to the portfolio - I do not know the fine detail - but I am aware enough to say that much can be done to free up some of the restrictive terms and conditions and contractual arrangements in the Police Service. Such a freeing up in the labour relations area, as has happened in other industry and professional areas, would allow more success in staffing some areas of the State. It would also provide more rewarding career opportunities and even greater financial gains for police officers. Both sides must come to the party. The Government acknowledges the problem and is doing its best within the Police Service to address it. As I said, the Police Minister will provide further comment.

The SPEAKER: Grievances noted.

## JOINT STANDING COMMITTEE ON DELEGATED LEGISLATION

### *Report*

**MR WIESE** (Wagin) [9.52 am]: I present for tabling the committee's report in relation to the City of Kalgoorlie-Boulder sewerage and drainage local law. The committee has dealt with many local laws in the past six to 12 months. However, this local law is one of the more unfortunate laws the committee has considered. The local law was made under sections 3.5 and 3.10 of the Local Government Act and is attached to the report. It comprises 55 pages, which is a very substantial piece of legislation.

The committee first considered the local law on 9 December. It undertook that consideration at a special meeting convened for that purpose because the City of Kalgoorlie-Boulder had failed to provide the committee with the explanatory memorandum, which it is required to do under the Premier's ministerial circular. The committee resolved to move a protective motion, and that was done. It subsequently met to consider the local law on 21 December and identified several concerns. Those concerns relate specifically to the licensing and permit provisions applying to plumbers. These provisions are very anti-competitive. Their effect is to prohibit a person from carrying out plumbing or drainage work in the City of Kalgoorlie-Boulder unless that person is a licensed plumber. The definition of a licensed plumber is a person who has an appropriate A or C-class licence issued by the Water Corporation and a current licence issued by the City of Kalgoorlie-Boulder. The annual cost of the A or C-class licence issued by the Water Corporation is \$108.80, and every working plumber in Western Australia must have that licence. The city was planning to charge \$160 for an additional licence to work in the City of Kalgoorlie-Boulder. That is inappropriate and anti-competitive. It imposes a financial burden on plumbers who are already licensed to work anywhere else in Western Australia. Of course, that cost would be passed on to consumers in the area.

The committee cannot see any additional public benefit arising from the city's separate licensing scheme. It also believes that very clear mechanisms are available to the city to ensure that the people doing plumbing work are appropriately licensed. Before any plumbing work can be done in the area, plumbers are required to lodge with the city a notice of intention to commence sanitary work. Along with that notice of intention, the city can very easily require that the plumber also provide details of his licence. Thus, the city would be able to ensure that the person was appropriately licensed.

The committee also has concerns about a potential conflict between these local provisions and the recently passed Water Services Coordination Amendment Bill, which will come into operation on 1 July. That legislation establishes a board for the licensing of plumbers throughout the State and provides for the board's powers and functions as part of the reform of the water industry. When the Act becomes law on 1 July it will cover licensing of all plumbers in Western Australia, and any other licensing regime will become inoperative as a result. The report points out that 25 or 26 similar private or local government water corporations throughout the State will also face this situation on 1 July and will need to make substantial amendments to their local laws.

The committee is also concerned about the powers of entry included in the law. The law provides powers for any officer at all reasonable times to enter any property connected or in the process of being connected to the sewerage system. Of course, that entry would be without notice. The law also provides that any assistant acting under the direction of the inspector has similar powers of entry at any reasonable hour with or without notice into any land, house or premises. The committee considers powers to enter private property very carefully and closely. The power of entry provisions in the Local Government Act are very tight and significantly limited in that, almost without exception, unless an authority has consent, officers are not allowed to enter. The exception is that they are able to enter without notice only in very limited areas spelt out in the schedule of the Local Government Act, and none of those areas relates to sewerage or drainage. As a result, the committee believes that this part of the local law is ultra vires; that is, the City of Kalgoorlie-Boulder does not have the power to make this law relating to powers of entry.

The committee also brings to the notice of the House that if a local government authority, in this case the City of Kalgoorlie-Boulder, had drawn up its local sewerage and drainage laws under the Health Act rather than the Local Government Act,

it would have had considerable powers of entry and would not have had the problems it incurred. The powers of entry under the Health Act are substantial. It gives local authority officials the power of entry from time to time upon any house or any premises and gives them power to execute work or to make any inspections and the like. In the light of those substantial powers the Health Act should have been used to implement those local laws.

The committee brought these matters to the notice of the City of Kalgoorlie-Boulder. Correspondence passed between the city and the committee over a period. The city also sought opinions and advice on the local laws from the local government consultant, Mr Ted Chown, the coordinator of the local law service of the Western Australian Municipal Authority. He undertook a comprehensive review of the local laws after these matters had been brought to the attention of the City of Kalgoorlie-Boulder. His advice was eventually passed on to the Standing Committee on Delegated Legislation by the Chief Executive Officer of the City, Mr P.A. Rob. In that advice, which is included in this report, Mr Chown advises the city -

In summary therefore, the Local Law gazetted by you on 27 October 1999 would appear to be ill-conceived and the best course might be to repeal it, . . .

Mr Chown not only agreed with the matters the committee brought to the attention of the City of Kalgoorlie-Boulder but also found several other matters in the report which were a problem.

As a result of all this, the City of Kalgoorlie-Boulder advised the committee that the officers would recommend to the council that the local law be repealed. As the repeal of the local law may have left the city without any effective regulation of the sewerage and drainage scheme whatsoever, it advised councillors that, upon revocation of the local law, the council should adopt a policy covering all these matters by resolution of council. It is a pity that the Minister for Local Government is not here because I will comment on that proposal to implement by resolution a policy having legislative effect.

The committee has some severe misgivings about such a proposal. Everybody should have strong reservations about any attempt by local government in general to implement by policy resolution matters that have significant legislative effect on the community.

If a city or any local government authority adopted by resolution of council a policy that implemented local laws, firstly it would bypass any scrutiny required under the Local Government Act for the making of local laws. The local laws would not be advertised and no consultation about them with the community would occur. Secondly, the local government authority would be able to bypass any parliamentary scrutiny of the laws, but which scrutiny is a requirement under the Local Government Act and the legislation and standing orders of this Parliament.

The local law may also be void due to non-compliance with sections 41(1) and 42(1) of the Interpretation Act. The committee points out to the minister, the Parliament and all local government authorities that adopting local laws as policy is not a desirable action and should be strongly discouraged.

The committee wrote again to the City of Kalgoorlie-Boulder seeking written confirmation that the local law would be repealed because consideration of the disallowance motion in the Legislative Council was imminent. The city's chief executive officer, Mr Rob, advised that the city had sought advice from the Health Department on the adoption of the sewerage scheme by way of policy and the Health Department had advised that it was not a viable option. That placed the city in a difficult situation. If the city revoked the local laws, it would have no local laws whatsoever covering all its sewerage and drainage schemes. In adopting the local law, it had revoked the previous by-laws that had applied; therefore, there was nothing left to give them any controls.

The Health Department advised that regulation by way of policy resolution could not be done. There was insufficient time to allow the local government authority to enact new local laws under the Health Act, which would have been a viable option. The city was left with the choice of either repealing the local law, which would have resulted in no control over the sewerage scheme whatsoever, or allowing the local law to be disallowed by the Legislative Council, so the city could benefit from section 42(6) of the Interpretation Act. The disallowance would revive the operations of the regulations that had been repealed.

We faced a situation that has not occurred in my 13 years of involvement with the Delegated Legislation Committee; that is, a request of the committee by a local government authority to have the local laws disallowed by the Parliament so that the authority could retain some control over its sewerage schemes.

The local laws of the City of Kalgoorlie-Boulder were subsequently disallowed by the upper House. Hence its old regulations were able to operate until it had time to replace them. It gives me pleasure to table the report. The situation reported on is an example of some of the problems that can arise with local government authorities and some of the local government laws they adopt following sometimes insufficient or poor advice on their making. I commend the report to the House.

[See paper No 864.]

## **DAIRY INDUSTRY AND HERD IMPROVEMENT LEGISLATION REPEAL BILL 2000**

### *Second Reading*

Resumed from 3 May.

**MR GRILL** (Eyre) [10.10 am]: Before we adjourned debate last night I had indicated that this legislation was far from ideal from a Western Australian perspective. Dairy producers in the State are suffering a vicious double whammy with the

confiscation of their valuable quotas. These quotas, and a scheme for their transfer, were put in place - largely by me when I was Minister for Agriculture - and superintended by government a long time ago. Dairy producers will therefore lose their quotas, valued at hundreds of thousands of dollars in many cases. However, it is not disputed that the industry will have much lower prices for milk. That translates into a situation where dairy farmers will have not only their quotas confiscated, but also a much reduced earning capacity. I wonder where the positives are in all of this for dairy producers or consumers in Western Australia. The minister may comment on that point later.

Not only is there a down side for producers, but also there may not be an upside for consumers. That is of considerable concern. Few people, if any, are prepared to indicate that the domestic price for milk and milk products will fall, yet farmers will receive a much reduced price for their products. People tend to knock regulations these days, although 20 to 30 years ago it was in vogue and embraced by many industry organisations. In many respects, regulation has not done a bad job. I scanned some information the other day on the average price of drinking milk across the States. It is clear from that information that the price of milk is considerably lower in States where it is regulated than where it is virtually deregulated; regulation therefore is not all bad. It is vogueish to be on the bandwagon, especially nationally, to abolish regulation; however, it has done a great deal of good in the past. It has maintained a healthy dairy industry in this State and, to a large degree, it has ensured that consumers have had milk at a reasonable price. We are now faced with a situation that regulation will go by the board but there is no guarantee that the price of milk will fall as a result of deregulation; in fact, it may increase.

This legislation is like crystal ball gazing; no-one is sure where we will end up. I have said on various occasions during this debate that only time will tell. However, the uncertainty about deregulation is sapping morale among producers and is creating division. There is absolutely no doubt that a clear divide now exists among dairy farmers. The plebiscite of dairy farmers, conducted by the industry a couple of months ago, shows a clear division. I will refer to the plebiscite figures shortly, but the division exists. The question then arises of why we are going down this road. I may have touched on this matter yesterday and if I did I apologise.

I read a submission dated April 1999 made by the Australian Dairy Industry Council to Hon Mark Vaile, the Federal Minister for Agriculture on behalf of all dairy producers in Australia which paints a rosy picture of the dairy industry. One does not have to agree with all the conclusions in the report; however, it says that the dairy industry is a highly successful industry in Australia. It says that Australia has a vibrant export performance and on the raw numbers, as I pointed out, we seem to have \$2m worth of exports. Whether we get the return from those exports that we hope for is another matter. The submission says that we have high levels of value adding - and we do, and I have said something about that earlier on in the debate - and high levels of rural employment.

If the industry is in such fine fettle, as this submission to the federal minister indicates, why are we deregulating it? Why are we abandoning regulation? Why are we jettisoning such a good scheme? We are doing all that. We are doing it, as I think the Deputy Speaker is mouthing to me, at the behest of Victorian growers through their organisations. It all comes back to Victoria. From the perspective of some people in Western Australia, it all comes back to greed. The 1980s was the decade of the "greed is great" phenomenon. However, it appears that Victorian farmers are forcing deregulation on an industry which they vaunt as a highly successful industry to the detriment of all other sectors of the industry outside Victoria and to the detriment of consumers. What are we about? This deregulation is being forced as a result of machinations in Victoria.

The companies involved are United Dairy Farmers of Victoria, which represents about 8 000 producers; Bonlac Foods Ltd, a cooperative; and Murray Goulburn, another big cooperative. They are the groups forcing this change on the rest of Australia. When one considers who will be the winners and who will be the losers in deregulation, it is clear that Victoria probably has the most to gain; it also has the least to lose from deregulation. Shortly, I will endeavour to deal with the question of where the fruits of deregulation and the money from consumers will go as a result of this deregulation. The irony of the whole situation is that it will go to Victoria, not to Western Australia or to New South Wales. Instead of going to the innocent victims of deregulation, it will go to the people who are perpetrating the process on the rest of Australia. As I mentioned earlier in the debate, only 8 per cent of Victoria's production attracts the market milk premium. In the past, Victorian farmers have eyed the market milk premiums in other States and have boasted of their capacity to flood the product into those States and take part of that premium. As far as I can see, this deregulation will destroy the whole of that premium. It will be highly destructive. The premium will go by the board. It is not as though it will take part of it. It will destroy the premium by deregulating it.

Victoria has indicated that it can flood milk into other States. I know it can flood milk into New South Wales and South Australia, and possibly also Queensland, but can it economically flood milk into Western Australia? I doubt that it can. Again, only time will tell. It is one of the imponderables. I have not been able to find out the cost of transporting fresh milk from Victoria. The minister may have some information about that, and I look forward to the minister's enlightening us on that point. There is lingering doubt in the minds of a large number of producers in this State as to whether the threat by the Victorians to this State is as real as some of the Victorian producers have made out.

The Victorian producers are holding us to ransom. They are foisting on us a deal which, quite frankly, is all in their favour. There is some logic in endeavouring to take away the 3.6¢ per litre advantage that we give to overseas exporters into our home market. I can understand that. That is logical enough. However, how we can do that in a constitutional sense without wrecking the whole system, I am not sure. We will take away that 3.6¢ per litre advantage that overseas producers have in our market - and we are really talking about New Zealand here - but do we want to wreck the whole of our system on the basis of the 3.6¢ per litre advantage that the New Zealanders have, and is there some other way around it? I think there

is, and I do not believe that people have given that question sufficient consideration. The Victorian industry will not need to face quite the same level of competition from New Zealand in the future if we go down this path, but it is only marginal. Will they be more competitive on overseas markets? They may be, but not by much, and they will lose their export subsidy under the domestic market support scheme. I doubt whether they will be more competitive on the export market; and perhaps the minister can enlighten us on that in due course. Does the minister have any figures on that?

Mr House: Not specific enough to get down to that sort of detail. I share your thought that there is some doubt about whether that will make a real difference; and I think that is what you are saying. I do not believe the margin will be big enough for that. The real competitors will be the New Zealanders and the Dutch. A deal has just been done between the Dutch and the Swiss about a processing operation. They are now inter-country in their cooperative efforts, and we wonder where that will finish. There must be an economy of scale that says, "We have peaked on that, and no more benefit can be gained from milking more cows, having a bigger processing unit or transporting in a different size unit." Eventually we must come to the point where that does not matter any more. I do not think anyone is too sure where that point is. I share your concern. I doubt whether there will be much benefit. When we look at the price that they are now talking about for a litre of milk on a manufacturing basis, we need to have some real concern about that.

Mr GRILL: It is pleasing to hear that the minister does share my concerns. The minister mentioned the Dutch and the Swiss.

Mr House: The real danger for us is that the damage will be done at the producer end and we will lose that expertise and those producers, but by the time people start to realise that the damage has been done, it will be quite difficult to go back.

Mr GRILL: That is the problem with this legislation. It is conceded that it will damage producers. How many producers we will lose at the end of the day is another matter. Do we want to reduce the number of producers in this State in the process? We are doing that against the backdrop of corrupted markets. The Europeans operate on the basis of a highly subsidised industry, and they then dump their product into overseas markets. We cannot say that about the New Zealanders. They export on a fair basis. They have some advantage in our market, and they have a treaty with us that allows their product to come in unfettered, but we get benefits from that in other arenas. As has been said before - I think it was quoted in *The Bulletin* a few years ago - in terms of free trade, should we be the only virgin in the whorehouse? That is a pretty good analogy. It seems to me that we are going down this track with a vengeance. We are dealing with our own producers pretty brutally with regard to this legislation, all against the backdrop of a corrupted world market. It is a sad situation indeed.

What about the Commonwealth? The Commonwealth has been involved in regulation, as I pointed out earlier in the debate, with the domestic market support scheme. People seemed to indicate that it worked well. However, once again, at the federal level we seem to have this fetish for doing away with regulation. The fetish seems to exist almost on the basis of doing away with regulation for the sake of it. However, there is no stomach at the federal level, we are told by all the commentators and those who are closely involved, for any further support scheme at that level. The DMS scheme will end on 30 June this year, and we are now being forced into the situation where we need to dismantle a regulatory system which has supported a very successful industry in this State and Australia-wide.

In about 1977, the Government paid out the Victorian producers for their quota milk at a price of about \$40 per litre. That probably equates to a much larger sum now of \$200 or \$250 per litre. The Victorian producers received that payment for their quota, and they then went into a pooled system, as I understand it. As a result of what we are doing here today, our growers will receive no such compensation. Their quotas will be confiscated from them, on a basis which will leave them in a very poor situation.

At the federal level, there seems to be a fetish with World Trade Organisation guidelines, and it is said indirectly that somehow the DMS scheme and the other support schemes within Australia breach WTO guidelines. I do not think that is the case. I have never seen a legal opinion to that effect. Once again, it seems to me that it is just a fetish and a kowtowing to a corrupted world market.

In most places in Australia, and certainly in Western Australia, milk has already been deregulated post the farm gate. At a national level, at least one large overseas producer has come into the country. The current situation with deregulation in Australia - that is, prior to this legislation and prior to the commonwealth legislation - is that we have a highly competitive trading environment in any event. If the removal of regulation is meant to ensure that we have a competitive market, we already have that sort of market. There are no constitutional barriers, as things stand, to Victorian producers sending their product interstate. They have not done that to any great degree although they have done it to some extent in areas in southern New South Wales.

The Victorians perceive they have a real advantage with deregulation. However, what is the situation with the Western Australian producers? I can see nothing but a downside. A large proportion of the milk produced in Western Australia is market milk; in other words, it attracts the market milk premium. Western Australia produces a small amount of milk for export; in other words, our market here is in equilibrium. When milk is produced for export, it goes into the high value markets - ice-cream and products of that nature - not into the low value markets which have been exploited by Victoria. As I indicated earlier, the Western Australian producers will not be compensated in any way for loss of quota, because the money that will be paid as a result of the Commonwealth scheme will not be paid for loss of quota. It is a transitional payment.

Mr Bradshaw: They have been paid more out of that compensation package on a quota basis.

Mr GRILL: Yes, there is a larger sum, but it has been made clear in the Senate inquiry into this matter that it is an adjustment package; it is not a compensation package. It is not compensating producers in this State for loss of quota.

Mr Bradshaw: Loss of income.

Mr GRILL: To some degree that is true. It is clear that there is no equilibrium between what the Victorian producers perceive they will receive out of this package and what the Western Australian producers will receive. It is like chalk and cheese; they are very different situations. In that context, we on this side of the House believe that there should be special consideration for Western Australian growers. I know that the minister went to Cabinet and has come back with a package of \$27m, which is bolstered by the transfer of assets of the Dairy Industry Authority of Western Australia and the Herd Improvement Service of Western Australia, that amount being another \$10m, taking the figure up to \$37m. However, that falls a long way short of compensating growers in this State for loss of quota and loss of income. We believe that the structural adjustment scheme which is being put in place by the Federal Government does not take into account the lack of equity between Victoria and Western Australia.

The scheme has been sold to Western Australian growers on the basis that the structural adjustment scheme at the Commonwealth level is the best that the industry in this State could negotiate and that the scheme is subject to acceptance by all States. We do not know whether that is the case because that has not been tested. We do not know whether the scheme will not go ahead if it is not accepted by all of the States. Maybe one or two States will stand outside of it. In that case, will the federal minister proceed with the scheme? He said in the past that he will not, but nothing in legislation or regulation indicates that a federal minister will not go ahead with this scheme without the participation of every State. Given the ebb and flow of politics in Australia, one cannot be certain that the scheme will not go ahead if one or two States do not participate. Therefore, the situation is uncertain, and that underlines much of the trauma within our industry in this State.

However, a structural adjustment package is being put in place by the Federal Government. It is not ungenerous. It runs to \$1.8b, dependent upon how it is calculated. It is closer to \$1.25b if the farmers take their payments up-front. It operates on the basis of a levy on consumers of 11¢ a litre for all drinking milk, and under the federal legislation, that will apply to drinking milk for eight years. In other words, it operates on the basis of 11¢ a litre on drinking milk for eight years, and it is estimated that that will raise about \$1.8b, which will then be redistributed to the farmers. It is also indicated that, independent of that legislation, the farmers have the ability to access funds up-front under an industry-generated scheme.

Under the legislation that has been passed at a commonwealth level, the farmers will receive 46.23¢ a litre for drinking milk and 8.96¢ a litre for manufactured milk. They will be paid those amounts on the basis of production in 1998-99. I think that in some States production might be based on the 1999-2000 year, but I am not too sure about that.

Mr House: A date in September 1999 was taken - I have forgotten exactly which date.

Mr GRILL: Right.

Mr House: The other relevant point is that no federal money is going into this scheme. The money is being raised from consumers by way of a levy on milk. Therefore, the Federal Government, with all its supposed largesse and concern for dairy farmers, has not produced one single cent.

Mr GRILL: That is correct, and that point is relevant. Therefore, when we talk about a reasonably generous scheme at a federal level, we are really talking about money coming from consumers.

Over eight years that will raise \$1.8b, and the Western Australian producers' share of that will be about \$109m. Given that it is estimated that the consumers in this State will pay during that eight-year period somewhere between \$180m and \$210m and will receive back only \$109m, there is a shortfall of about \$70m. Where does that shortfall go? It does not come to the producers here. It is taken out of the pockets of consumers in Western Australia and paid to Victoria, the very group of people who have the most to gain out of this deregulation. Therefore, it is taken from those people who have the least to gain - that is, the community of Western Australia - and paid across to those people who have the most to gain out of the situation. I think any fair-minded person would conclude that that is iniquitous and we are being held to ransom. We should not accept that lying down.

I will now make a few remarks about the way in which this matter has been handled. There is considerable disquiet among dairy growers because of the way this matter has been forced upon them.

The Minister for Primary Industry stated in the second reading speech that the Government's consistent position has been that it will not introduce changes unless the industry requests those changes. The minister received a letter from the president of the dairy association requesting that he proceed with the agreement in principle, to which the minister had been party at the minister's conference. It is dubious whether the President of the WA Farmers Federation dairy section was authorised to send that letter. I will not go into the pros and cons of that. However, I will say that the circumstances of the sending of that letter have created a lot of disquiet within the industry. I do not want to see that president made a scapegoat of because I am sure he has the best interests of the industry at heart. He has worked hard on endeavouring to ensure the industry is protected; he has given it his best efforts. However, the way in which that matter was handled has worried many growers. Further in his second reading speech, the minister said -

The Western Australian dairy industry has now formally approached the State Government requesting removal of legislation relevant to the regulation of the industry so as to access the federal package.

Once again, that is a fairly dubious statement. Many people in the dairy industry would say that no such approach was made. The letter sent to the minister was unauthorised. I do not want to stir that issue up further; however, it is already a big issue among the producers of the State.

Another matter of concern relates to the plebiscite that was taken; 541 licence holders voted in that plebiscite. The problem is, 41 people who voted did not hold a quota and that caused concern for the industry. As a consequence, it led to a questioning of the validity of the vote. The vote was not very decisive; 58 per cent were in favour and 42 per cent were against. It was not a decisive result out of the dairy industry of Western Australia. If one argues about whether 41 of those licence holders were entitled to vote, it makes the result very dubious.

We are looking at two different issues today: Desirability of deregulation, and the way in which it is handled, and the confiscation of proprietary rights; that is, quotas from members of the dairy industry. The media is full of what is happening with the confiscation of land in Zimbabwe. In this State, we are discussing the confiscation of rights - which are as valuable as land - for which dairy farmers have paid hard-earned money. Yet, after some debate, at the stroke of a pen, Parliament has decided to confiscate those rights. Is the situation here so different from Zimbabwe? One wonders.

Recently there was further evidence of disquiet in the dairy industry. The Capel Dairy Co (WA) issued advice on the post-deregulation prices for milk. That has caused tidal waves of concern within the industry. It has indicated its post-deregulation will be 22¢ a litre for the first 80 per cent of milk delivered to the Capel dairy and for the remaining 20 per cent, the price will be 18¢ a litre - in other words, an average weighted price of 21.2¢ a litre for milk. Given that there will not be any distinction between market milk and manufacturing milk in the future, the price of 21.2¢ a litre sent shock waves of alarm through the industry. I spoke to the president of the dairy section of the Western Australian Farmers Federation yesterday. He believes he might be able to get the price up to 33¢ a litre; I wish him luck. However, I have not spoken to any other person who believes it will get anywhere near that. The real belief is that the price will probably be around 22¢ a litre because that is the benchmark that has just been set. That is of extreme concern to the industry. The price of milk will be around 21¢ or 22¢ a litre, give or take some components such as how far people are from the dairy and things of that nature. However, that price range is extremely worrying for the dairy industry. Many farmers will suffer badly as a result.

On top of that, late last week, dairy farmers in the Capel area received a letter indicating that the price for their milk would be cut prior to deregulation by 6¢ a litre. Out of the blue, unilaterally - I do not know with what contrivance through the by the Dairy Industry Authority, because the price of this commodity is set by the Dairy Industry Authority - at the stroke of a pen, a letter arrived on Friday and by Monday, the dairy producers must make up their minds on whether they accept that cut demanded by the dairy or face a situation on the following Monday in that their milk would not be picked up. That is completely contrary to the regulatory system and process in this State. On top of all of the other worries the dairy farmers have, at least one dairy processor is operating in a unilateral and reckless fashion. I have not been given an explanation for that action but a proper explanation must be given about this intimidatory remark. There needs to be some explanation of whether the DIA colluded in that activity. It will be interesting to hear what the minister has to say on that score.

I have run out of time. I will canvass other remarks later in discussing amendments that I wish to move.

**MR BRADSHAW** (Murray-Wellington - Parliamentary Secretary) [10.39 am]: The Government will support the legislation, although very reluctantly. If there is one area that will be adversely affected most, it will be my electorate of Murray-Wellington because the dairy farmers in that area have a higher percentage of quota in their milk production. That has always been so because they tend to be land-locked. There is not the amount of land available as there is further south. Southern areas of the dairy industry have tended to buy more land and produce more milk under the manufacturing pricing scheme. However, because of the land-locked situation of the electorate of Murray-Wellington, only limited land is available for producing milk. Therefore, they have chosen the high-value and high returns they can receive with quotas. Over the years, these farmers have tended to buy a quota at a fairly high price under the belief they will have an asset at the end of their working lives which will act as an insurance policy or a superannuation policy. That will be wiped out now. In fact, it has been wiped out by so much talk about deregulation over the past two or three years. The past couple of years have proved to be some of the hardest times for me and the people in my electorate. I feel extremely sympathetic towards the dairy farmers who will suffer greatly when the industry is deregulated. The high percentage of quota that these dairy farmers have means they return an average price in the range of 40¢ a litre.

Deregulation figures have been bandied about of 28¢ or 29¢ a litre, and farmers' returns will drop from 48¢ a litre. Working on those figures, some farmers face a \$50 000 or \$180 000 drop in annual income, depending on the milk production and what is being produced. Significantly, the money lost is the profit margin because base costs will still be involved in producing that milk.

What is happening in the dairy industry in Western Australia is very disheartening and distressing. It will affect not only the dairy people, but also flow to other businesses, such as machinery dealers, local shops and mechanics. It is expected that the Murray shire will experience a \$9m drop in income to dairy farmers, which will be a massive loss to the shire and will have a strong detrimental effect in the short and long term.

The quota system was put in place in 1920 to ensure a stable amount of milk was produced for the white milk market; that is, that bought in the bottle, carton or the billy can put out for the milko in the old days. More money was made in manufacturing milk than that made in producing the white milk in those days; therefore, the quota system was put in place, and several changes have been made since 1920 with rule and regulation updates. This system gave stability to the industry. Farmers had a set return as prices were set by regulation. Increases were made over the years, although not necessarily

keeping up with the consumer price index. As it was a good industry, it kept improving productivity. The increase in productivity from a single cow achieved today compared with that of 15 years ago is incredible. Therefore, farmers have been able to maintain a good return even though the price of milk has not kept up with the CPI. Increased productivity has enabled a reasonable return. This is one of the few primary industries with stability. Others are at the beck and call of supply and demand and vagaries, but dairy farmers could rely on the cheque each month. The proposed changes will mean that supply and demand will rule. If people can screw a little more out of farmers, they will do so. I have no doubt that dairy farmers will be screwed by whoever takes milk from them. This proposal will take away a lot of the stability and certainty in the industry.

I visited England last year and spoke to Unigate and Milk Mart, which is like the Dairy Industry Authority in Western Australia. Milk Mart was established as a cooperative for the milk industry in England, and initially it handled about 90 per cent of the milk produced. However, the processors pinged off the dairy farmers several or one at a time, and Milk Mart now handles only about 40 per cent of milk. Consequently, the price of milk has almost halved in England over the past four years. The Europe Union has a floor price which farmers must be paid, but it is much less than that received four years ago. The promise made in Western Australia of a return of 28¢ or 29¢ a litre was designed to bring farmers to the starting gate for them to be ravaged by the commercial realities after deregulation occurs. I have no faith that the price will hold at 28¢ or 29¢ a litre. I hope I am wrong because if the price goes lower, it will have much worse effect on the industry.

Different attitudes have been evident in different areas. Some farmers intend to build bigger dairies and milk more cows to bring more money through the door, and other farmers say that they will not be able to cope and will not stay in the industry. People milking 70 or 80 cows are told that they will not be in the industry once deregulation is applied. These are probably second or third generation farmers. They may not have been over progressive in not buying more land and milking more cows; nevertheless, they have had a good life raising families and living a reasonable lifestyle on their turnover.

This is a difficult matter. I have found it extremely distressing over the past couple of years that many farmers will be, and are being, hurt. A piece of paper has said that they have an asset worth \$100 000 or \$500 000, but this will disappear. The worst aspect is that the monthly cheque, that which pays the bills and meets the debts, will drop by one-third or more at 1 July. I am reluctant to support this proposal because the majority of the 42 per cent of dairy farmers who voted against deregulation are in my electorate. It is difficult from my angle to support the legislation, even though I indicated I will support it and I will continue to do so. It is difficult because most dairy farmers in my electorate have voted against the deregulation. A federal package is offered for dairy farmers. If we oppose the scheme, that package may fall over and farmers will not receive the support to help to pay off their debts. Western Australia has an average debt loading of around \$350 000 per farm, although it obviously varies from farm to farm. The federal package will bring in an average of \$230 000 which will help to offset some of the debts. That is not the same as operating under an orderly system under the current scheme with the farm cheque received each month. One will find that the \$230 000 is taxable, which will take it down to \$170 000 or \$180 000 depending on the banking arrangement. With interest rates rising, the value is diminishing by the day. What did not look too bad at the beginning is looking less attractive.

Farmers have put a lot of money into their asset. Some paid over half a million dollars for their quota, which will disappear. They are screaming and are hurting and want to blame somebody. I have received a bit of wrath from those farmers. A demonstration of 200 or 300 dairy farmers was held outside my office last year, although that did not faze me as I can sympathise with them. My biggest problem was that I did not have an answer to their problem. If I had had that answer, I would have led the charge. When Pat Rowley and the state leaders said that we must move in this direction otherwise we will be run over by the Victorians, I had difficulty saying, "Let's hold the line." When the Kerin plan was put in place in the 1980s, I made public statements opposing that plan. If I were younger and more gung ho, I would probably head in that direction again.

Mr Grill: Did you oppose the Kerin plan?

Mr BRADSHAW: I did in the 1980s. I said that Western Australia should stay out of that scheme as we were bribing Victorian dairy farmers not to flood milk into Western Australia. I do not subscribe to those types of things. It has just delayed the inevitable. I still do not believe we would have been flooded with milk from Victoria. There has been an increase in ultra heat treated milk coming into Western Australia and the percentage of UHT milk sold in Western Australia varies. It has risen dramatically over the past few years - probably on a price basis as people think it is cheaper and it can be kept in the cupboard and forgotten until it is needed. UHT milk from Victoria has taken a fair percentage of the market. In the past three years there has been no increase in the market demand for milk in Western Australia, which means it is being offset somewhere or people are drinking less milk. I feel it is because of the increase in UHT milk being sold in Western Australia.

We had a great system in Western Australia and it worked extremely well. Unlike the Victorian system which encouraged people to produce milk, the Western Australian system had stability in the quota system. The white milk market was regulated, but the manufactured milk was unregulated in that prices were not controlled. There were controls over who could produce milk and how a person could produce it and those sorts of things. We had a system in which the price of manufacturing milk was open to rises and falls; therefore, there were no real controls on exporting milk by way of dairy products. We had a great system in which the local market was regulated but the export market was there. Nobody could say that we were holding back our export market because of price controls in Western Australia.

In the 1980s I told the dairy farmers that they were probably being sold out by their leaders by going with the current plan.

It works out that we were subsidising the Victorian dairy farmers by about \$20m a year to help export their dairy products. It meant that they kept producing more milk. Every time the price of their milk dropped, they would produce more milk. They now produce about 64 or 65 per cent of the milk in Australia. Their prices were so low that they started looking elsewhere for a way to improve their lot. What annoys me is that the companies who were pushing it the most were Bonlac and Murray Goulburn, which were two cooperatives owned by the dairy farmers. They were telling their dairy farmers in Victoria that they would be better off with deregulation. I doubt that very much. I think those dairy farmers will find that they will be no better off and that what they have done has mucked up the rest of Australia.

Mr Kobelke: Have you made representations to this effect to the minister?

Mr BRADSHAW: I have spoken to the minister about this. I have raised it in the party room.

Mr Kobelke: Were your representations for all interested parties?

Mr BRADSHAW: That is irrelevant now. I also spoke to the Western Australian Farmers Federation. I told its representatives that they should be in Victoria speaking to those farmers until they are convinced that they will be no better off. They will not be better off; they will be worse off. If they send their milk into New South Wales or South Australia, they will be met dollar for dollar. They will not keep up their prices in those States.

Mr Kobelke: I think you are right, but you could not convince the minister of that.

Mr BRADSHAW: It has nothing to do with the minister in that respect; the dairy industry has been asking for this deregulation.

Mr Grill: Come on! The minister entered into an agreement in principle at the ministers' meeting well before he received any requests from the industry here to go down that road.

Mr BRADSHAW: The member must realise that the leaders in the dairy industry were pushing for deregulation. When I say "pushing" I mean that they might not have liked it, but they said that they had to go in that direction otherwise they would be run over. I am not sure they would have been run over, but I will not stand in the way of those people getting what will be made available in the federal package. I am not the bunny in the seat.

Mr Grill: We are all in that situation.

Mr BRADSHAW: I know. That is why opposition members have suddenly realised they cannot oppose this legislation. Half the industry in Western Australia is saying, "Let's go for it", and the other half is saying, "No, we do not want to go for it." The member is right; it makes it very difficult. It was not 58 per cent of the dairy farmers who supported deregulation; it was 58 per cent of the people who voted.

Mr Kobelke: Do you have a personal view on what percentage of dairy farmers were opposed to this, given the fact that there were some anomalies in who could vote?

Mr BRADSHAW: About 90 per cent of the people who were eligible to vote voted, of which 58 per cent said that they wanted deregulation and 42 per cent said that they did not. We can always talk about which way the vote should have been put. It should have been based on how much quota a farmer had; that is, a farmer would receive one vote for every 1 litre of quota. One may ask: Should it have been for each farmer? Should it have been for quota holders and non-quota holders? There are a range of issues, which are always debatable. It would not matter which way we did it, in some people's eyes it would always be wrong. I was always of the opinion that a vote should go to the farmers. Then I thought, "What do we ask the farmers?" That is another debatable question. It was put to them in the best way. If all the dairy farmers in Western Australia had been asked whether they wanted deregulation, the answer from 90 per cent of them would have been no. I think Hon Kim Chance said something like that. If they were told that whether they received funds from the federal package would depend on whether they voted yes or no, it would have given it a different slant. Similarly, in Victoria, if there were no federal package, the vote would have been totally different. When dollars were hanging over farmers' heads, everyone said yes. The federal package made a difference to the vote. I am sure that in Victoria the vote in favour of deregulation would not have been so strong if the dollars were not present. The Victorian farmers are so desperate that they would probably go for anything which involves a dollar. Many of them are on low incomes and are struggling to survive. Even with this change it will mean a lot of those dairy farmers, like those in Western Australia, will disappear from the scene. I believe there are about 8 000 dairy farmers in Victoria, and they will not survive under the changes that are coming. I wonder why Bonlac and Murray Goulburn have pushed so hard for deregulation in Victoria. I think they have sold out their dairy farmers. The executives of Bonlac and Murray Goulburn are probably struggling to make ends meet. I know Bonlac is in trouble. A couple of weeks ago a press release titled "Dairy grief - Bonlac in payment crisis" was put out. It states -

Troubled dairy giant Bonlac Foods has been forced to abandon \$70 million in farmer step-up payments this season as it prepares for a major rationalisation of its business.

This is the company which was saying that it is good to deregulate. It has now emerged that Bonlac is in trouble and some of its operations will be closed to try to make ends meet. Again, I think the dairy farmers in Victoria have been sold out and misled. Dairy farmers throughout Australia have been caused a lot of pain and anguish, and a very good industry in Western Australia has been ruined.

Mr Kobelke: Does that statement apply to Western Australian dairy farmers? Have they been sold out as well?



Mr BRADSHAW: I believe the leaders in the dairy industry should have pushed harder to maintain the status quo.

Mr Kobelke: What was the role of the minister - to sit back and wait until everyone decides?

Mr BRADSHAW: The minister is not the representative of the dairy industry. The dairy industry has its own leaders. It has a national and a state body, and it is up to them to fight, lobby the minister and so on. I attend a lot of dairy industry meetings because it is a major industry in my electorate and in the past three or four years the only lobbying I have heard is, "We have to go down this route of the leaders." They are not saying, "We're going to fight it and stop it".

Mr Grill: What you are saying is that the Government has not had any role - it has abdicated its role.

Mr BRADSHAW: I would not go that far. We have a Minister for Primary Industry, but he is not out there controlling the wheat industry, the lobster industry and the like. Those industries are all individuals and they should be looking after themselves as to the direction in which they want to go and the manner in which they will progress. The member has the same problem in Opposition that we have in Government: Half the people in the dairy industry in Western Australia say yes and half say no.

Mr Grill: We have got it now. We did not have it in either February or March.

Dr Turnbull: In my electorate in February I can assure you that if it had been brought in there would have been a higher percentage voting yes. The member is just reinforcing that the people -

Mr Grill: In February this year the minister committed, in principle, to this package before he got any request at all from the industry.

Mr BRADSHAW: The minister can speak for himself later, but I believe what he committed himself to was that if the industry in Western Australia wanted to go that way, he would accept it. That is different from what the member is saying.

Mr Grill: On one hand, the abdication of leadership -

Mr BRADSHAW: No, it is not. The member can twist it however he likes.

Mr Grill: An abdication of leadership on one hand or selling them out on the other. They are the two options.

Mr BRADSHAW: The industry in Western Australia is very complex and it is not a matter of just saying that we will deregulate. Other problems will arise including the oversupply of milk, even in Western Australia. Last year Masters Dairy - that is, National Foods Ltd (WA) - stated that it was considering closing down its plant in Boyanup because it did not need several million litres of milk annually. That left Western Australia with the problem as to what to do with the milk that was coming in. It was not just a matter of deregulation; other problems were about to pop up. It is interesting that in the preceding year, Masters Dairy told its farmers that it needed more milk and then the farmers who had come up to that level of milk production were suddenly told that it was not required and they would be cut back in the future.

Another problem in the dairy industry in the past year is that Capel Dairy Company indicated it was getting out of the industry and Masters Dairy said it was getting out of Boyanup and was going to stop producing cheese and butter. The industry was in turmoil. I do not know if those companies were playing ducks and drakes, but all of a sudden Capel Dairy Company indicated it intended to continue to operate. Masters Dairy was doing a deal with Challenge Dairy Cooperative, which was a group of farmers who were trying to save the industry. They were getting the bottom end of the milk and excess milk and doing something with it, such as turning it into powdered milk. They were going along swimmingly and the papers indicated they were going to sign a deal with Masters Dairy to buy the Boyanup factory. So suddenly both those companies did a turn about. I do not know whether this occurred because of incompetence or inefficiency or whether they were playing ducks and drakes with the industry in Western Australia. However, I cannot believe that the executives of two companies such as Weston Foods and National Foods can say one minute that they are going to shut their factories in certain areas and then, not long after, say they are going to keep them open. I would love to know their reasons for turning around like that. The dairy industry in Western Australia is very complex because of the changes that have been proposed by certain companies and it is not just a matter of deregulation.

I am reluctant to support this legislation. However, this is the only Government in Australia that has put money into the dairy industry. As members opposite who have been in government know, it is not easy to find extra money, but the State Government has decided to put \$27m into the industry to provide more assistance to dairy farmers. Not only will the Government contribute \$27m to the industry, but also it will give the farmers the Dairy Industry Authority, which has a value of \$10 to \$11m, and the Herd Improvement Service of Western Australia, which has a book value of about \$1m, making a total contribution of approximately \$38m, which is more than any other Government, including the Federal Government, has done in this area. The Federal Government has made itself look like a hero by coming up with \$1.8b, but in reality it is not putting up one cent. In fact it receives \$200 to \$300m by taxing the farmers when they get the money.

Mr Barnett: Do the dairy farmers understand that?

Mr BRADSHAW: We have pointed that out several times so they are aware that the Federal Government is not putting up one cent. I have reiterated that, because there has been a lot of criticism and anger from farmers. I am prepared to take it from them because I understand their frustration and the massive losses they will incur. This will affect not only their incomes and quotas but also their land values: A whole range of things will be affected. We must also take into account the flow-on effect to other businesses in these areas. It is sad for my electorate, but I hope the position is not as bad as it appears to be. I am sure those involved will be resilient and they will get on with their jobs and their lives as best they can.

Mr Kobelke: Would you like to proffer a best-case scenario as to the impact on your electorate?

Mr BRADSHAW: In the Shire of Harvey alone there will be a loss in income of about \$9m. I cannot predict the flow-on effect of that on businesses, but it will have an adverse effect. We have a machinery dealer in Waroona who employs 20 to 30 people and it will have an adverse effect on him. There is a machinery dealer in Harvey who employs several people and, again, I do not know what effect it will have, but it must have some effect and I predict that some jobs will go unfortunately.

**DR TURNBULL** (Collie) [11.16 am]: This is a very serious Bill. Indeed, the Bill does not give any indication as to how serious it is. The passing of this Bill will result in an enormous sociological and economic change in the south west of Western Australia, particularly in the electorate of the member for Murray-Wellington and in my electorate of Collie. Collie has strong dairy and irrigation areas in Boyanup, Waterloo, Dardanup and Burekup. This Bill is confined to three major parts. The second part deals with the repeal of the Dairy Industry Act and the third part deals with the repeal of the Herd Improvement Service Act. The legislation provides for the smooth transition of the operations of those two organisations into a private company which will continue the work of, on the one hand, the Dairy Industry Authority - that is maintaining the standards and quality of milk - and, on the other hand, the Herd Improvement Service, which has a vital role in the dairy and cattle industry in Western Australia. As I said at the beginning, this Bill does not indicate the enormous changes which will occur in the south west.

I have had the privilege of representing a large number of dairy farmers for only the past three and a half years. I have found the majority of them to be very progressive and aware of all facets of the industry from production through to processing and finally to marketing and sales. At the first meeting I attended of the dairy industry members I was struck by the number of young people who attended. That is significant in that I go to many meetings which deal with various aspects of agricultural commodities in my electorate and I do not see nearly as many young people attending those meetings. The reason that young people have been and are involved in the dairy industry in Western Australia is the long period of stability in the industry. In Western Australia young people work with their fathers and mothers, and sons and daughters and also daughters-in-law work in the family dairies and farming businesses. The dairy industry in Western Australia is comprised predominantly of family farming businesses. Unfortunately, that is not so prevalent in the farming of many other agricultural commodities. The statutory marketing system has provided a long period of stability and in Western Australia has allowed two generations of a family, along with employed labour, to make a good living on a dairy farm. Deregulation will affect people from both the dairying sector and the service industries in the south west. In many cases, tragically, young people will leave the area.

As members know, my electorate has been faced with a number of industry restructures, including the coal mining and power generation industries. The Opposition well knows that restructuring process was started at a time when it was in government. That restructuring and downsizing in the labour market has brought grave consequences to the town of Collie. Unfortunately, the young people in Collie were hit hard because of the restrictive practices of the union which insisted on a policy of last on, first off. I trust and hope that in the case of the Western Australian dairy industry this threat to young people can be managed in some way.

The \$27m package which the State Government has so generously put forward has some scope to assist the industry and make sure that those people who are committed to stay in the industry will be able to stay. The package will help people restructure their farm businesses in such a way that young people may be able to stay. I am pushing for a \$9m portion of the \$27m package to go directly to the farming businesses. Government backbenchers want that portion of the package to be directed as directly to the farms as we can get it. I am prepared to accept that some of the money be used to ensure that farms have up-to-date farm business plans. I would say that 50 per cent of the farm owners, and the business unit of the family that has been operating those farms, have been progressive and have good farm plans. However, some do not have such good plans and do not have good intergenerational transition arrangements, so they do not know yet how they will face this significant income drop that will occur from 1 July this year. In those farms, that money can be used to develop a farm plan. That will help the whole family to talk through how they will organise the transition and whether the mother and father will retire and some way is found to give them income support so that the younger generation can take over. This could prevent the younger generation taking the brunt of restructuring and saying that they are young enough to leave and try to find jobs in other industries or to retrain.

It is important sociologically for farmers who have more than two generations of family members involved in the farm to have the chance to have a good farm plan. As I have said, at least 50 per cent of farms already have strong and progressive farm plans to deal with this problem. In those farms, farmers should receive a grant out of the \$9m which recognises that they have already paid for those plans. Money is available in the restructuring package that the State Government has allocated for implementation plans. If that plan includes the mother and father retiring, that money can assist in its implementation. Each farm unit should have a wide scope for the implementation money and we should not require too great a passage through accountability lines in order for each farm business unit to access that money. It is very important that this happen.

The state restructure package allocates money to training. That is important because many people who are employed on these farms may not be able to continue in that employment. My speech has been addressed in a rather roundabout way in that I have given prominence to the restructure package from the State Government. I have given the package prominence because members should recognise that the Western Australian Government is the only State Government in Australia which is prepared to put forward money for the restructure. It has done that because it knows how devastating the loss of income to the farms could be in this small area of the south west. The dairy section of the Western Australian

Farmers Federation has calculated there will be a reduction of \$20m a year - not just a one-off reduction - to the income going to the farmers in the south west.

Mr Kobelke: You rightly touched on the real problems of restructuring and the impact it will have on families. Restructuring does have a downside, but it is sometimes worthwhile if there are net benefits. You have said nothing about the net benefits and whether there are any.

Dr TURNBULL: I will progress to that. I have been the member for Collie for only a few years, although I have been aware of the dairy industry problems because some constituents in Kirup are dairy farmers and Frank Pratico of Greenbushes was a constituent of mine when I represented Greenbushes. The orderly market that was set up by legislation for the Dairy Industry Authority in Western Australia has over the years delivered an extremely good package. We cannot compare the management of milk to the management of wheat or eggs, which also have an orderly marketing system. I am aware that although the wheat industry can manage a price cutting war by storing wheat, the dairy industry cannot manage a price cutting war by storing milk. One wonders why the structure of an industry in this State in which the farmers, processors and retailers are making a profit must be changed just because the Victorians have changed theirs. The response is that unfortunately there is the threat that the Victorians will export milk to Western Australia. Why is that a threat? As long as we price our milk at the correct level, surely we can prevent milk coming in from Victoria.

Opposition interjectors during the previous speech did not recognise that one must be a dairy farmer to understand the intricacies of this industry. I am not talking about UHT, cheese and powdered milk. A fresh milk boycott by processors or retailers against Western Australian milk for up to three days, let alone a week, would be enough to ruin all the dairy farmers of this State. We must look at the decision being made by the dairy farmers against that reality.

I have great admiration for the leaders of the dairy industry of Western Australia. They have put an enormous effort into trying to develop this package and to accept that they must recognise the threat from Victoria, which produces 68 per cent of all milk in Australia - Western Australia produces only 4 per cent.

The important issue about the dairy industry in Western Australia, as I have found from meetings I have attended, is that almost every one of the 430 producers attends each dairy meeting. Therefore, we cannot say this vote was taken in ignorance. Unfortunately, there was some confusion, particularly on the part of those voting against the package. A scare campaign was run suggesting that producers might be offered an average of 27¢ a litre for milk, but that the 11¢ in the federal compensation package will come out of that 27¢; therefore, they will get only 16¢. People are very confused about the source of the money for the restructure package.

I have two more issues to address. One is how our industry is going to move forward and how we can assist those who are staying in the industry. The quota leases will cease to exist on 1 July. It was stated that those involved will be defrauded of their quotas. That is not true. The quotas cease to exist on 1 July; they evaporate. The people who are leasing will be leaving the industry anyway. They are making a profit from the industry and they will no longer be able to do so. Some of those left producing milk on 1 July will make a decision in the following months that they do not want to stay in the industry. Therefore, we must have this restructure.

The other point I wish to address is who will receive the \$20m it has been calculated the farmers of the south west of Western Australia will not receive. That is a very interesting question that must be referred to Allan Fels, the Chairman of the Australian Competition and Consumer Commission. In fact, I will write to him asking him to look at the issue.

Notionally, the processors have been paying about 57¢ to 58¢ a litre. How is that divided up? At the moment about 10¢ is spent on transport costs and Dairy Industry Authority levies. So, the farmers are receiving about 47¢. Even if we say that about 2.2¢ of that represents productivity payments and so on - that is, the farmer gets it back - the processor is paying only about 45¢. If we then accept that the farmers are expecting an average of 27¢ to 28¢ and for white milk perhaps 34¢, there is a significant difference between that and the 47¢ or 48¢ they are getting now. We must also take into account the 11¢ that the Federal Government is organising for the consumers of Australia to pay per litre towards the compensation package. Although it will be paid by the processors, before they sell to the wholesalers and retailers it will still have to be taken into consideration when setting the price. There is still a gap of about 10¢ between what the processors are notionally paying farmers now and what the farmers will get on 1 July.

The processors will probably say that they are not getting the 10¢. They will say that they have to keep down the price of their product when they sell to the supermarkets, because if they do not, the Victorians will flood the Western Australian market. The processors will say that they are facing the same competition from Victoria as are the producers. They will most likely say that they will not profit from the 10¢ difference that fits into that picture from the \$20m that the dairy farmers of Western Australia will lose each year. Who will profit from that?

We presume that the price of milk will not drop in Western Australia because in Queensland, which has advanced much further than Western Australia in the deregulation process in the past two or three years, the price of milk has increased. We must therefore consider who will get the 10¢. Will it be the major supermarkets which have the capacity to truck the processed product from Victoria to Western Australia? I do not believe so. The Victorians will most likely be more interested in reducing the price and raking off their margins from New South Wales and Queensland, which is what they are doing now and may do for a year or two. In the meantime the price of milk to the consumer in Western Australia will not drop, and it should. According to the "you beaut" Hilmer theories, deregulation will introduce transparent competition. If we have transparent competition, the price to consumers should drop. We should make application to Professor Allan Fels, the chairman of the Australian Competition and Consumer Commission, to investigate the matter. Some members

might say he will not take the slightest bit of notice of that application and that this issue affects only little Western Australia. However, I assure members that George Weston Foods has been taken to the ACCC on another issue because of retail price maintenance and anticompetitive actions. If George Weston Foods, a company that processes foods, can be taken to the ACCC, surely we can try to work out between the processors and the retailers in Western Australia who will be the profiteer? I admit that I will not be able to put my finger exactly on who is profiteering in my letter to Professor Allan Fels, but it is up to the ACCC to maintain a watch on the price of milk in Western Australia and to scrutinise who might profit from the loss incurred by Western Australian farmers.

The processors and retailers in Western Australia should ensure that dairy farmers in this State will receive a reasonable return for their products and will not be screwed down so far, like the examples given by the member for Murray-Wellington of the price offers from Capel Dairy Co (WA) - George Weston Foods Ltd - that they will not be able to continue to produce milk and there will be a fall out with families walking off their farms. Some of the suppliers to Capel Dairy are in my electorate, and I know the member for Vasse is also concerned about that issue. It is in the best interests of processors, and particularly the best interests of all Western Australians, that strong consideration be given to a reasonable price to be paid to dairy farmers in the price formulation that is occurring now.

I will address the last question of how to restructure the processing section of the dairy industry to enhance a sink for milk which cannot attract higher prices and which must be converted into a saleable commodity, such as cheese and powdered milk. Unfortunately, it appears that the proposal put forward for a processing cooperative, based partly at Capel and partly at Boyanup, will be unsuccessful. However, there is still a National Foods Ltd (WA) powder factory at Boyanup which could have an important role in contributing towards a sink. Many people are disappointed with the attitude of National Foods in the new pricing and contract negotiations. Apparently the company does not want to be involved in creating a product from surplus milk. If that company does not want to be involved, I hope that it will accommodate any other proposal which might be developed.

This deregulation is a very serious issue and I am unhappy about having to remove a statutory marketing system which has worked well in Western Australia. My only reason for supporting this legislation is that the dairy industry leaders in my electorate believe it is the only way for a reasonable number of Western Australian dairy farmers to continue to operate with a reasonable degree of profitability; and that is why it is occurring. In my electorate I think the vote was a little higher in favour of accepting the federal restructure package and deregulation than it was in Murray-Wellington. However, this decision will impact on many people who will suffer a great deal of pain. I commend the State Government for the package put forward, and I particularly commend the minister for his effort in already establishing assistance to people in the dairy industry to analyse their situation and to produce the best solution for their own unique business.

**MR MASTERS** (Vasse) [11.47 am]: My initial involvement in the dairy industry occurred immediately after I gained Liberal Party endorsement for the seat of Vasse in the middle of 1996. It was a difficult issue to come to grips with, partly because of my lack of background in the agricultural industry. However, in 1996, I attended a large number of meetings called by the Western Australian Farmers Federation to discuss the issue of what was then regarded as a reasonable possibility, certainly not an inevitability, of deregulation. From those various meetings and from discussions I had with various people, I learned two important lessons. The first was that the Western Australian dairy industry will survive only if it is an export industry. The quantity of fresh milk and the small quantity of manufactured milk products produced in Western Australia for the Western Australian market are too small to allow the industry to remain at other than a low level, which will not bring a great deal of economic benefit to the State or to the communities that currently enjoy income from the 420-odd dairy farms in Western Australia. Therefore, an export-based industry is the future of the dairy industry and nothing that has occurred in the four years since I learned that lesson in 1996 has changed that opinion.

The second issue - this is easy for me to say with hindsight - is that no-one provided a great deal of leadership in the deregulation issue. I appreciate that some assistance was given by the State Government and that Ray Blackburn, who was at that time president of the dairy section of the WA Farmers Federation, was doing his best to provide leadership to indicate the options available to the dairy farmers of Western Australia. I repeat that it is easy for me to say this in hindsight. Nonetheless, the waters were so muddied that the only conclusion one can arrive at is that not a great deal of leadership was being shown by anybody in the period from 1996 to about 1998.

I commend Ray Blackburn, a farmer at Cookernup, for the efforts he put into the dairy section of the Western Australian Farmers Federation. Being the first cab off the rank, the first president to try to deal with the issue of dairy industry deregulation, he had to see through the muddied waters as best he could. The farming community was very divided. It is unfortunate that at the moment he is not getting as much credit as others for the leadership that he tried to provide. The current leadership team of the dairy section of the WA Farmers Federation of Danny Harris and Eric Biddulph took over, I believe, in 1998. I commend both of them, as well as all the people involved with them in the WA Farmers Federation, because they saw many of the dead ends at which the industry had been looking previously and they appreciated that it was time for decisive action. Danny and Eric deserve commendation for, first, having stepped into the breach and, secondly, providing strong and appropriate leadership.

Over the four years I have been involved in this issue, the message about deregulation has changed. In 1996, everyone was talking about the Hilmer report produced by the Paul Keating Government. That report led to the creation of national competition policy, which involved the National Competition Council, government agencies and ministers. However, that was nothing more than a policy which it was hoped would achieve benefits for all of Australia. It is significant that, under national competition policy, there is what is called the public benefit test; that is, if an area or an action of restricted competition leads to an overall net benefit to the public, further competition is not required. When certain people in the

industry realised that the national competition policy would not achieve their goals - later on, I will direct my barbs at both the processors and the retailers - they said that there was no way in the world that Australia would ever be able to stand up to the international market pressure being put on it by the exporting countries, such as New Zealand, the United States and a number of countries in the European Union. Many of those countries - certainly not New Zealand - receive massive subsidies from their governments, and people thought that there was no way in the world that Australia would be able to compete against those subsidised prices on the international stage. In spite of that, Australia has competed extremely well internationally. I have been informed that it has something in the order of \$6b worth of dairy produce exports.

The reality is that the threat of international pressure was seen by many farmers in Western Australia as not being real because there were still massive subsidies and arguments were still going on about the General Agreement on Tariffs and Trade and the International Monetary Fund, etc. The fact that the European Union could not agree on the appropriate way to proceed on agricultural subsidies suggested that nothing much would change and that the situation internationally would not get worse for some time. Then the focus changed, and the Victorian dairy farmers said that they produced 63 or 64 per cent of the Australian milk output and that they would destroy the rest of the industry if they did not get their way. That was seen as a significant threat by many in Western Australia. Essentially that was for reasons of spite and nothing else, because it was not worth losing a great deal of sleep over the Western Australian market consumption of, I think, about 3 per cent of total Australian consumption. Nonetheless, if they chose to do so, Victorian dairy farmers could have destroyed the Western Australian dairy industry at a date after deregulation came into effect.

More recently the truth came out; namely, that the pressure is coming from the processors and the retailers who are trying to force deregulation. As the member for Collie clearly explained, one unfortunate result of deregulation is that whatever dairy farmers in Western Australia lose as their bottom-line income from the sale of milk, the benefit will not be seen by consumers; it will only be seen by two other groups, namely, the processing and retailing companies. I am opposed to deregulation for that reason. It will take market power away from the 420-odd dairy farmers in Western Australia and hand the power to be able to control milk prices to the processors and retailers. Nonetheless, I am a realist. When international pressures and national competition policy are combined with the threats of the Victorian dairy farmers to come into Western Australia and the perceived want of the processors and retailers to increase their profits at the expense of dairy farmers, the tidal wave facing the dairy farmers of Western Australia is so great that they will never be able to stand up to it. Hence, I reluctantly support deregulation.

I also support deregulation because the reality in Australia at the moment is that the powers of the Australian Competition and Consumer Commission to prevent what I call unfair practices are weak. I refer to the antitrust laws - the Sherman Anti-Trust Act, for example, in the United States - under which the ability of anyone selling a product to exploit what may be a monopolistic or duopolistic position is severely constrained by federal American government laws. However, the same power is not contained in Australian laws. I think most people in Australia understand that many producers of new consumer goods who want them to be sold in a supermarket may be required to pay \$50 000 to the supermarket chain so that the goods will be placed on the shelves of the supermarket at eye level so that people walking down the aisles can clearly see the new product. In America that behaviour is banned; it cannot occur. The reality is that the powers of the ACCC are weak. The fact that the Victorian dairy farmers, and in particular processors such as Bonlac Foods and Murray-Goulburn, could have destroyed the Western Australian dairy industry by bringing milk into Western Australia at a price below the cost of production could not be prevented under the powers of the ACCC. In America, it would be illegal.

Just as I believe I have no choice but to accept deregulation, Western Australian dairy farmers and the Western Australian Government have no choice but to accept the reality of deregulation. I commend the minister and this Government for putting this legislation before the Parliament. I believe strongly that it deserves to pass through both Houses of this Parliament.

I wish to cover other issues in my comments about the dairy industry. First, I am a believer in compensation for the loss of quota. It is a personal view, and I appreciate that it is not a view held by the Government or by many on my side of politics. In my view, the sale of quotas to dairy farmers whereby they were, under government legislation, able to sell their milk at a set price created a capital value.

That capital value of the milk quota was recognised by farmers, banks, lending institutions and the general community. On that basis it deserves compensation if government action destroys or diminishes that capital value.

My second reason for supporting compensation is that the milk quota entitlement is similar to many other government-issued licences or permits. A classic example is the professional fishing licence. When a downturn in fish stocks has occurred, for example, government has done the right thing and said, "It's not compensatable, but we will reduce the number of pots or the fishing effort in another way." When a decision has been made to remove fishing pressure from an area - for example, where recreational fishing has a greater need - compensation has been paid. This precedent should apply in the dairy industry. I hope this decision does not come back to bite the Government.

Finally, compensation should have been considered by the Government because the benefits to be gained through a stable dairy industry are now threatened. Compensation would have provided monetary resources to many dairy farmers who, without compensation payments or a worthwhile income, will be in serious trouble. For example, one dairy farming family in my electorate is a couple in their 60s with three daughters, none of whom has a desire to go onto the land and milk cows. The couple want to retire but have only two assets - the farm they want to live on when they retire and the milk quota, which will be destroyed on 1 July. Another farmer in my electorate saw me a few months ago and said that at an average post-deregulation price of 28¢ a litre, he will lose at least \$30 000 a year. His computer program gave him that figure, so he

re-jiggered the numbers and eliminated all his environmental, land care and tree planting work, and still arrived at an \$8 000 loss on the basis of a 28¢ a litre milk payment. He will have to sack his employee and do the equivalent of one and a half days' work a day to make up for the loss of income that will be caused by deregulation. Another family is taking a significant risk by getting out of dairying on 1 July and turning their cows to beef production. I hope the price of beef continues its upward trend.

I would prefer the \$60m compensation package to have been agreed to by the Government. The Federal Government got off very lightly. No federal taxpayers' money is involved in the \$1.78b industry restructuring package. The consumer, and ultimately the dairy farmer, is paying that money. I would have liked the Federal and State Governments to provide some form of compensation. The decision has gone the other way - which I accept - but I place my view on the record.

The second important issue is that I do not share the dire predictions made by many people about the future of agriculture once deregulation of the dairy industry takes place. Farmers are very resilient. They are amazingly intelligent, conscientious and hardworking people. Whatever adversity, within reason, is put in front of them, they find a way out. Farmers have two huge assets in their favour - their land and their knowledge. The land will not disappear on 1 July. It may have a lower capital value, which may mean that the individual farm's debt level may be higher, or be a greater impost on their financial situation, but the land will be capable of producing an agricultural output, urban housing output in some cases and maybe other non-agricultural output in the other cases. The land will still be there along with the knowledge of the dairy farmers.

Therefore, in the medium term, the impact of the deregulation will not be as severe as some people suggest. In the short term, I share all of the concerns expressed by the member for Collie. In the short term many farmers will see a significant reduction in their income. Unless they come to grips quickly with that reduced income, they will leave the farm and sell their assets, including the farm, at prices lower than the market would otherwise bear. They will be shortchanged in the deal. We must be cognisant of the impact on the dairy industry in the short term, but those problems will be overcome in the medium to long term.

The third issue is whether the potential exists for a cooperative in Western Australia to own and market all milk in this State. I wrote to the Minister for Primary Industry in November 1999 after raising this issue with a number of dairy farmers. I saw a state-based legislated cooperative with all dairy farmers in this State owning all the milk as a credible alternative to the deregulation scenario put forward primarily by the processors and the retailers. No support was forthcoming from the industry at that time. Therefore, I can understand why the minister wrote back and said he was limited in his resources and did not want to take the issue further. Interestingly, some industry sentiment has changed since then. This is partly because Challenge Dairy Cooperative raised the concept of a cooperative in early 1999. I commend the people behind the Challenge Dairy Cooperative; namely, people such as Larry Brennen and Oscar Negus. The cooperative began as a concept to take advantage of the benefits of deregulation; that is, specialist products for niche markets in which big processing companies were not interested or which they were not capable of supplying. However, when the Capel dairy plant, which is owned by Wesmilk Pty Ltd, which is ultimately owned by George Weston Foods Ltd, suggested to dairy farmers that they would close their business some time sooner rather than later, the focus of the cooperative changed. It became a question of survival for the dairy industry in Western Australia. I have no problem with that change of focus. The cooperative decided it was necessary to modify its aspirations to meet changed needs. Rightly, it tried to progress so that the Capel dairy processing facility continued so the 80 to 82 farmers who supplied its milk would have an ongoing future.

Since the rumours about the Capel dairy facility closure first emerged, a lot of water has passed under the bridge. I will not go into all the detail, primarily because I do not know that detail. However, the Capel dairy plant and the Boyanup facility, which is owned by National Foods Beverages Group Limited, have not been made available for sale at a reasonable price to the Challenge Dairy Cooperative. It is unfortunate that the cooperative seems to be dead in the water at this important time.

The question must be asked why the concept of 100 farmers in a cooperative such as the Challenge Dairy Cooperative buying an existing secondhand plant, such as the one at Capel or Boyanup, had a huge amount of merit four months ago, and now the door has been slammed shut in their faces because they are prepared to accept a rate of return lower than the corporate rate. The dairy industry, which is represented by farmers and people like myself and the member for Murray-Wellington, has been too positive about the prospect of government support for industry, particularly in the processing sector. Our belief about the strength of the industry in years to come has been too positive. As a result, the owners of both the Capel and Boyanup facilities seem to have said they saw greater opportunities for exporting processed and manufactured products. They believe the State Government's assistance package means \$12.5m will be available to assist downstream processing. That money could go a long way to upgrading the Capel or Boyanup facilities from second-rate facilities into modern, state-of-the-art milk processing plants. They believe the industry should hang in and not sell out to the Challenge Dairy Cooperative. They think they should see how much of that money they can access to increase profitability, market share and our exports, rather than leave it to a new player such as Challenge Dairy Cooperative.

Last weekend, a letter went out to all the farmers who supply Wesmilk Pty Ltd, offering them 8¢ a litre less for milk currently sold as fresh market milk. I am extremely critical of that action by Wesmilk - George Weston Foods Limited - in paying dairy farmers 8¢ a litre less, although the Dairy Industry Authority of Western Australia has said it will supply the shortfall. George Weston Foods is thumbing its nose at the existing government legislation. If not, it is thumbing its nose at the past 10 or 20 years of mutually beneficial arrangements in the Western Australian dairy industry and has simply decided to drop the price it pays for manufacturing milk by 8¢ a litre. That effectively means that when deregulation comes into effect, the Capel dairy facility will offer its 82 or 84 farmers between 18 to 22¢ a litre for manufacturing milk. I tell

everyone in this place and all Western Australians that although a month ago it was envisaged deregulation would lead to maybe 10 to 30 per cent of dairy farmers going out of business, a price of 18¢ to 22¢ a litre will result in two-thirds or more of dairy farmers going out of business. That would remove the industry's ability to supply the manufactured milk needed to sustain the export industry which companies like Peters and Brownes Group have taken advantage of in recent years, to its commendation. Such low prices will threaten the viability of the entire Western Australian industry and may even open the door to Victorian dairy farmers being able to supply their milk here competitively because the Western Australian industry will be unable to produce enough milk to meet the State's needs.

Finally, the Government must be compassionate when providing financial and other assistance to farmers over the coming years. It must listen to its backbenchers - people like the member for Collie, the member for Murray-Wellington and the member for Warren-Blackwood. Although he is a minister, he has a large number of dairy farmers in his electorate. We know the real impact deregulation will have on the farmers and what they are feeling. I hope that Government across the board will listen to the concerns we put forward. The farmers themselves must do a number of things over the coming months: They must put personality differences behind them, look at what is in the best interests of the Western Australian dairy industry as a whole and they must work together cooperatively. This may mean they might need to support a statewide cooperative like the Challenge Dairy Cooperative. The farmers must work together on the viability and the future of the industry will be put at risk. If different groups want to gain the mutual benefits, they will have to work with each other. Processors - companies like George Weston Foods and National Foods Beverages Group Limited - must offer a viable price for the farmers' milk. A price of 22¢ a litre is totally unacceptable. No more than 10 or 20 per cent of dairy farmers in Western Australia could sustain their businesses at that rate. The price must be somewhere in the range of 28¢ to 32¢ a litre. If George Weston Foods or National Foods cannot offer a price consistent with that, I urge them to reconsider the offer to sell their older plants to the Challenge Dairy Cooperative.

The Government may need to introduce rational thought by getting everyone at a round table to talk about the reality of the situation. That may require banging together the heads of farmers or processors. That is a legitimate role for Government. It is also important that Government accepts that all farmers must have a share in the market premium of fresh, white milk. If that can be achieved, the industry's future will be reasonably secure.

In conclusion, the future of the industry is in exports. All players must now work together for the common good. I put the processors and the retailers on notice that they cannot use their market dominance as at 1 July to destroy the Western Australian industry by paying a price that is too low for dairy farmers to be viable. They must play the game. I support this legislation since it provides significant hope for the future of the Western Australian dairy industry.

**MR KOBELKE** (Nollamara) [12.17 pm]: I have listened with interest to the contributions made by the preceding speakers in this debate. All the speakers, other than the Labor member for Eyre, are government backbenchers. All indicated their disagreement with or grave disquiet about deregulation and the consequences the process will have on the dairy industry in Western Australia. The Minister for Primary Industry has again sold out a major rural industry in Western Australia. This minister has abandoned the dairy industry. He has not provided the leadership necessary to look after the interests of the dairy industry in Western Australia. This lack of leadership has enabled a national process to simply roll over us. We are now in the situation in which we must pass a piece of legislation that no-one really wants. People do not want to see the dairy industry destroyed in this State. However, the dairy industry will be even worse off without this legislation. The legislation is trying to patch up a sad state of affairs. It does not deal with the fundamental issue of trying to preserve the quality dairy industry in this State.

The minister said in the part of his speech relating to the review undertaken of the Western Australian Dairy Industry Act 1973 -

The review demonstrated that a net public benefit currently arose from the regulated farm-gate price for milk and the vesting of milk, in so far as it provides funds to the Dairy Industry Authority to provide services to the industry and to license processors and dairy farmers with respect to food and safety standards.

The minister in his second reading speech said that our regulated system of milk production to the farm gate has a net benefit and is working. Why would we do away with it? Other members who know far more about the dairy industry than I have alluded to the national pressures from Victoria. What is happening with processors in Victoria poses real threats to the Western Australian dairy industry. What has this minister done about it? He has abdicated any responsibility for leadership; he has refused to stand up for the dairy industry in this State. He has been rolled at the national level; or it may be that he has been rolled by Cabinet. The Cabinet might have been very gung-ho on deregulation or rational economics as it might call it. The minister may have seen that he had no opportunity to have a win for the dairy industry in Western Australia and simply gave up. The lack of leadership by the Minister for Primary Industry has brought us to having to deal with this legislation, which will be a patch-up job on a catastrophe for the dairy industry in this State that will have a major negative impact on the south west.

Mr Bloffwitch: We will get \$109m from the commonwealth package if we put in \$180m. If we pull out we will get nothing. Is that what you are saying we should do?

Mr KOBELKE: The member was not listening. We should not have got to the point where we are destroying the dairy industry in this State. All we are doing now is paying compensation, which is why we are not opposing the Bill.

Mr Bloffwitch: We did not have any say in it. The member is right: It is being driven by the Victorians.

Mr KOBELKE: If that is the case, we might as well abolish the State Government. When this matter was in the media I

looked quite intensely to see where were the various statements from the Western Australian Minister for Primary Industry standing up for the dairy industry in this State. There was none. That was true, was it not? Did the minister make any statement prior to February of this year saying that the Western Australian Government did not want deregulation to proceed? I take it from the fact that he is not willing to answer that that is true. The minister put out no statements saying that it was in the interests of Western Australia to maintain regulation of the dairy industry to the farm gate. He did not take a stand in support of the dairy industry. He went off to the national conference in February and signed up in principle to the process. That led to this legislation, which is a very poor second best, trying to provide some form of compensation for people who will lose their livelihood and not be able to continue in the dairy industry because of the changes.

I will go through some of the comments of previous speakers on the Government's side. The member for Murray-Wellington reflected a real understanding of the dairy industry. He indicated that he was very reluctant to support this legislation. Somewhat similarly to the tone of my contribution so far, he indicated that the matter had gone too far and therefore he was supporting this legislation simply because it would provide compensation and we could not retrieve the situation and maintain a regulated milk market. He also indicated that for his electorate alone the loss of income would be in the order of \$9m. That would have dire consequences, for not only the people involved directly in dairying but also people who service the dairy industry who live and work in the member for Murray-Wellington's electorate. Taking \$9m out of that area would have a very negative impact.

The member for Collie indicated that these changes would cause enormous changes in the south west. I agree with her. Right through the south west, where the dairy industry is very important, the reductions in income will affect the wider community. She also commented on the loss of people, particularly young people, from the dairy and service industries. She refused to answer my interjection. I will come to that in a moment. It related to the fact that when restructuring occurs, there are problems and people pay a price for that. Such a restructure is embarked upon if there is an overall net benefit. The member for Collie could give no indication of a net benefit out of this deregulation process - none whatsoever. I do not believe that there is one. The member for Vasse came straight out up-front and said he opposed deregulation, but that is what this Bill will do.

Returning to the minister's total lack of leadership and absolute abdication of any leadership in this matter, he said in his second reading speech -

This State Government's position has consistently been that no change will be made to the Dairy Industry Act 1973 unless the Government is requested to do so by industry.

What did the minister do? He simply sat back and provided no leadership, and as a result of the forces operating nationally, particularly out of Victoria, the consequences were inevitable. If we did not have a minister in Western Australia fighting for the dairy industry, we would be rolled. That is what has happened. We are now in a position where we are trying to provide some form of compensation for the destruction of the dairy industry in this State. This minister seems to think that leadership is following along behind. Clearly he has been following behind the herd of cows and, as normally happens, he has got his feet pretty dirty. He has come in here with his feet still smelling of it. There is a real smell about this minister and his lack of leadership in this whole issue. As a result we will see the loss of a major industry in the south west of Western Australia. Dairying will continue but it will be at a much lower level given the prices that have been indicated. Those prices will impact most adversely on the dairy industry, the industries that serve it and the wider community in the south west of Western Australia.

The member for Collie gave indications of the price for a litre of milk. They are complicated because there are many contributing factors. Without getting into those factors, I will use the figures she gave. They are generally indicative, although I would not stand by them as being fact when one takes into account other factors that impinge on the prices paid. She indicated that the current price of about 47¢ a litre is likely to be reduced to 34¢ a litre, which is being extremely optimistic. Even that represents a reduction of 13¢ or 28 per cent. There may not be much room to increase productivity to offset the drop in price per litre. There is no real saviour there. That being the case, dairy farmers in the south west of Western Australia, on the best possible scenario, will have to cop a reduction in income of 28 per cent. We have already heard that the price being offered now for post-deregulation is 22¢ a litre. If the price went from 47¢ a litre to 22¢ a litre, a drop of 25¢, the reduction would be 53 per cent; the farmers' income would drop by more than half.

Mr Omodei interjected.

Mr KOBELKE: I accept that, but that is the indicative price. It is possible it could be the benchmark price after deregulation for the other processors. Potentially only half the price, or worse, will go to dairy farmers.

Mr Omodei: For market milk.

Mr KOBELKE: Yes. That being the case, the dairy industry in Western Australia simply cannot survive in its present form. It is very innovative and some farmers have changed their techniques. The whole science and technology of breeding herds and marketing techniques mean that some farmers will find niches for their product in the market, and they will be able to continue. However, it will be the end of dairying for many dairy farmers and their families. Members opposite have alluded to the clear consequences of deregulating the dairy industry. What is the advantage in this? What is the net benefit to the people of Western Australia? We shall lose a substantial part of a major industry in the south west of this State. It will have a major negative impact on Western Australia generally, apart from the impact it will have on individuals who will lose their livelihoods. Is there any benefit to the people in the wider community, for instance, those I represent in Nollamara or Balga? Will they pay less for milk? No-one is suggesting they will.



Mr Bloffwitch: Initially they will, but whether it stays will be the question.

Mr KOBELKE: The track record is that people should not hold their breath waiting for a sustained reduction in the retail price of milk. No-one believes it will happen. At times there may be price wars between different processors or retailers which will result in lower prices for a short time. However, the experience with deregulation of the retailing of milk is that the price of milk is not likely to drop. The member for Collie alluded to the deregulation process in Queensland. Three or four years ago the processing and retailing sectors were deregulated in WA, but milk is no cheaper in metropolitan Perth. Where did the money go? Under that process a range of people involved in milk delivery and distribution lost their livelihoods. They were paid compensation but that was considered by many to be totally inadequate. Was there a benefit to the ordinary retailer? No, there was no benefit. The profits were chewed up by someone in the chain and there was no net benefit to the retailers. People gainfully employed in an important service industry lost out, and that is a clear example of what will happen now. There will be huge disruption to those in the dairy industry in the south west of this State. Many livelihoods will be destroyed, but the Government does not worry about that. It is thinking only of the compensation package, which is inadequate.

If there were a net benefit to the State, any responsible Government would have to consider it and perhaps decide to proceed with a process which has a negative impact on one sector of the community, having weighed it up against the wider benefit to the whole community. However, the Government cannot guarantee any net benefit to the wider community. Government members do not appear to believe there will be any net benefit to the people of Western Australia as a result of the deregulation of the dairy industry. Therefore, why does the Government plan to put people in the south west of Western Australia through all this pain and suffering, and destroy their livelihoods, with no net gain to anyone except possibly the producers and major retailers? Is the Government so much in the pockets of the producers and major retailers that it will proceed with this course of events?

I give an example relating to the price of milk. The price may settle at 22¢ a litre for white milk, and let us compare that with a bottle of water purchased in Parliament House. The current price of a 600 millilitre bottle of water is \$1.50. At 22¢ a litre, a 600 ml bottle of milk would cost 13¢. That is the farm gate price, and the processors, retailers and distributors will add a percentage to that. For the price of a 600 ml bottle of milk to be the same price as a 600 ml bottle of water purchased at Parliament House, it must increase from 13¢ to \$1.50 - more than a ten-fold increase. That is the situation we are putting the dairy industry into, and it drives home how we shall destroy the dairy industry in this State.

If there are no advantages to this proposal, why has the Government embarked on it? I understand there is a real threat from the dairy industry in Victoria but, if the Government is to represent Western Australians and stand up for their interests, surely it should have taken on Victoria. It might not win but it should have given Victoria a run for its money.

Mr Bloffwitch: You cannot keep them out.

Mr KOBELKE: I am not so sure.

Mr Bloffwitch: I am. You cannot restrict trade between the States.

Mr KOBELKE: Yes, but the Victorians must meet the cost of transporting the milk from Victoria to this State, unless the member is suggesting that the dairy industry in Western Australia has too great a cost disadvantage because of our climate. However, although I am not close to the industry, I understand Western Australia has a highly productive and efficient dairy industry, and I am working on that basis. If the member for Geraldton has information to the contrary, I will be happy to hear it.

Mr Bloffwitch: WA has 4 per cent of the national market.

Mr KOBELKE: This was an opportunity, bearing in mind the quality of the product and delays and cost of delivering it from interstate. If we had an effective Australian Competition and Consumer Commission it could deal with the predatory marketing policies of companies from the eastern States dumping milk in WA.

Mr Bloffwitch: There is no law against predatory pricing.

Mr KOBELKE: I said "if we had an effective" ACCC". This Government has not been fighting to maintain the industry in this State, by taking on Victoria. We might lose the battle, but the minister has made no attempt to take it up on the national scene and to look after the dairy industry in this State. He has said from day one that the fight is lost and what is the point of standing up to Victoria because we shall lose. That is despite the fact that strong elements of the dairy industries in other States are equally opposed to deregulation. If this minister had fought for it, he could have put together a coalition of interest across Australia to give this State some chance of winning the fight against the processes in Victoria. The battle was not fought by this minister; he gave in from the start.

It seems that the minister has given in on the distribution of \$1.8b to be raised from the 11¢ a litre levy on milk. I understand the current projection is that Western Australia will receive \$108m from that levy. I ask the minister whether that will be over an eight-year period. That is not mentioned in the second reading speech.

Mr House: You have done your research on this speech.

Mr KOBELKE: I am asking the minister.

Mr House: If you had listened to the debate, you would know the answer to that question.

Mr KOBELKE: I heard someone say that it was over an eight-year period, and I am asking the minister to confirm that.

Mr House: Do your research.

Mr KOBELKE: The minister is incapable of looking after the dairy industry. This State has a wonderful dairy industry, and the Minister for Primary Industry cares so little for it that he cannot answer a simple question in this Parliament. He is either incapable or so embarrassed by his sell-out of the dairy industry that he fails to answer a simple question about the compensation to be paid to the dairy farmers in this State. He is an absolute disgrace; he is taking his pay under false pretences. The minister is a disgrace for selling out the dairy farmers for the second time with regard to the level of compensation to be paid to them. I note from his second reading speech that \$108m will be available to Western Australian farmers from the levy.

The amount of money raised from the 11¢ a litre levy is more likely to be between \$180m and over \$200m. In that case we will face a shortfall in the amount of money raised in Western Australia that will not be paid back to the producers. I think the member for Collie, who did not take my interjection, alluded to that. She indicated the shortfall would be \$50m. Based on the figures I have just given, the amount is likely to be \$70m or \$90m. It is unclear what that amount will be; nonetheless, it will be a substantial amount of money that the Opposition believes should go to the dairy farmers in this State.

The Government has made much of the fact that it will be contributing money from state resources, which other States are not doing. However, why should we have to do that if we can pick up another \$50m or \$90m from the levy scheme that will come from the pockets of Western Australians to subsidise the restructuring in other States. It seems that the minister has sold us short again.

Mr Bloffwitch: It is the same reason New South Wales and Queensland are doing it.

Mr KOBELKE: Doing what?

Mr Bloffwitch: I think New South Wales is collecting about \$260m and getting back \$190m.

Mr Grill: The Victorians are getting most of the money.

Mr Bloffwitch: The Vics are getting the majority of it.

Mr KOBELKE: It will all go to support the Victorians. What has this minister done about working with Queensland and New South Wales to ensure we get our fair share?

Mr Bloffwitch: It is very difficult for just one minister to argue on behalf of Western Australia when the others are all in agreement.

Mr KOBELKE: It is difficult when a minister simply sits on his hands and fails to stand up for a major industry in this State. No-one is underestimating the power of the processors in Victoria and that we have a national government that is committed to a deregulation regime and is therefore not interested in its impact on rural Western Australia. Rural Western Australia has been sold down the drain by our national government. The Prime Minister has spent much time putting on his Akubra and wandering around country electorates to give a perception to the contrary. Irrespective of whether it is a reduced Telstra service, reductions in government services or the whole program of deregulation, country areas of Western Australia have been sold down the drain by the Howard coalition Government. We need a State Government that will stand up to it. However, this minister has not been willing to do that. He says, "That is our national agenda; we will screw the bush; and we have no chance of winning the fight for the dairy industry, so we will roll over."

Today a vast majority of members on both sides of this House do not support deregulation. The Opposition has made its view clear.

Mr Omodei: That is not what the shadow minister said.

Mr KOBELKE: He said we cannot oppose this legislation because to do so would deny -

Mr Omodei: He said he neither supported nor opposed it.

Mr KOBELKE: The Minister for Local Government is referring to deregulation, not the Bill.

Mr Grill: We said we don't oppose the legislation; it is a situation we don't like.

Mr KOBELKE: As the minister said, we oppose deregulation. We cannot oppose this Bill because to do so would mean we would deny compensation for farmers. We cannot fight the fight. This minister has sold out; therefore we are allowing the Government to proceed with its Bill on the basis that at least some compensation will be paid, even though it is clearly inadequate and will leave this State's dairy industry in a parlous situation.

It is a sad day for the dairy industry and for Western Australia when the Government and the minister let a major industry in this State go downhill due to a national agenda. The Government and the minister will rue the day they did not take up the fight on a national level and stand up for such an important industry in Western Australia.

**MR HOUSE** (Stirling - Minister for Primary Industry) [12.44 pm]: I thank all members of this House for their contribution to this debate. I refer to the opening comments made by the member for Eyre and primary industry spokesman for the

Opposition in this House, when he said the Opposition supported this legislation reluctantly and then outlined some of his concerns. It is fair to say that is exactly the same position of this Government. We have been involved in this debate now for 18 months or two years. At every step we have been extremely sceptical about the end result for dairy farmers in this State. A huge amount of debate has occurred at both ministerial level and party room level - as I am sure there has been in the opposition party room - and with dairy industry leaders, dairy farmers individually, processors and others.

At the end of that debate, it was my decision to recommend to Cabinet that we must support the federal compensation package or allow our dairy farmers to face deregulation with a crash landing. That was probably the most difficult decision many of us have had to make, particularly for the members for Murray-Wellington, Vasse and Collie and others who represent dairy farmers.

Mr Omodei: Don't forget the member for Warren-Blackwood.

Mr HOUSE: I am sorry. As a cabinet minister, my ministerial colleague the member for Warren-Blackwood found it even more difficult to accept that we had no option but to proceed as we are proceeding today.

A number of issues have been outlined in this debate, which I will cover. After the national competition policy review, the result of which brought about regulations in the industry that are serving both the producers and consumers well, it was still this Government's position that we should maintain a regulated industry. It was only the subsequent pressure applied by the Victorian Government's decision to deregulate that forced us into a position of having to rethink that position. Victoria intended to deregulate one way or the other.

If our farmers did not go down this path, they would receive no compensation whatsoever. At the very least, this legislation will give them an opportunity to claim compensation over eight years. For the benefit of the member for Nollamara, who said he read my second reading speech - he obviously did not read it carefully enough - the eight years is mentioned in the speech.

We are a small producing State in the dairy industry producing only 4 per cent of the nation's milk. As the member for Eyre pointed out yesterday, we have four processors comprising three reasonably major and one smaller processor. It is a divergent processing industry that will find it difficult to adjust to the new free market.

As I said, if we do not deregulate, that federal package will pass us by. In addition, I am proud of the fact that the State has been able to find \$27m as a state-based package to assist the industry. It was hammered out with Cabinet and the joint party room that we should at least find extra assistance for our farmers. I have seen no indication from the other States that they will compensate their farmers. We could make out a case that the other States should do that. The Labor States of Tasmania, Victoria, New South Wales and Queensland have not seen fit to support their farmers at all with regard to a state package. I sincerely hope they will help their farmers, because I believe that a number of the people who were mentioned in the speeches by the members for Murray-Wellington, Vasse and Collie will be assisted in this transition process by what we have been able to do.

Debate adjourned until a later stage, pursuant to standing orders.

[Continued on page 6566.]

### **TRINITY COLLEGE, STUDENT PRIZEWINNERS**

*Statement by Member for Perth*

**MS WARNOCK** (Perth) [12.50 pm]: Today I am delighted to congratulate Trinity College, a Catholic school in the electorate of Perth, on the outstanding efforts of two of its former students in winning an international science prize for a water-wise device to improve the water environment. The award has won those two clever students, now studying first year science and engineering at the University of Western Australia, a trip to Stockholm for the finals in August. Jason Le Coultre and Jerome Bowen invented a special pressure relief valve for use on farms which prevents loss of water from main tanks. It regulates water levels automatically, thus stopping wasteful overflow. For the competition, sponsored by the Australian Water Association, the students were flown to Sydney with their supervising teachers to be judged by a panel of scientists. Water engineers at the judging said that the device which won the prize for the Trinity students was so innovative that it should be patented immediately and put into production for use on farms.

Trinity's good news did not end there. Thirteen-year-old Konrad Wenzel won third prize in the competition for the invention of a new pumping system for dealing with oil spills at sea. Science and technology teacher Dr Roy Skinner should also be congratulated. He rightly sees the results as a tribute to the school's focus on inventiveness and creative thinking. I congratulate the winning students, their teachers and Trinity College for what is a very impressive performance indeed, and I wish them well when they represent Australia at the world water competition in Sweden.

### **PEEL SURF LIFESAVING CLUB, CLUBHOUSE**

*Statement by Member for Dawesville*

**MR MARSHALL** (Dawesville - Parliamentary Secretary) [12.51 pm]: The Peel Surf Lifesaving Club, which is looking for a new home, has a chance of relocating to Pyramids Beach, which is alongside the Dawesville Channel. The Department of Transport has agreed to engage an independent safety consultant to provide advice on the issue of public safety at that location. Originally, the Department of Transport was adamant that the sand bypassing project changed the area into a

construction site, with WorkSafe conditions applying to anyone who was likely to use that beach. The department also argued that if the sand bypassing across the channel is to remain successful, it may be necessary to control an extra kilometre of that beach. This beach, by the way, is the best surfing beach in the Dawesville electorate and is a perfect location for a surf lifesaving club. The wave conditions are ideal for training in all aspects of lifesaving; land is available adjacent to the car park; and the local developer, Ross Neumann, is prepared to help finance a clubhouse. The Peel Surf Lifesaving Club has been going for four years now, has over 100 members and is growing all the time. The decision by Transport to study the safety report with the aim of the sand bypassing project working in conjunction with local surfers, local swimmers and the surf lifesaving club is a good decision and an excellent compromise, and I praise and congratulate Minister Murray Criddle for his judgment on the issue.

### **BREAST SCREENING SERVICE, PANNAWONICA**

*Statement by Member for Burrup*

**MR RIEBELING** (Burrup) [12.53 pm]: I wish to raise the lack of opportunity for breast screening in Pannawonica, which has been raised with me by May Puttman of Pannawonica. It appears that BreastScreen WA decided that women in Pannawonica should not be given access to the breast screening van because it takes too long to set up and it thinks that there are only 27 women in the target group who will utilise the service. May Puttman has gained 80 signatures from women within the target age group who would access the service if it went to Pannawonica. People in this House should realise that this mobile screening van is driven from Onslow to Karratha, which is past Pannawonica, but fails to stop in Pannawonica to provide the service for the 80 women who would utilise it, which would take approximately two and half days. BreastScreen WA is operating on information from a census that is five years old. Those who know anything about the Pilbara are aware that massive changes in population occur over three years, let alone five years. I call on the minister to look at the method of using this data.

### **SOUTHERN RIVER PARENTS AND CITIZENS ASSOCIATIONS**

*Statement by Member for Southern River*

**MRS HOLMES** (Southern River) [12.55 pm]: I take this opportunity to thank the Minister for Education, Hon Colin Barnett, for attending a recent meeting held in my office with parents and citizens association representatives from all government schools in the seat of Southern River. It was a very worthwhile meeting, and the question and answer time which followed the minister's address enabled all to take part and ask questions on behalf of their schools. As a result of this informal meeting, a number of P & Cs have agreed to establish a committee to work towards prioritising the needs of schools in the seat of Southern River. I look forward to them following up on this suggestion, which will be of great benefit in the local area planning process. As a result of P & Cs working together and cooperating in this way, maximum benefits will be undoubtedly gained for these schools, which all form part of the Cannington education district.

I publicly acknowledge the excellent work done by all my P & Cs and congratulate them all for the very important role they play in the community. The government schools in my electorate are very lucky to have such a dedicated, enthusiastic and hardworking team. These schools, and the work of the P & Cs, are undoubtedly extremely important, and by working together we can achieve a great deal for our schools.

### **KALGOORLIE-BOULDER FIREFIGHTING COURSE**

*Statement by Member for Kalgoorlie*

**MS ANWYL** (Kalgoorlie) [12.57 pm]: I inform the House of a great initiative of the Fire and Emergency Services Authority of Western Australia and Kalgoorlie firefighters: They have recruited locally and trained in firefighter course No 48 eight local men, who graduated in Kalgoorlie-Boulder on Tuesday. The course was offered with the assistance of KCGM and Monadelphous Engineering and involved firefighters from the Kalgoorlie station and Perth. The graduates have five more years of training ahead of them, but I am sure they will make excellent firefighters. Many of them have volunteer firefighting backgrounds. The participants were Martin Cable, Saul and Clinton Hart, Michael Lovell, Tim Crockett, Robert Hansen, Steven Peterson and, last but not least, the dux of the course, Peter Bleakley.

After the graduation, the participants joined past and current firefighters in a special ceremony in the main street of Kalgoorlie. The City of Kalgoorlie-Boulder offered freedom of entry to all past and present firefighters. It was a fantastic day. It was a tribute from the community of Kalgoorlie-Boulder to the firefighters and they could not have had a more excellent turnout. Our pipe band participated in a parade. It is a lesson to government that one will do well if one recruits locally in regional areas.

### **BUSSELTON JETTY UNDERWATER OBSERVATORY**

*Statement by Member for Vasse*

**MR MASTERS** (Vasse) [12.58 pm]: Last month I visited the underwater observatory located in Milford Sound on the south island of New Zealand to obtain information that I hoped would be useful and relevant to the Busselton Jetty Management Committee, which is proposing to construct an underwater observatory on the seaward end of the Busselton Jetty. I brought back three important pieces of information.

First, a financial viability study that I conducted on the Busselton proposal last year was based upon an entry price for adults of \$6. The cheapest way to visit Milford Deep, as the New Zealand facility is known, is to pay \$NZ35, or about \$A28, for

a two kilometre boat trip before arriving at the combined interpretive centre-underwater observatory. Assuming a charge of \$10 for the Busselton facility, my projected profits increase from \$120 000 to more than \$300 000 a year. That would be an extremely profitable undertaking for the management committee.

Second, the maximum time allowed for visitors at Milford Deep is only 30 minutes which, allowing for a few minutes in the interpretive centre, would allow about 20 minutes looking out the window at the marine life. My financial viability studies assumed that people would visit for 60 minutes. If this time could be cut in half, my estimate of 60 000 people visiting the Busselton facility each year could be substantially increased, thus increasing profits further.

Third, although the Milford Deep experience was attractive, it certainly does not compare with the outstanding display of marine life to be seen under the Busselton Jetty. I have no doubt that the Government's financial assistance to the Busselton underwater observatory will help create a world-class tourist attraction that would repay the initial taxpayer investment many times over.

*Sitting suspended from 1.00 to 2.00 pm*

#### **VISITORS AND GUESTS**

**THE SPEAKER** (Mr Strickland): I draw to the attention of members that there are some important guests in the gallery who have come all the way from Queensland. Mrs Joan Sheldon, Ms Julie Attwood and Mr Shaun Nelson are from the Members' Ethics and Parliamentary Privileges Committee.

[Applause.]

**[Questions without notice taken.]**

#### **QUESTIONS ON NOTICE, UNANSWERED**

**MR RIEBELING** (Burrup) [2.39 pm]: Unfortunately once again I bring to the House's notice under Standing Order No 80 the failure to answer question on notice No 1706 directed to the Minister for Transport on 21 December 1999. I raised the issue in this House several weeks ago and was guaranteed that an answer would be directed to me forthwith. Unfortunately, the minister's stating that that would happen has meant nothing.

The **SPEAKER**: My understanding is that the question has been answered. It may have been sent to the member today and could be somewhere in the system.

Mr **RIEBELING**: I am yet to see it.

**MR KOBELKE** (Nollamara) [2.40 pm]: The document I viewed at the back of the Chamber indicates that question 1637, which I asked on 21 December 1999, has not been answered. That question was to the minister representing the Minister for Transport, who is not here at the moment, in which case I am not sure who would be able to give me an undertaking that the question will be answered. The minister representing the minister who represents the Minister for Transport may be able to.

**MR OMODEI** (Warren-Blackwood - Minister for Local Government) [2.41 pm]: I will certainly raise that matter with the minister representing the Minister for Transport.

The **SPEAKER**: I think that is the only question outstanding under our standing orders.

#### **DAIRY INDUSTRY AND HERD IMPROVEMENT LEGISLATION REPEAL BILL 2000**

*Second Reading*

Resumed from an earlier stage of the sitting.

**MR HOUSE** (Stirling - Minister for Primary Industry) [2.42 pm]: I am pleased that my colleague the member for Nollamara is back in the Chamber. He was not here when I pointed out that the eight years is mentioned in my second reading speech. I am sorry he did not manage to read it and do his research properly. It is mentioned in the second reading speech, and I am sure the member will see it when next he reads it.

Western Australia produces something like 403 million litres of milk annually, of which the market milk content, which is the subject of this legislation, is about 158 million litres. The price that is paid for market milk is different from the price paid for manufacturing milk. Later on I will return to the price of milk, because it was raised by a number of members in the second reading debate. It is important that we make sure, as a result of negotiations with the processing companies and others, that the price of milk remains at a viable level for farmers.

The member for Vasse raised the issue of the Capel dairy farmers, who have received notification from Wesmilk Pty Ltd, which is the George Weston Foods Ltd operation, that the price they have been getting for milk will fall to about 18¢ to 22¢ - close to 20¢ - a litre in the next week. I think the consensus is that a farmer will need about 30¢ a litre for a viable operation. When one looks at the facts and figures, one sees the cost of production of a litre of milk in this State is around 28¢ a litre. That might vary from farm to farm, and it might depend upon conversion rates, efficiencies and other matters. However, that is basically the price. Therefore, to make a profit, I suggest that farmers will need to receive close to 32¢ a litre rather than the price that has been touted recently by Wesmilk. I hope those manufacturers realise and understand that there is a point beyond which farmers will not be able to produce milk economically. However, for this legislation, we are talking about the market milk component of the total 403 million litres, which is about 158 million litres.

Prior to the suspension I said that all members had expressed misgivings about the legislation. However, we had chosen what we believed was the lesser of the evils because we had to steer the industry so that it would be able to accept a rationalised future rather than to have a crash-landing if we were unable to access the federal assistance package.

The privatisation of the Herd Improvement Service of Western Australia and the Dairy Industry Authority of Western Australia is progressing satisfactorily as part of this legislative package. Indeed, a steering group has been making sure that the appropriate regulations are put in place to ensure that that will take place and that farmers will be in full control of their own destinies; in other words, that the transition from a government-legislated industry to an industry controlled by the farmers will take place in an orderly fashion so that we continue to have a successful dairy industry.

I remind members that the process of deregulation did not occur because of the decisions made in Victoria in the past couple of years or because of the decisions of this Government or the industry. Deregulation started with the domestic market support scheme that John Kerin put in place when he was the federal minister. As the member for Eyre said, he was the Minister for Agriculture in this State at that time, and he supported the Kerin plan that was put in place. As the member said, it was a way to have an orderly transition to the position we are now about to reach. It was not something that everybody favoured, but once again it was a compromise that was thrashed out at the time in order to have a successful industry in the future. That successful industry hinges very much on the export of product from this State and from this nation. I am sure that we will see a successful dairy industry in the future, but we must be price competitive with the rest of the world if we are to compete in those markets into which we aspire to sell product; otherwise other countries will defeat us on price and we will not be able to compete. Our future is in exporting. As I said, the greatest amount of milk produced in this State at the moment is manufacturing milk, and the largest amount of milk produced in this nation is for manufacturing, not for drinking. In that case, we must export products such as ice-cream, yoghurt and other products made from milk into an export market in which we have to compete with other countries.

The member for Eyre also raised the issue of quotas and farm gate price and the fact that some States have arrangements which are different from other States. This State has had a quota and a farm gate price for some time. Originally, farmers were issued with a quota, and until two years ago there was an incremental increase, dependent upon the amount of quota a farmer had, which was added to each farmer's quota entitlement. That has grown over the years. In addition to that, quota could be traded. In more recent times it could be, and has been, traded by auction, but the amount of milk that has been traded by auction has been small. That has set the basis of the quota system, and a farm gate price has established the price.

In recent years manufacturing milk has grown in volume in this State. Most farmers are now producing a lot more manufacturing milk than market milk. In this respect I concur with the member for Murray-Wellington when he said that the people he represents will probably face their hardest and toughest time because there are more people in his area who still have a greater proportion of quota milk than manufacturing milk and who therefore have been used to receiving a higher price for a longer time. Other people are in that situation. Some people in my electorate are in exactly that position, and I guess there would be others throughout the State. The problem arises when a different price is paid for manufacturing milk and market milk. That is one reason we have reached the point we are at today. I will return to that matter.

Given the reservations we have all had about this legislation, I must say - a number of members mentioned this - that the consumers and the producers will not benefit. Who will benefit? That is the question we have all asked. The large processors and the supermarkets will probably benefit most. That is the sad thing about the position in which we find ourselves. I agree with all of those people who said that this decision has been pushed on us by large numbers of producers in Victoria who have a view that they will be better off in a deregulated environment. I have yet to see that, and I will be interested in what happens in the shake-out of this decision from Victoria. I suspect that those people in Victoria will finish up a lot worse off than they think they will be at the moment. Interestingly, I suspect that States like Western Australia, because we have some good and efficient producers here, will probably benefit in the long run. They will benefit for a number of reasons, especially as Western Australia has already developed good export markets in Asia and has a good rapport with those markets. Our product has been selling well in those markets and we have the opportunity to expand our market internationally on that basis. The pressure has come not only from Victoria but also from other countries, such as New Zealand. This is because milk as a product has changed in composition from the days when quota and farm gate prices were introduced to provide a regulated supply of product to the cities. Milk can now be kept longer. The shelf-life of milk has increased dramatically and recent research indicates that long-life milk could be kept even longer. In the future, consumers will be able to store the product for a longer period. Ultra heat-treated milk has captured a fair percentage of the market in this State. Those who have stayed in hotels and motels in recent years would know that UHT milk comprises the majority of milk served. A large proportion of that is manufactured in the eastern States and competes with the fresh milk product in this State. New technology has enabled the processor to remove a large percentage of the water from the milk to transport it in a more condensed form and then return the water at the other end. The milk can then be sold as "fresh milk" without its taste or life being affected. A number of members raised the issue of the cost of transportation interstate. It could be reasonably economical for manufacturers to transport milk into this State. With fewer than two million people, Western Australia is not a large domestic market. Our process could break down if the Victorian companies flooded our market with milk for a short time, as they have threatened to do. The member for Collie made a pertinent point when she said that it would take only a few weeks for our supply chain to break down, because milk cannot be stored on the farm for any great length of time. Most farmers have their milk picked up within 24 hours of milking. Our whole process would fall apart in that situation.

All those issues were taken into account during the negotiations that took place between industry leaders, government ministers and others over the past couple of years. The danger was that if we did not follow Victoria and tried to stand

alone, shutting ourselves out of the national assistance package, we would be deregulated from outside without the benefit of the package. There is no doubt that some of these so-called agricultural reforms have been forced on us because, as a nation, we take a principled position about world agricultural trade. Like many farmers, I am still waiting to see some of the benefits. We operate in a corrupt marketplace for agricultural products. Dairy products are no different from the industries I am more closely involved in - the grain and wool industries. The Australian grain industry must compete with farmers in the American and European market who receive large subsidies, which is hard. There is no easy solution. Governments from all walks have come to the conclusion that they must continue to try to ensure other countries take clear action to stop the subsidisation process to create a more level playing field. I accept that is not the case at the moment; those decisions rest with the Federal Government. Western Australia can have some influence, and we have tried.

Mr Grill: You talked about Victoria flooding the market. Were you able to uncover any indicative costs per litre for transportation?

Mr HOUSE: I cannot answer that specifically, but I believe that big processors, such as Bonlac Foods Limited, would be prepared to run at a loss for a time to break up our market. The big supermarkets would collude with them. They have no obligation to buy from the Dairy Industry Authority of Western Australia, which acquires the milk. If the larger supermarkets in this State bought their product from the processors in Victoria, we would simply be tipping our milk down the drain.

I want to explain why Western Australia will receive only \$109m from the federal compensation package when its consumers will contribute \$169m. Over the past couple of years, dairy industry leaders from around Australia met on a regular basis to try to come up with a solution that would allow a reasonable and equitable distribution of the money that the Federal Government would agree to. In the early stages of negotiations, there was no agreement that the Federal Government would facilitate such a package. Based on some complicated formulas, the negotiators decided the compensation amounts would be 46.23¢ a litre for market milk and 8.96¢ a litre for manufactured milk. The ratio of market and manufactured milk on each farm was taken into account to determine the amount to be paid. The amount of milk produced in each State for drinking and manufacturing should be taken into account. Every State except Victoria will contribute more than it receives. Victoria produces a small percentage of drinking milk compared with manufacturing milk, which distorted the figures. Western Australian government representatives and state dairy industry leaders argued long and hard about that. However, their final conclusion was that they had arrived at the best possible deal and they were not prepared to let the Federal Government's assistance package fall apart. While the amount of the package was ratcheted up to that point through negotiation, we felt it was the best we could get. I accept there might be criticism that we should have held out for more. However, at the end of the day, it was everybody's position and we had to make a decision. I compliment the people who were heavily involved in those negotiations - the dairy industry leaders from this State - for being able to reach a position they felt was the best deal they could possibly get and which was as reasonably fair as it could be.

The process of my discussions with the Western Australian Farmers Federation was raised. In the seven years that I have been the Minister for Primary Industry, I have always dealt with the commodity section presidents. Last year, the Government made major reforms in the meat industry. Most members would remember that, as they were subject to legislation. During those reforms, I dealt with the president and vice-president of the meat section of the Western Australian Farmers Federation. At no stage did the general president, its executive or other members get, or seek to get, involved. That has always been the case while I have been minister. My department has always dealt with the relevant section presidents. We deal with the general president or the executive when dealing with broader issues that might affect all members of the federation, such as industrial relations or insurance. In this case, I dealt with the dairy industry leaders: Marie Dilley, when she was the president; then with Ray Blackburn and then with Danny Harris and his deputy Eric Biddulph. I, and the majority of the people represented by the Western Australian Farmers Federation, believe that is the right process.

Indeed, when the Western Australian Farmers Federation advertise for membership to their organisation, it is on the basis that their commodity sections are autonomous. They work together as a group, but are autonomous in their decision making. They hold their conferences separately and the decisions made at those conferences come to me under the signature of the section president of the day. I am comfortable that we have been through the right process. A few weeks ago, Danny Harris wrote to me in his capacity as dairy section president, saying that he was satisfied that we should proceed with this legislation at the earliest possible time, and that is what we have done.

This is one of the most difficult decisions any industry has had to make in a short period. In my experience of agriculture, this is the greatest change to any single industry in the shortest time that I have seen. Changes have occurred in other industries, but they have occurred over longer periods and they have not been as dramatic and quick as these changes to the dairy industry. I compliment those people in the Farmers Federation dairy section who have faced up to this issue. They held a number of meetings throughout the bush and have always made themselves available to members of Parliament, other dairy farmers and the manufacturers involved with the dairy industry. They kept themselves informed of the changes within the industry and put across their points of view to other people in the industry. They deserve the highest praise for their leadership and the way they have dealt with this issue. It has not been easy; there have been times when it has been damn tough. Some strong words were expressed both at the public and private meetings which the various interested groups attended. However, we thrashed out what we thought was the best deal. I am heartened that the Opposition has indicated it will support this legislation.

Mr Grill: We have said we will not oppose it.

Mr HOUSE: What is the difference?

Mr Kobelke: It means the Government has left us with a dog's breakfast because there is nothing else we can do to help the dairy farmers.

Mr HOUSE: There have been some very good contributions to this debate. Earlier, I outlined the maturity that has been shown by the dairy farmers and the dairy farmers' leaders; one would hope that maturity would flow on to this Parliament.

The Government moved to bring this legislation to the Parliament. Many discussions about this issue have been held in the joint party room, at the ministerial council and in other places at the political level. I will comment on some issues John Bradshaw raised. The decision to deregulate the industry has been a difficult one for him to make, as it has been for other members who represent dairy areas. He is right when he says that the flow-on effect to small business, banks and others in the region will be severe. Perhaps there will be flow-on effects we have not yet addressed. I have no doubt that country people, being innovative and resilient, will be able to answer the challenge in front of them. That does not mean it will be easy, because the stability that has been created over the years by quota and the farm gate price has resulted in a very successful industry which has brought good returns to those involved in it. We are now approaching an unsettled period. The package of assistance provided by the State will assist some of those people adjust to the future.

Another matter raised by the member for Murray-Wellington was that of the increase in the market share of UHT milk which has increased every year. I have touched on that issue and I know he is absolutely right. One of the concerns of Western Australian dairy farmers was that they were not getting the full benefit of the increase in that market share. A certain amount of money has been put aside in the state assistance package to assist processors. In discussions on processors with representatives of the dairy industry they said they would look at the opportunity to produce not only cheeses, ice-creams and yoghurts, but also UHT milk and other products which will enable us to look at the dairy industry in a different way. Most members who represent rural Western Australia know that milk is used in a range of products from paint to chemicals to pharmaceuticals. That side of the industry is only beginning to develop; therefore, milk has many more uses than we had imagined in the past.

In her contribution to the debate, the member for Collie raised the issue of young people in the dairy industry. It is interesting when attending dairy meetings to see the number of young people involved. They form a base of good, sound knowledge that augurs well for the future of this State. One reason the dairy industry has a good solid future is that a number of young people are involved in it and they work very well in the industry. They have good production figures, are very efficient and will take advantage of what the future has to offer. That might mean, for example, relocating their capital out of a high-value land area to a low-capital value land area or increasing the number of cows they milk, but they will be very good contributors to the industry in the future. The state assistance package will make sure they have access to the right advice. The implementation of the farm planning assistance, which will be funded through the state assistance package, is something from which young people will benefit.

The member for Collie also raised the issues of processes and supermarkets and the margins they make and most members would be concerned about that. In a large market like America, which has some 280 million people, anti-trust legislation has been passed to make sure there is a competitive base. The problem in Western Australia is that with fewer than two million people and only two main supermarket chains - it could be argued that there are three, but basically there are only two - we do not have sufficient competition at the supermarket end to enable us to have workable anti-trust legislation. However, I know some members of Parliament have been looking at that issue.

The member for Vasse raised the issue of the survival of the dairy industry based on exports. I have covered that issue and I concur with him that that is where the future of the industry lies. He also raised the issue of Western Australia's position to the national competition policy review. The Government outlined its position which was to keep a regulated industry. That was our position until such time as the dairy industry itself came to the Government and, because of the reality of what was happening in other States, asked it to change its position. He also raised the issue of quota and how it was created and I covered that issue earlier. His view was that there was a sound future for the dairy industry and I concur with him on that. I do not believe land values will fall. Other options are available for alternate land uses and the value of land in most dairy areas will remain stable.

I take this opportunity to touch on the Challenge Dairy Cooperative Ltd proposal. A group headed by Larry Brennen and others has worked for some time to put together a cooperative model called "Challenge". I have supported that cooperative by giving those involved advice and access to people who know and understand how these things are put together from a business point of view. We have also provided some small financial assistance to help them pay some of their costs and to enable them to visit a couple of countries to obtain knowledge as to how cooperatives work there. The Government has given them every possible assistance that it can. In the future there will be a real opportunity for a successful dairy cooperative to be established in this State. Indeed, it would be another step towards giving dairy farmers control of their own future.

However, as Larry Brennen has said to me, it must be an economically viable proposition. Although the Government has indicated that it is prepared to give people some dollars to kick-start a cooperative, they must make it viable in the long term. The facilities that they would propose to buy or build would have to be state of the art, modern and efficient and able to compete with other processes. As I said, we produce something like 4 per cent of the nation's milk. We would have to make sure that the cooperative would have access to a reasonably large proportion of that milk to be able to be commercially viable. He had another idea for a cooperative with a legislative base. We went through that aspect a number



of times with lawyers and others. It would not give much of a different model from that which we have now; that is, a regulated model where the dairy authority controls milk or acquires milk and on sells it. The general feeling is that that would not work. I have not shut my mind to it; it is merely that nobody has been able to come up with a solution to the problems it has brought forward. In a general sense I think that a cooperative would work very well. It is a matter of how it is established.

I think I have covered all the points that were raised, but I will recap on a couple of points. I repeat that this has been one of the hardest decisions that any group of agricultural people with whom I have been involved has had to make. It has been difficult not only from the point of view of dairy farmers, but also from a political point of view. The debate has been long and drawn out, tough and hard, and people have had differences of opinion. However, I am fairly confident that we have made the right decision; indeed, the decision is supported because people in the bush indicate that, although they would like to have done a bit better here or there or would have liked a better package or more compensation, at the end of the day we have come up with a deal which is reasonably acceptable.

Before we go to the consideration in detail stage, I will recap on what I said about the dairy industry's leaders. They have shown a huge amount of maturity and have put in a great number of hours of their own time for which they have received no compensation. In many cases they have put themselves offside with their friends and relations in their own communities because they have had to take a principled stand on this issue. They have not only taken that stand, but also done so extremely well. Eric Biddulph, the deputy president of the dairy section of the Western Australian Farmers Federation said in response to the question, "Do you agree with this?" that this was the hardest yes that he has ever had to say. That would be the position of almost all dairy farmers and almost all members of Parliament. It has been a tough, hard decision that has been supported by the industry, and the industry deserves the greatest compliment. I thank all members of the Chamber for their contributions to this debate during the second reading stage.

Question put and passed.

Bill read a second time.

#### *Consideration in Detail*

**Clauses 1 and 2 put and passed.**

**Clause 3: Arrangements for commencement of Part 2 -**

Mr HOUSE: I move -

Page 2, after line 20 - To insert the following new paragraph -

- (a) the DSAP payment start day, as defined in clause 2 of Schedule 2 to the *Dairy Produce Act 1986* of the Commonwealth, has been fixed within the period referred to in clause 3(3) of that Schedule;

I move this amendment straight away because the member for Eyre has an amendment on page 12 of the Notice Paper to add a clause 3(f), which covers the same subject. I move this amendment not to usurp the member for Eyre's intention but to support it. I do it on the advice received today from federal legal people so that this clause might comply with the legislation that we are passing and to carry out the member's wishes and indeed our wishes also. The legislation that is being passed by this Parliament cannot be passed without all the other States agreeing to deregulate as well; in other words, the whole matter is a package in which all States must agree to deregulate. I thank and compliment the member for Eyre for bringing this matter forward. Although we thought we had the matter covered, this amendment now makes absolutely certain it is covered. I concur with what he is attempting to do; it is merely that we have checked the wording and this amendment seems to achieve the objective in a better way. It makes sure that this State cannot deregulate without all the other States deregulating as well.

Mr GRILL: The Opposition supports this amendment. We have an amendment on the Notice Paper which endeavours to do the same job. That amendment was agreed to yesterday when I discussed the matter with the minister's staff. The wording was probably not appropriate because it referred to all participant States which were operating complementary legislation. It was pointed out to me that the legislation contains no reference to agreement by all the States. A series of formal steps must be taken by the federal minister which put the commonwealth Act in the process. One of the last trigger mechanisms is referred to in the amendment the minister has moved. We do not want Western Australia to deregulate and find that, ultimately, federal legislation does not go ahead or that the federal legislation goes ahead but on terms to which Western Australia has not agreed. We do not want egg all over our faces. The minister has picked that up, and there is accord between the parties on that matter. The Opposition supports the amendment.

Mr BRADSHAW: I also support the amendment. In another forum I raised this issue with the minister and said I would hate to think the deal would not go through in the rest of Australia and Western Australia would be left holding the baby. I was given an assurance that it would be done simultaneously, and I am much happier and more satisfied that it will occur in a proper manner and this State will not be the only State to deregulate if the federal package does not apply. I support this amendment, and it satisfies me much more than the assurance I was given. The situation is now more concrete.

**Amendment put and passed.**

Mr GRILL: I move -

Page 3, after line 5 - To insert the following -

- (e) the amount of funds that will be distributed to Western Australian dairy farmers as a result of any arrangement between the State and the Commonwealth for the purposes of this Act will be equivalent to the revenue that is raised within Western Australia from the consumer levy;

I circulated these amendments earlier today, and the printed sheet also contained paragraph (f). However, the amendment moved by the minister covers that aspect, so I do not intend to move for the inclusion of that paragraph.

I understand the minister received advice from Crown Law that the importance of that new clause 3(a) was such that it should go at the head of the list rather than the bottom of the list. I have no argument with that. It will not become clause 3(f) as I had planned.

I will now focus on my amendment inserting new paragraph (e). The Opposition made it clear at the beginning of this debate that it did not support the legislation. It never said that it did and it did not intend to give that impression. It simply said that it did not intend to oppose it. The Opposition does not want to adopt this legislation. We do not believe it is necessarily the best legislation for this State but, unfortunately, it is the only legislation before us. It is cut and dried as a result of an agreement between the federal minister and the various State Governments and arms of the industry in each of the States. We are not happy with the situation this legislation brings about, and we move for the inclusion of new paragraph (e) more in protest at the situation than anything else. There is some logic behind it; that is, in Western Australia as a result of this deregulation and the adjustment package put in place by the Commonwealth, this State will receive \$108m or \$109m, notionally over a period of eight years. Over that same period, as a result of the levy put in place through the commonwealth adjustment scheme, Western Australia will pay an estimated \$169m to \$210m. The estimates vary, and the minister has used an estimate of \$169m, although the Opposition's estimates are between \$180m and \$210m. Whatever the variation, there is still a big difference between the amount Western Australia will get back as a result of the levy and the amount that will be paid by the consumers in Western Australia as a result of the levy. Western Australian consumers will pay between \$169m and \$210m. The return of \$108m or \$109m will go not to the consumers, but to the dairy farmers. That amounts to a difference between \$50m and \$90m.

Who benefits from this scheme? It is clear - no-one has disagreed with the proposition I put earlier in the debate - that the real winners are the Victorian producers. It is going too far to reward the Victorian producers twice, but they will be rewarded twice if the receipts of this levy flow back to Victoria to bolster its industry. The Victorian farmers wanted deregulation because they thought it was in their interests.

Mr BRADSHAW: I would like to support this amendment but I have some difficulty with it. I agree with the member for Eyre that the Victorian dairy farmers have mismanaged their industry for many years. The other States, apart from Tasmania, have been propping up the Victorian industry for many years. This is another example of Western Australia, as well as all other States except Tasmania, pumping funds into Victoria to help the farmers who caused the problems in Australia. It is disgraceful. This State will probably receive \$109m for its dairy farmers, but the consumers will pay perhaps \$170m. We will not know the final amount because it depends on the consumption of milk. It is disgraceful that we shall put money into Victoria when it is the root of the problem, and it has upset every other State in Australia, apart from Tasmania, by pushing for this deregulation.

As much as I would like to support this amendment, I have some difficulty with it because the dairy leaders have negotiated an arrangement and it depends on the States' agreeing to this arrangement. If Western Australia pulls out and keeps its money, I am not sure how that would fit with the Federal Government's arrangements. There might be difficulty overriding the Federal Government's laws, and I am not sure where we would stand legally in the overall picture. As much as I would like the money to be kept in Western Australia, it is not a practical proposition and it will not help the cause at all.

Mr GRILL: The Victorian producers are being rewarded twice as a result of this legislation. When analysed, even superficially, it is clear that the Western Australian producers are being penalised twice; first, because they are losing their quotas and, second, through the loss of income. There is the additional insult that Western Australian consumers will be penalised because their money will go out of the State into Victoria. I put together a hypothetical scenario for a Western Australian dairy producer, although I do not think he would be entirely atypical. If that Western Australian producer had debts of, say, \$700 000, of which \$400 000 were incurred by purchasing quota, his banker would have held that quota as security for the \$400 000. Under the commonwealth adjustment scheme the farmer may receive \$300 000. That will be then paid off the debt of \$700 000, leaving the farmer \$400 000 in debt. At least \$100 000 of that would be attributable to his purchase of the quota. However, due to this deregulation, his earning capacity will be reduced dramatically. In rough terms we believe a dairy farmer of this size would have a reduction in income of at least \$65 000 a year. He would therefore still be left with a debt of \$400 000 and an income reduced by \$65 000 to pay it off.

The Opposition is protesting because we will be placing this dairy farmer in a very difficult position. We carried out our own survey in January-February on the attitudes of dairy farmers to deregulation. We endeavoured to make the survey as sophisticated as possible with four questions. The first question reads -

Do you believe that deregulation is in the best interests of the WA dairy industry?

Only 15 per cent voted yes and 82 per cent voted no. The second question reads -

Do you think the dairy industry should deregulate on the basis that WA dairy farmers receive their share of the \$1.7B restructuring package alone?

It is a fairly clear question. In response 19 per cent - less than 20 per cent - said yes and 77 per cent voted no. Of course, some people did not respond or were unsure.

The third question reads -

Do you believe that the dairy industry in WA should deregulate only if farmers are compensated for the value of the wholemilk quota as well as receiving adjustment funding from the restructuring package?

There was an overwhelming yes vote of 74 per cent and only 20 per cent were against it. We can understand why. The last question reads -

Would you be prepared to reject deregulation in any circumstances, even if this puts the \$1.7B restructuring package at risk?

About 60 per cent said yes and 37 per cent said no. That indicated to the Opposition at that stage that under most circumstances the industry in this State was not happy about deregulation.

Mr House: Of the 541-odd members of the Farmers Federation surveyed, 90 per cent of respondents replied. What percentage responded to your survey?

Mr GRILL: Our list was not quite as large as that of the Farmers Federation. We probably did not include the 41 licence holders who do not have quota and some others. We surveyed only 400-odd and 50 or 60 per cent responded. I cannot remember the exact figure. As I said, we are moving this amendment by way of protest. We believe that a much better deal should be done for Western Australians. We do not believe in double dipping by the Victorians and we should not be subsidising their industry, which we will be doing under this legislation.

Mr HOUSE: I have sympathy with the argument put by the member for Eyre and, as indicated by the member for Murray-Wellington, so do most members of this Government. This issue was thrashed out in negotiations over the bottom line. The sunset clause in the domestic market support scheme, which was part of the Kerin plan, is due to take effect on 30 June this year. The first option was for everybody to do nothing, but that would have meant that all the pain would have occurred that people have suggested today and in other places might occur, but no gain would have occurred. The gain in this case was the federal assistance package of about \$1.7b. I have relayed how the dairy industry negotiated access to this money.

I reiterate that no federal money is involved in this. The fact that the Federal Government has shown no inclination to want to be of any assistance on this package has caused us all some angst. It has foisted the whole of the responsibility onto consumers, despite the fact that federal legislation is causing the problem and that it sunsets on 30 June. We concur on all those issues. The levy being applied is on drinking milk only, which is 38 per cent of the milk that is provided daily in Western Australia. Less than half of the milk in Western Australia is being referred to in this legislation; that is, quota milk. The levy will be applied only on that milk because it is being applied against consumers who buy drinking milk. However, it is being paid to both quota holders and non-quota holders. In other words, it is being paid on a pro rata basis to people supplying drinking milk and to people who are supplying manufacturing milk, albeit at a different rate. All States, except Victoria and Tasmania, are in deficit in the sense of the money being collected and the amount being repaid. New South Wales and Victoria are in larger deficit because a greater number of people are involved in their States. This Bill proposes to implement the requirement to access the federal assistance package. This sort of amendment could have been moved in the federal Parliament where it would have been the subject of some real debate. Had it been passed, it would probably have achieved what the member for Eyre wanted. It does not apply specifically to this legislation. As I said, we have negotiated the best possible deal we could.

Amendment put and a division taken with the following result -

Ayes (17)

Mr Brown  
Mr Carpenter  
Dr Edwards  
Dr Gallop  
Mr Grill

Mr Kobelke  
Ms MacTiernan  
Mr Marlborough  
Mr McGinty

Mr McGowan  
Ms McHale  
Mr Riebeling  
Mr Ripper

Mrs Roberts  
Mr Thomas  
Ms Warnock  
Mr Cunningham (*Teller*)

Noes (28)

Mr Ainsworth  
Mr Barnett  
Mr Bloffwitch  
Mr Board  
Mr Bradshaw  
Dr Constable  
Mr Court

Mrs Edwardes  
Mrs Hodson-Thomas  
Mr House  
Mr Johnson  
Mr Kierath  
Mr MacLean  
Mr Marshall

Mr Masters  
Mr McNee  
Mr Minson  
Mr Nicholls  
Mr Omodei  
Mr Pandal  
Mr Prince

Mr Shave  
Mr Sweetman  
Mr Trenorden  
Dr Turnbull  
Mrs van de Klashorst  
Mr Wiese  
Mr Tubby (*Teller*)

Pairs

Ms Anwyl  
Mr Bridge

Mr Cowan  
Mr Day

**Amendment thus negated.**

**Clause, as amended, put and passed.**

**Clauses 4 to 9 put and passed.**

**Clause 10: Purposes of this Division -**

Mr GRILL: I had intended to move a new clause 10, which can be found at page 13 of the Notice Paper and reads -

Page 6, after line 12 - To insert the following -

**10. Intervention by Minister**

Nothing in this Act prevents the Minister from intervening in matters relating to the distribution of milk where, in the opinion of the Minister, grounds exist for the Minister's intervention.

This is an amendment that my colleague Hon Kim Chance had asked me to move in this place, and it was motivated by his concern that from time to time in Western Australia, powers might need to be exercised by the minister in a crisis with the supply of milk, a health situation, or something of that nature. The Act that will be repealed by this Bill gives the minister a range of powers that he can exercise in a range of circumstances, and my colleague in the other place thought it would be worthwhile retaining within some legislation - he was thinking about this legislation - provisions which gave the minister some live powers to intervene in a crisis. I do not know whether there is a similar provision in some other legislation to give the minister the power to intervene in an emergency to ensure a continued supply of milk in the community. The amendment was well motivated. However, it has now come to our notice that because this Bill will have only a short life, there is no point in our putting in this Bill an amendment of this sort. Therefore, I will not proceed with the amendment.

The ACTING SPEAKER (Mrs Holmes): I gave the member for Eyre latitude to speak about new clause 10, with which he has informed the House he will not be proceeding. Therefore, the only question before the House is that clause 10 stand as printed.

**Clause put and passed.**

**Clauses 11 to 47 put and passed.**

**Title put and passed.**

**PARLIAMENTARY SUPERANNUATION LEGISLATION AMENDMENT BILL 1999**

*Second Reading*

Resumed from 18 November 1999.

**MR RIPPER** (Belmont - Deputy Leader of the Opposition) [3.50 pm]: The Labor Party supports this legislation. In the past, superannuation has been an asset for the most privileged in our community mostly enjoyed by wealthy people and career public servants, senior managers and working lifetime employees in big organisations. Superannuation schemes tended to be defined-benefit schemes which were costly on a per employee basis, were rigid and did not allow for much flexibility for employees who wished to change employers or careers, or adopt part-time working patterns. In fact, superannuation schemes were mainly based on male career patterns in certain types of careers. A significant number of employees were disadvantaged by such superannuation schemes. Women were particularly disadvantaged because of the break in their career which often occurred for reasons of child rearing. Part-time workers were usually disadvantaged, as were those who wished to be mobile in the work force and those interested in changing their career or employer.

Parliamentarians are part of this history. The current parliamentary superannuation scheme is the same type of superannuation scheme which existed in the past in the public sector and other large organisations. It has most of the faults of those schemes, which have largely been reformed in other areas of the work force. An additional aspect to the parliamentary superannuation scheme is worth noting: The parliamentary super scheme is more generous than those old-time superannuation schemes to which I referred. The argument for the greater generosity of the parliamentary superannuation scheme when compared to other schemes was that parliamentary employment was more insecure than lifetime employment in big organisations which had accompanying superannuation schemes similar to the parliamentary superannuation scheme.

A revolution has occurred in superannuation arrangements in this country. This revolution began under the Hawke and Keating Labor Governments and was led in large part by Bill Kelty, the then Secretary of the Australian Council of Trade Unions. Superannuation has been extended to most workers in the community. In fact, superannuation in principle has been extended to all workers. Some consequences arise from that revolution in superannuation provisions. People's knowledge of superannuation has improved greatly: Whereas in the past superannuation was an esoteric mystery enjoyed by the wealthy and elite, it is now something of which most workers have experience. Consequently, the disparities in superannuation provisions is much more evident to people in the community.

It is also worth noting that when benefits are paid to more people, benefits tend to be more modest because of the cost of the broader provision. It is the case with all sorts of benefits as well as superannuation. We have seen a process of superannuation reform in this country. Superannuation has been made available to more people. Superannuation schemes have tended to become less costly on a per capita and overall basis and schemes have become more flexible and, consequently, more effective for more people than was the case in the past.

Superannuation schemes have also shifted from the traditional defined-benefit schemes to accumulation schemes. The reform has tended to take a particular pattern. No attempt is made to reform the old scheme piece by piece. Instead, old superannuation schemes have been closed to new members, and new superannuation schemes have been instituted.

Mr Shave: Are you supporting this amendment?

Mr RIPPER: I said at the beginning of my speech that the Labor Party supports the amendment.

I note that some limited reform is now proposed for the old pension scheme which applied to the public sector. It is worthwhile considering what happened in the Western Australian state public sector for public servants. A series of superannuation schemes have closed and new schemes structured which new employees are invited to join. Originally, the old pension scheme applied to state public sector employees. That was closed in 1987 by the then Labor Government. A lump sum accumulation scheme was created, which in turn was closed by this Government and a new accumulation scheme was created for state public sector workers. I understand that a few injustices in the old pension scheme are being fixed, but the basic approach to reform has been the closure of old schemes and the creation of new ones.

Now it is time for the parliamentary superannuation scheme to go through the same process of reform. The existing parliamentary superannuation scheme is a variant of the old public sector schemes. It is a defined-benefit, rigid scheme which favours certain career paths and family arrangements over others. It is an expensive scheme on a per capita basis and expensive overall. Old arguments which justified the generosity of the parliamentary superannuation scheme - that is, the insecurity of parliamentary employment - carry less weight today than in former times. Many people out in the community have careers which are more insecure than parliamentary careers. Many people in the community face three, four or five career changes in their working lives. Many middle-aged people in the community are facing unemployment following restructures and the offer of redundancy in their current employment.

It can no longer be said that parliamentary employment is less secure than employment for other people in the community. The old argument for the special arrangement applying to parliamentary superannuation has lost force. The parliamentary superannuation scheme is out of line with community standards and expectations. However, the reform process has been slow. The Salaries and Allowances Tribunal reported on this matter on 10 June 1993. I quote -

Complaints about the scheme are voiced, not only by the public, but also by participants. Some see the scheme as over-generous yet others complain about the high contribution rate of 12.5 percent and its effect on take home pay.

In view of the emphasis on superannuation in the Nation in recent years and taxation changes in relation thereto the Tribunal recommends to Government that the whole question of parliamentary superannuation be re-examined by competent personnel. Any new legislation could be enacted before the next election so that potential candidates would know where they stood and existing contributors could elect to transfer from the present scheme if they so desired.

The Tribunal considers that piecemeal alterations to the existing scheme are undesirable.

Eventually, the Government established the Parliamentary and Judicial Superannuation Review Committee, which reported in February 1998. It stated -

The Parliamentary Superannuation Scheme is inequitable and discriminatory, lacks flexibility, is over generous to some Members and out of touch with community standards and expectations, and conflicts with Government policy which supports accumulation schemes.

The Bill before the House for second reading was introduced on 18 November 1999. The progress of debate on this Bill is another example of the slow pace of reform of parliamentary superannuation. The reform program for parliamentary superannuation generally follows the program applied to other superannuation schemes: The legislation proposes to close off the existing scheme to new members of Parliament and establish alternative schemes. These will be accumulation schemes which are more flexible in their arrangements and less costly for our employers, the Western Australian taxpayers. Transitional arrangements for members to transfer from the existing parliamentary superannuation arrangements to new schemes will be put in place, albeit not all members will have access to these. It appears there will be some changes to the existing parliamentary superannuation schemes, contrary to the usual pattern of superannuation reform. The legislation provides the Salaries and Allowances Tribunal with extensive power to work out new superannuation arrangements and make changes, within certain constraints, to the existing scheme. While it is contrary to the usual pattern of superannuation reform, there is some justification for the inclusion of these powers in the legislation. When the Parliamentary and Judicial Superannuation Review Committee considered new arrangements for superannuation, it proposed changes to the remuneration package for members of Parliament and stated -

To complement the proposed new superannuation arrangements, the Committee has recommended that Members be remunerated on the basis of a salary/superannuation package . . .

The Committee considers that the salary of a Member of Parliament should be in the order of \$98 886.

The Parliamentary and Judicial Superannuation Review Committee considered an arrangement whereby members of Parliament would receive more in current salary and less in superannuation entitlements. The review committee apparently had in mind a system of differential salary payments. Members participating in new superannuation schemes might receive a higher salary than those remaining under old superannuation arrangements. I understand the Salaries and Allowances

Tribunal is unhappy with the concept of differential salaries for members of Parliament. However, problems arise with the interaction of salary increases and the provisions of the old scheme. If a differential salary were not applied and all members of Parliament were given a general salary increase to compensate for the changes in superannuation arrangements, members of the old scheme would receive a windfall benefit. They would have a larger superannuation package and they would also be compensated with a higher salary. There is an argument for the Salaries and Allowances Tribunal to be given powers to amend the existing scheme to prevent that effect. If that provision is not available, unintended windfalls for some members will result from the transition to new superannuation payments. Other public sector workers have not received salary increases as a result of changes to their superannuation arrangements. I have some familiarity with the change from the old pension scheme to the lump sum scheme in 1987. At the time, I was an organiser for the State School Teachers Union and part of my task was to talk to members about the arrangements they would make for their superannuation. I can remember the estimates. The pension scheme was great for those people who entered teaching in their early 20s and progressed to the position of principal before retiring in their late 50s or early 60s. It was terrible for women who interrupted their careers to have children, for part-time teachers and for those who dropped out of teaching before the normal retirement age. Those people gained little from the scheme, whereas those who had a lifetime teaching career and reached a promotional position did pretty well. It was not a good scheme from the point of view of taxpayers; it cost them about 25 per cent of an employee's salary for each member of the scheme. It was a costly scheme for taxpayers, a good scheme for some members of the work force but a terrible scheme for many others.

When the time came to transfer to the new lump sum accumulation scheme, a significant number of public sector employees voluntarily transferred to the new scheme because it was a much more suitable scheme for their needs. That transfer was achieved despite the fact that the new lump sum scheme cost employers - that is, taxpayers - only about 12 per cent of salary compared with 25 per cent for the old pension scheme. What happened at that time was that although the superannuation arrangements were less costly to the employer, there was no pay rise for public sector employees to balance their remuneration package.

Many people have drawn attention to the conflict of interest that arises when members of Parliament can determine their own superannuation arrangements. No group of people should be able to determine their own remuneration in an unaccountable fashion. It is right that remuneration arrangements should be concluded by people other than those who are to benefit from them. It is sensible that all remuneration arrangements should be dealt with by the same body. At the moment some aspects of a member's remuneration package are dealt with by the Parliament, some are dealt with by the Government, and some are dealt with by the Salaries and Allowances Tribunal. It would be a rational and sensible approach for all of those arrangements to be dealt with by the tribunal. This legislation gives the tribunal extensive powers to make decisions regarding the future superannuation arrangements of members of Parliament. The tribunal also has extensive powers to make amendments to the existing superannuation scheme. Although I support this role being given to the tribunal, these arrangements mean that we do not know precisely what we are voting for when we vote for this legislation.

Mr Kierath: You want to see it before you hand it over.

Mr RIPPER: I am simply outlining the positives and the negatives. We all understand that although expectations and judgments might exist about what the Salaries and Allowances Tribunal might decide, in the end it is an independent agency and it will make its own decisions.

Mr Shave: I hope those people who make the decisions realise how hard we work.

Mr RIPPER: I hope that when we demonstrate that, we put up suitable examples from our membership. The reform of parliamentary superannuation has lagged behind superannuation reform generally. It has certainly lagged behind the reform of public sector superannuation. This Bill will allow future parliamentary superannuation arrangements to be brought into line with superannuation arrangements in the broader community. The precise shape of those future superannuation arrangements will be determined by the independent Salaries and Allowances Tribunal. The Labor Party supports this legislation.

**MR CARPENTER** (Willagee) [4.13 pm]: I will make a few remarks about the passage of this legislation and I will begin and end my remarks with quotes. The quote I will begin with is from Siddhartha Gautama, otherwise known as Buddha. He was consoling his followers at the time of his death, and he sought to do so by saying to them, "Do not grieve. You should know that all things are impermanent." Impermanence is the key to what is happening with this piece of legislation. The time has come - it has well and truly passed - for this superannuation scheme to be changed significantly. It is gratifying to me - I do not know about my colleagues - to see that this piece of legislation has finally come into the Parliament for debate. Let us hope that it is passed. It is of particular interest to me because, without wanting to sound totally self-obsessed, this whole outcome emanates from remarks I made in my maiden speech just over three years ago in the Parliament. In about three or four paragraphs of that speech I said that I believed the parliamentary superannuation scheme should be closed, that it was unjust, that it could not be justified anymore and that it was far too generous to members of Parliament. I recall that I did not have much support from members of Parliament at the time.

Mr Cunningham: You were very lonely.

Mr CARPENTER: It was a most interesting experience. I was vilified by the then Minister for Finance as an ignoramus. He did not use that particular word, but on ABC radio he said that I did not understand what I was talking about, I did not understand the burdens of parliamentary life, and the scheme as it was and still exists today was not overly generous to members of Parliament and should not be changed. Within a short period that view had been challenged by a large number of members of the public telephoning the radio station. Peter Kennedy was doing ABC radio at that time. The views of

the public expressed at that time were clear. The point they made, and the point which is at the basis of the need for change, is that members of Parliament must live by the same sorts of conditions and standards that they expect and sometimes enforce upon the general public. There have been huge changes to the types of superannuation schemes available to the general public, many times caused by legislation passed through Parliaments. For members of Parliament to insulate themselves from those changes while expecting and, in fact, enforcing those changes upon the public is not a sustainable position. It is one of the reasons that I believe the general public has become incredibly cynical and even openly hostile to politicians in general. They believe politicians live by one set of standards and laws while they are expected and required to live by another set of laws.

As the previous speaker has said, the reasons for the generosity of the scheme are not justifiable or sustainable. It is not true that members of Parliament have careers which are any more susceptible to immediate change or are any more temporary in their nature than those of the general public. Probably all members of Parliament would know that most people in the work force these days are working on annual contracts or contracts of a shorter period. In all the time I worked as a journalist - certainly in the last 10 or 12 years - I was on an annual contract and could not expect to be given a four-year guarantee of employment. Nobody these days is guaranteed a lifetime of employment. However, politicians across the nation have been able to provide themselves with almost a lifetime guarantee of comfortable income because of the superannuation scheme. As I pointed out in my maiden speech a few years ago, for a member of Parliament to be elected in his or her late twenties and to serve two terms as a member of Parliament - eight years in Western Australia - and then to be defeated and be able to retire on a large lump sum payout or on a substantial pension indexed against inflation for the rest of his or her life was not acceptable anymore. I remember the specific case of former Senator Bill O'Chee who was in his mid twenties when he was elected to the Federal Parliament. He served for eight or nine years in which he achieved little, if anything, of substance as a member of Parliament and was subsequently defeated. Senator O'Chee could choose to walk away with a lump sum payout in the vicinity of \$1m. That is about the lifetime earning capacity of a person on about \$25 000 to \$30 000 a year, which at that time was the basic wage. It was not acceptable that this sort of benefit should be allowed to run on indefinitely. It is a good thing that we have been able to change it. It was put to me at the time that I had about as much chance of convincing members of Parliament that the kind of change I was advocating should be brought about as I had of convincing lions to give up eating meat. Here we are today with, I think, bipartisan support for this change. After some debate a caucus decision of the Labor Party was that the changes we were advocating were worthwhile, and we put a position to the Karasek inquiry. The position the Labor Party put has now been accepted in legislation almost to the letter.

One of the other justifications given for the generosity of the current scheme was that it encouraged quality people into State Parliament. The community can make a judgment about the quality of people in State Parliament. I argue that the quality of people in State Parliament now is no better than it has been throughout the history of the Western Australian Parliament. I also argue that the candidates who are lining up for the election that is looming within the next 12 months are of no lesser calibre than the people who have lined up for elections in all of the previous elections for the Parliament in Western Australia. The Liberal Party and the Labor Party have people who are putting up their hands as candidates and who will make major income sacrifices in their professions to come into State Parliament. Superannuation does not come into their thinking. They are doing it for another purpose. I would have thought that members on both sides of Parliament believe of themselves that they go into public life because they want to do some good for the general public. The parliamentary superannuation scheme does not become a factor until one is a member of Parliament, and then it becomes an incentive to hang in there because members can see what is available at the end of it. Unfortunately, in some cases it begins to dominate the thinking of people. We can get rid of that in one fell swoop.

The Western Australian public will applaud this Parliament for the change it is pushing through in this legislation. I sincerely hope that it will go some small way towards restoring - my expectations might be too high - the standing in which politicians might be held in the community. The concept that we are all of a venal nature and are in here because we want to suck as much money out of the public system as we possibly can will begin to diminish in the public consciousness. We will be able to mount an argument from both sides of the Chamber that we are in here because we are doing some good for the community and our motivations rise above pure financial reward, and we are not simply in here to establish a nest egg for ourselves so that we might retire or, as has been the case for so many people who have retired early or at a young age from State Parliament, to retire from political life with a very large sum of money or ongoing pension of substantial proportions and then go into some other form of employment, oftentimes publicly-funded employment in which the remuneration is even more generous than the amount of money we were earning as a member of Parliament. That capacity will go.

An interesting position exists in relation to the transition period. It is not an easy situation for members of Parliament who were elected at the last election. I am one of those members who was elected at the last election. We are being given the opportunity to choose between staying in the current scheme, which we know is a generous scheme and which we would be able to access after only two terms in this Chamber - that is, eight years - or three terms, if we decided to retire; or giving up our position in the current scheme and in a sense stepping into relative uncertainty - although with one great certainty, that our financial position will be less than that which would accrue to us if we stayed in the current scheme. I have made the decision that I will give up the current scheme and go into the new arrangements, although as the Deputy Leader of the Opposition said, we have not been told what those new arrangements will be. Other members of Parliament who were elected at the last election must make that decision for themselves. It is not a decision that some of them will make easily. However, for all the members who come in at the next election, there will be no choice and we will be in a new period in the history of Western Australia.

In a relatively short space of time people will look back on the current arrangement and they will be scarcely able to believe that it existed, because it is so generous. When people look back they will find it incredible that a person was able to be elected into a Parliament of this kind, which is a relatively small Parliament in a relatively isolated part of the world, and after just eight years be able to put himself in a position where potentially he never has to work again; whereas the average man and woman working for a wage would be working for an annual wage which would be nowhere near what that superannuated politician would be taking for his retirement benefit for the rest of his life. People will look back on that situation and will not believe that it actually existed, and will say it was a good thing that it was finally got rid of. The members in this Chamber and the other Chamber - assuming it gets through there - will be congratulated for having made that decision. I am pleased that this has come about. I do not know whether members are agonising about this, but certainly some members on the other side of the Chamber placed themselves in a slightly difficult position because they signed a letter advocating that the current scheme be scrapped, and now they are faced with the consequences of having signed that letter and they will have to live with that. For the people who are finding it difficult to make that decision I can say that once they make the decision, it is simple. They will just get on with life and stop thinking about their superannuation and get back to thinking about that which they should be thinking about, which is their work as a member of Parliament.

It is a good time for this to happen. We are in a run-up to the next state election. Quality people are coming forward to volunteer their services to both major parties and probably to the National Party as well, regardless of the fact the current superannuation scheme will no longer apply to them and they will no longer have those generous benefits. I will end on a quote. I started with Buddha and I will end with Voltaire, who said -

When it is a question of money, everybody is of the same religion.

I fully expect that this piece of legislation will be passed unanimously by both Houses of this Parliament, and that is a good thing.

**MR MacLEAN** (Wanneroo) [4.28 pm]: I am pleased that this has happened. I am one of the class of '96, for want of a better term, who pushed for reform of the superannuation scheme. I am concerned that we do not know what the reform is. For example, if the reform is nothing more than an enforced savings policy in which we pay our superannuation and at the end of our term we are paid out as a lump sum payment - as someone has ventured - there is no difference between that and what we currently have, because we will still receive a lump sum benefit. It will still be an enforced savings policy. There is only one way we can reform the superannuation policy; that is, to close it completely. We should close the superannuation scheme for politicians and leave it up to members of Parliament, as those entrusted to govern the State and to manage its finances properly, to find a superannuation scheme with which we are comfortable. The Government could make the required 7 per cent contribution and members could contribute to the scheme if we so wish. There are enough superannuation schemes around these days that we can pick and choose. We could pick a superannuation policy and the Parliament could negotiate with the provider, given that it would be contributing a large sum. That policy could be structured such that once a member leaves Parliament the account is closed and the money remains in the scheme until the member turns 55. The member could continue to contribute, in which case he would have a much greater pension.

The policy that Parliaments have adopted over the years of enforced savings so that members of Parliament retire with a lump sum payment or a hefty pension without contributing for the required years is anathema. We would not allow workers in this country to have such a policy, yet we do.

It would be nice if the Labor Party were to recognise that the architect of the scheme was Brian Burke. I do not expect them to, so I will. He wanted to encourage politicians to leave this place at a young age. Regardless of what members think of the scheme, I believe his intentions were fair. We are a young, aggressive and leading State and we need young and aggressive politicians. Having a member hanging around until he is 55 years of age just to get a pension is not what the Parliament is all about. If a member is over 55 and still making a contribution, I do not have a problem. However, if a member is here just to make up the numbers and to get a hefty pension, he should not be here. This State is too important to me to have that type of person in Parliament.

I support this change to the legislation and I welcome it. However, I have my doubts. If what replaces it is nothing more than enforced savings and at the end of our term we still get a lump sum payment and we still have the problems associated with that, what changes would have been made? No changes would have been made if that were the case. We will achieve real change only if we close the scheme. Those members who are in the scheme will still reap its benefits. As has been suggested, members of the class of '96 can make up their own minds. However, the scheme should be closed. The compulsory contribution could be paid to an authorised superannuation account and members should be allowed to contribute what they wish, but the funds should remain in the account until the member reaches 55 years of age.

Mr McGowan: You are not in the class of '96.

Mr Thomas: You are not eligible for the new scheme.

Mr MacLEAN: No, I cashed in my superannuation. In any case, my time in the other place would total only six years, so I do not yet qualify for a pension.

Mr McGowan: Do you get to make a choice?

Mr MacLEAN: Yes.

Mr Thomas: How?



Mr MacLEAN: Because I joined the superannuation scheme in 1996; the other one was cashed in. The other one did not continue.

Mr Thomas: I understand.

Mr MacLEAN: I am a new member as of 1996, so I have the option. I still have the option because I do not qualify for a pension. However, in principle, I do not have an option because I have said from the start that the scheme should be closed.

If the final recommendation is that we have some form of enforced savings policy, we will have to try to deal with that then and there. People in the street have a superannuation scheme they can pick up at 55 years of age or older. I support that for politicians. I welcome this move and I support it.

**MR BLOFFWITCH** (Geraldton) [4.34 pm]: As I said in my grievance today, I am anxious for this Bill to be passed because it addresses many anomalies.

Several members interjected.

Mr BLOFFWITCH: I will be staying with the old parliamentary scheme because I like the flexibility of the pension and the lump sum. None of us is sure what will happen in four, five or 10 years.

Mr Barnett: Or six months.

Mr BLOFFWITCH: None of us knows what our financial position will be. It is nice to have the flexibility of taking a lump sum if I wish. If I want to take a pension, I also have the right to do that. After all, this is the House of government and it should decide these things. That is where we should leave it. I support the Bill.

I like the changes that are being made to the de facto situation relating to a member losing his wife or dying while in office. Under the old system, the wife got virtually nothing. Under this system, she will get a pension and she will be looked after. Many of the anomalies in the old scheme are being addressed in this scheme. That is a very good thing, we should support it and it should not be delayed. It has my support and I look forward to its passing.

**MR TRENORDEN** (Avon) [4.36 pm]: I wish to say a few words about this Bill because the process leading to it has caused me considerable pain over many years. I have never been on the board of the parliamentary superannuation scheme. However, for most of my time in this place I have been seconded to it as a non-voting attendee. I have been through a long process of changing the superannuation arrangements in this House.

I am annoyed at the public perception, and even the perception of some of my colleagues, about the superannuation scheme. The stories of roting and so on make good media fodder but are not true. The situation has grown from an old vesting scheme and it is messy because it has not been altered in years. I suggest that most people have forgotten about that process. There was a time when superannuants did not receive a benefit until the employer indicated the number of years to be served before an entitlement would be paid. That was the basis of the scheme. Every time it has come up for review, someone in this House has destroyed the process for political purposes - not for the benefit of members or the people of the State, but for futile, short-term political gain.

It is pleasing to see the Bill get to this stage. I make the point - which might be useless - that, as a member of Parliament, I am still not earning what I earned in my previous occupation prior to becoming a member. I still have on my desk, just to remind myself from time to time, the last slip I received in the mid 1980s from my previous occupation which indicated I would retire on about \$1.3m. My superannuation benefit now is somewhere between \$800 000 and \$850 000. I therefore did not enter politics to improve myself financially. I was in the insurance industry before I came into politics and I was a fairly reasonable adviser in matters of superannuation, even if I say so myself, and I have kept my hand in that game. However, it greatly irritated me when I came to this place to find that, as a single parent with sole custody, my three children, who were 100 per cent dependent on me for their welfare, would have received nothing if I had died. When I say that they would have received nothing, I mean they would have had the benefit of my contributions multiplied by two and an interest rate applied to that plus an educational allowance of, from memory, about \$3 000 or \$4 000 each. The balance of the benefit went to the State. That situation was absolutely appalling and it occurred because the scheme was so obsolete in 1986 when I came to this place. It is now 2000 and it is just as obsolete.

I was also appalled to find that no benefit was payable from this scheme if I or any member of this House became disabled. Disablement, not death, is the fastest growing claims area of superannuation funds. However, because a previous Premier, Brian Burke, decided to fix up a favourable position for his friends when he was leaving, the final benefits of the scheme were thrown completely out of kilter. The scheme did not therefore enhance the position for members of Parliament in the early years, but if a member were lucky enough to hang in there for a number of years - I have now completed 14 years' service - the scheme was reasonably beneficial. However, it is not a balanced scheme and it is not by any description a reasonable scheme. Some provisions are generous and others are absolutely limiting, such as disability benefits and benefits for wives. My youngest child is now 26 and if I die, my children's financial requirements are not as they were. However, if the member for Pilbara had died at the same time as his wife died of cancer leaving him in control of his children, they would have received nothing. I am sick of hearing the public say that this superannuation scheme is generous. In that respect it is an appalling scheme.

The changes to the legislation contained in this Bill are long overdue. This debate should have occurred 10 to 20 years ago. By moving the scheme into a new administration with another group of people to review it, as our salaries are reviewed,

we may at least bring sensible debate into the matter and take politicians out of the equation which, frankly, is the best thing. I am amazed that members are not jumping up today to say something about superannuation so that they can be quoted in the newspaper tomorrow. This is what superannuation has always been about in this place. To me, therefore, this is a very pleasing time.

When I said "painful" I was referring to the board meetings I attended when, for many, superannuation was brought almost to the line, which was frustrating not only for myself, but also for many other members who were superannuation board members at that time. There will be some problems with this legislation as there will be winners and losers. However, no matter what we do with the legislation, there will be winners and losers. From my experience, I will be a winner, not because I have designed it that way but because of circumstance. I suggest the members who were elected at the last election will be the losers.

Mr Shave: How can they be losers if they stick with the whole benefit?

Mr TRENORDEN: People opting for the new system will be losers. I am not saying that to be negative to the Salaries and Allowances Tribunal. The challenge is for the tribunal to pick up the scheme, give it a basis so that it attracts the best possible people into politics and give it short-term as well as long-term benefits for the special activity of being a member of Parliament. I am therefore enthusiastically in favour of this Bill and I am delighted that the day has arrived for its debate in the Parliament. I will be pleased to see the control of this Bill taken out of the hands of politicians and put into the hands of the Salaries and Allowances Tribunal where it might progress and we will stop shooting ourselves in the foot, as we have done for several decades.

**MR KOBELKE** (Nollamara) [4.45 pm]: I will comment on some of the general aspects of the legislation. The parliamentary superannuation scheme has been in place for some time and when it was put in place, superannuation was not as generally available in the community as it is now. This Bill primarily implements a scheme which will establish parliamentary superannuation commensurate with the standards of superannuation now available in the community; that is something which people expect us to do.

The second key aspect of the Bill is that it provides a new legislative framework for the parliamentary superannuation scheme. This will mean that the complex changes that take place with superannuation schemes on a regular basis will allow the parliamentary scheme to be adjusted through the change in regulations and the change in the design of the scheme, without having to come back to Parliament for legislative amendments. That is something that we need for the superannuation scheme to be workable in this day and age.

When we move to the new scheme we will be giving up the power to establish that scheme to the Salaries and Allowances Tribunal. That means that one must have confidence that the Salaries and Allowances Tribunal and other people who will have input into the design of a superannuation scheme in the future, will ensure that it is a fair and reasonable scheme and that it is commensurate with the standards expected in the community.

I will make a few comments on that point because we are aware that the superannuation scheme is costly. That is reflected in the consolidated financial statements for 1999 issued by the Government of Western Australia. Page 6 of its report notes that liabilities under the parliamentarian and judges pensions scheme increased by \$2m and \$12m respectively. Therefore in one year when the parliamentary scheme placed an extra liability of \$2m on the Government, the judges pension scheme added a liability of \$12m for the same period.

The other matters in this report to which I draw attention relate to the fact that we must have confidence about how the scheme will be managed. The Minister assisting the Treasurer must establish credibility, even though he may not play a major role in the development of the scheme. I hope the minister will respond to the fact that he misled the House the other day on superannuation. On Tuesday the minister had a Dorothy Dix question asked of him about the government employees in the West State scheme. The minister said that he was pleased to inform the House, and to reassure all members of the Government Employees West State Superannuation Fund, that it was now fully funded. He was referring to the budget for 1998-99 and specifically to the West State scheme as reported in its 1999 annual report. He went on in his answer to say -

Under this Government, as is clear in the budget papers, West State is 100 per cent funded.

That is simply not true. The minister responsible saying things that are untrue causes doubt as to whether the whole scheme will be managed well. I have passed to the minister a copy of page 6 of his Government's consolidated financial statements which reads -

The liabilities under the West State Super Scheme (being the Superannuation Guarantee Charge) increased by \$9 million at 30 June 1999 to \$565 million.

Therefore, the Government's own statements indicate that the liability is growing, but the minister said in this place that it was all covered. In the annual report of the Government Employees Superannuation Board, which reports on the West State superannuation scheme, that same figure of \$565m appears as the unfunded liability. The increase shown in its report is only \$8m.

I understand that the West State annual report, as the minister may have seen, uses different sets of figures, and therefore he may wish to run an argument that, on the special set of figures he has, the situation appears to be different. However, that would mislead the House because all the documentation that is available -

Mr Kierath: I think you should speak on the Bills next week, not on this Bill today.

Mr KOBELKE: It relates to confidence in the minister; that is the problem. This scheme will be set up without the Parliament having a direct say on its conditions. If we are to have trust, we need to know that the minister will not mislead the House. On Tuesday, the minister clearly misled the House because he indicated that the West State scheme was 100 per cent funded. The Government's own financial report and the report of the Government Employees Superannuation Board show that that scheme's unfunded liabilities have been blowing out, which is totally contrary to what the minister said.

One hopes that the new scheme will be an advance. It is a new way of arranging the scheme. The matter of trust and confidence of members in the management of the scheme will become more important. I trust we will have that confidence, but that is thrown into doubt when the responsible minister comes into this place and makes untrue statements which mislead the House.

**MR BROWN** (Bassendean) [4.51 pm]: Since the Government changed the superannuation arrangements for state government employees and cut the benefits available to them from 12 per cent to 7 per cent, there was no doubt that this amendment Bill that we have been debating today would be put forward. That was done, and any boasting now by the minister that he is able to meet the liabilities of the state fund for state government employees relates to the fact that the benefits for state government employees have been slashed.

One of the imperatives that has driven this scheme is that people get angry with members of Parliament if they have one rule for themselves and another rule for others. Ever since the Government moved to slash the benefits available to state government employees, there has been a growing disquiet about the disparity between what state government employees receive under their reduced scheme and what members of Parliament receive. I do not think this will be the last change in the terms and conditions of employment for members of Parliament, because in the real world, under the Government's workplace agreements legislation, workers have not only had their superannuation benefits reduced under the Government's scheme but also they have had their wages reduced in real terms. Here in Parliament House, security officers who have been moved from one contractor to another now earn less for working more hours than they worked previously.

This Bill which is before the Parliament reduces benefits, and it does so because it follows on from the significant reductions that have occurred in the work force in general as a result of the Government's industrial legislation and in the Public Service in particular as a result of the changes the Government has made to its superannuation arrangements.

**MR KIERATH** (Riverton - Minister assisting the Treasurer) [4.54 pm]: I will save my comments about the member for Nollamara until a later stage because I do not think, for the purposes of this debate, they will be of any help. I thank members for their comments. I have a couple of statements I want to put on the record. Earlier, the issue of closing the parliamentary scheme completely and introducing a choice of funds was raised. This legislation supports choice for new members, as the responsible minister will determine the scheme or schemes to which contributions will be paid. The contributions will be fully funded for new members who will get access to market rates of return.

I was asked about some other issues concerning the protection of accrued benefits. I place on record that the tribunal's power to change the existing scheme is for the purpose of rectifying anomalies, as mentioned by the member for Avon. There is no suggestion by the tribunal that it is considering major changes to the scheme. In fact, significant constraints are on the tribunal's powers so that it cannot reduce members' accrued benefits. That refers to clause 17.

Another issue that was raised was whether the tribunal can reduce the accrued benefits for members with more than seven years but less than 12 years' service. The answer is no. The normal meaning of accrued benefit would apply to the benefits of these members, notwithstanding that they must satisfy at least one of several conditions to qualify for a pension. Clause 17 provides for a new section 28(4)(a), which will constrain the tribunal from making any determination that would reduce a member's accrued benefit.

The final issue was whether the tribunal can restrict access to a member's current pension entitlement so that it does not become payable until a specified age - for example, 55 years - rather than being payable immediately upon retirement from Parliament. Again the answer is no. Only that portion of a member's pension entitlement that accrues after the date of the tribunal's determination is potentially preservable until a specified age. The entire amount of pension that had accrued at the date of determination would still be payable immediately upon retirement from Parliament. In addition, the tribunal would also be required to determine a redundancy benefit if it moved to restrict access to a member's future benefit. I think that satisfies the concerns of most members - certainly the ones that have been raised with me - and I put those comments on record.

Question put and passed.

Bill read a second time, proceeded through remaining stages without debate, and transmitted to the Council.

*House adjourned at 4.57 pm*

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**QUESTIONS ON NOTICE**

Questions and answers are as supplied to Hansard.

**GOVERNMENT DEPARTMENTS AND AGENCIES, PRINTED INFORMATION**

1706. Mr RIEBELING to the Minister representing the Minister for Transport:

- (1) For each department or agency under the Minister's control, what brochures, pamphlets, bulletins and other forms of printed information, other than annual reports and "in-house" bulletins, were produced during 1998-99?
- (2) For each brochure, pamphlet, bulletin and other form of printed information, will the Minister advise -
- (a) the original and final costs;
- (b) the purpose; and
- (c) the names of any contractors involved in the production, and the services they provided?

Mr COWAN replied:

The Hon Minister for Transport has provided the following response:

**Department of Transport**

(1)	Original Cost \$	(2)(a) Final Cost \$	(2)(b)	(2)(c)
Regional Transport Strategies: Goldfields Esperance	10 120	10 120	Info	Design: Sue Pearce Printing: Optima Press
Draft Gascoyne	10 817	10 817	Info	Maps: Estill Printing: West Coast Print
Final Gascoyne	14 789	14 789	Info	Design: Turner Butcher Printing: Lamb Printers
Final Southern Province	8 956	8 956	Info	Design and Printing: Planet Creative Media
Draft Mid West	13 499	13 499	Info	Design/Editing: Design Design
Fatigue Management: Code of Practice	10 116	10 116	Info	Cover: Design Design Production/Editing: More than Words
Fatigue Management for Commercial Vehicle Drivers Brochure	2 240	2 240	Info	Printing: P J Printers Design: Quills Communication
It's a Code to Live By Code of Practice Brochure	1 600	1 600	Info	Printing: Picton Press Design and Print Management:
Stay Alert to Driver Fatigue Aviation Development Program	3 067	3 067	Info	Core Marketing Production/Editing, Print Management: Design Design
Regional Airport Development Scheme	1 966	1 966	Info	Production/Editing, Print Management: Design Design
Recreational Boating Facilities Scheme Grant Guidelines Brochure	890	890	Info	Design, Layout, Printing: Frank Daniels
Patrol Vessel Guardian Driver Below	606	606	Info	Design and Printing: Total Advertising
Commercial Vessel Services Driver Below Reprint	14 085	14 085	Info	Design and Printing: Total Advertising
Better Time Boating Driver Below Stickers	4 531	4 531	Info	Design and Printing: Total Advertising
Aquasmart Booklet	4 281	4 281	Info	Printing: PK Print
Skip the Boat Safe Bird Stickers Australia and New Zealand Boating	6 813	6 813	Info	Design and Printing: Total Advertising
Education Group National Publications: Stay Afloat, Go Boating Safely	9 385	9 385	Info	Design and Printing: Total Advertising
Initial Survey Requirements for Commercial Vessels	14 866	14 866	Info	Concept, Design and Printing: Total Advertising
Survey Requirements for Passenger Carrying Vessels	2 170	2 170	Info	Design and Printing: Total Advertising
Equipment List and Survey Requirements Notice to mariners (published as required)	3 000	3 000	Info	Contractor unknown - contribution towards national campaign on safe boating/education
Immobilisers Phase 1	352	352	Info	Printing: Sands and McDougall
Custom Plates Brochure	485	485	Info	Printing: Sands and McDougall
Corporate Plates Brochure	327	327	Info	Printing: Sands and McDougall
Call Centre Promotion	3 000	15 937	Info	Typesetting and placement: Marketforce
Payment Methods Brochure	2 772	2 772	Info	Design: John Davis Printing: On-Line
Road Safety Regional Strategies: Kimberley	17 262	17 772	Info	Design: The Brand Agency Printing: Muhlings
Southern Regions	10 000	10 000	Info	Design: John Davis Printing: Muhlings
Goldfields/Esperance	4 317	4 317	Info	Design: The Brand Agency Printing: Muhlings
Road Safety Council Newsletter	24 558	24 558	Info	Design: John Davis Printing: Advance
	13 800	13 800	Info	Design and Production: Teal Corporation Design
	12 500	12 500	Info	Design and Production: Teal Corporation Design
	10 000	10 000	Info	Design and Production: Teal Corporation Design
	15 500	15 500	Info	Design: Total Communications Printing: Vanguard Press

Brochures, etc associated with various public education campaigns	50 000	50 000 (approximately)	Info	Various for design and production
Road Safety Calendar	75 500	85 000	Info	Design and Production: Shorters
Crash Statistics Book 1997	40 000	40 000	Info	Design and Production: Egg Design
Youth Road Safety Strategy	15 000	15 000	Info	Design and Production: Eureka Design
Child Car Restraints	10 000	10 000	Info	Design and Production: Shorters
Older Road Users Strategy	15 000	15 000	Info	Design and Production: Egg Design
Integrated Road Safety Brochure	5 400	5 400	Info	Design and Production: Dessein Graphics Pty Ltd
Police Road Safety Brochures	19 600	19 600	Info	Re-Printing: Advance Press B & S Printing, Expo Document Copy Centre, Impact Communications, Label Makers Pty Ltd, PK Print, Unicorn Print & Design, Swift
TIP Quarterly Newsletter	2 000	1 891.50	Info	Design and Production: Mills Wilson Media Consultants
Both Sides of the Windscreen Edition 1	10 000	8 165	Info	Graphic Design: Whistling Moose Printing: Touchstone Colour
Both Sides of the Windscreen Edition 2	10 000	9 732	Info	Graphic Design: Whistling Moose Printing: Touchstone Colour
Bikewest Information Brochures 1-12	15 800	15 800	Info	Graphic Design: TM Typographics Printing: Scott Four Colour
Cycling Down South Map	6 505	6 505	Info	Graphic Design: Coastal Mapping Branch (Transport) and TM Typographics Printing: Scott Four Colour
Using Shared Paths with Safety and Courtesy	1 471	1 471	Info	Graphic Design: TM Typographics Printing: Advance Press
Taxi Customer Service Survey	637	637	Info	Design and Printing: Boshe Group
National Competition Policy - Issue Papers, Option Papers, Final Report	2 160	2 160	Info	Design and Printing: Boshe Group
South West Metropolitan Railway Master Plan and Information Kits	45 252	45 252	Info	Design and Print: Glew Corporate Communications
Rockingham Taskforce Options Papers	8 180	8 180	Info	Design and Print: Glew Corporate Communications
Mandurah Transport Paper	4 500	4 500	Info	Design and Print: Glew Corporate Communications
Kwinana Busway Brochure	3 361	3 361	Info	Design and Print: Glew Corporate Communications
Transperth Posters: MultiRider A3, Fare Information, 3am Train Cancellation, Rotary Transperth Employee of the Year, FootyRider, Student MultiRider Exchange, New Bus Launch, Skyworks Ferry, Skyworks Bus Information, Ferry Centenary Frame, Late Night Trains, Christmas Pageant, Royal Show, ShowRider Ticket, Campaign Presentation, Driver of the Year, Morley Posters, Canning area poster, Circle route, Route 102, 103, UWA, Route 70's Curtin, General Changes, Circle Route Success, Success Shelter poster, Route 183/4/5, Illuka, Belmont Stand Posters, Fremantle Clipper			Info	Design, Preparation Production: JDA  Design, Preparation Production: Core Marketing
Total Cost Transperth Posters		77 489.91		
Transperth Timetables: General Timetable Changes, Mockup of timetable guide, Skyworks timetable, New Year's Eve, Christmas Pageant, Royal Show			Info	Design, Preparation Production: Core Marketing
Total Transperth Timetables		923 072		
Transperth Brochures: Tourist Pack, New Buses Flyer, Mt Henry Bridge Lane Extension, Warwick and Whitfords Taxis, Travel document wallet, Transitway information sheet, Brochure folders, Busport Tourist Guide			Info	Design, Preparation Production: JDA
Passenger Service Bulletin Tickets and Fare Guide, Fremantle Clipper, Canning Area, Canning Area,				Design, Preparation Production: Core Marketing

Joondalup, Route 186-786, Brochure folders - changes in your area, Armadale 10, Circle Route Route 102, 103, UWA, Route 70's Curtin Tickets and Fare Guide, Circle Route, Success Route 183/4/5, Tickets and Fares Guide, Route 70 and 170 Iluka Newsletter Stand Changes					Design, Preparation Production: Inhouse Design, Preparation Production: Definition
CATS Brochure Style Guide Fremantle Clipper CATS brochure			Info		
Total Transperth Brochures	160 494.51				
Outdoor: MultiRider, Environment, Night Safe Card Launch, Transperth Services, Customer Comment Line, Night Alight.			Info		Design, Preparation Production: JDA
Total Transperth Outdoor	39 473.07				
Transperth Signage: Timetable Holders,			Info		Design, Preparation Production: Inhouse
Branding Checklist,			Info		Design, Preparation Production: Definition
Service Changes Morley,			Info		Design, Preparation Production: Core Marketing
Stickers.			Info		Design, Preparation Production: JDA
Total Transperth Signage	12 515.61				
Transperth Other: Footy Rider promotion equipment			Info		Design, Preparation Production: JDA
Nightsafe Card Launch, Fremantle Transitway Circle route photos, Galleria promotion Morley Map Morley Direct Mail, Morley distribution Morley planning information Midland proof, Joondalup mail drop, Canning area, Canning mail drop Brentwood mailer Circle route general Circle route mail drop Brentwood mailer Circle route general Circle route mail drop Route 102, 103, UWA Success mail drop Iluka letterbox drop			Info		Design, Preparation Production: Inhouse
Total Transperth other:	121 889				
Perth Access Brochures	8 000		Info		Drafting, Setting and Printing: Jung Lautrec and Shaw
Draft Perth Metro Freight Transport Strategy	11 697		Info		Drafting and Typesetting: Design Design Printing: Lamb Print

**Main Roads Western Australia**

(1)-(2) Main Roads produces many hundreds of brochures, newsletters, pamphlets and other forms of printed material every year. These are mainly produced using in-house resources from the head office in Perth, the nine Regional offices and the Metropolitan office at Welshpool. To accurately provide the information the member is seeking would take months of research and I am not prepared to commit scarce resources to this task. However, should the member require information about any specific publication I will be happy to assist.

**Bunbury Port Authority**

(1) Charges and Statistical Information.

(2) (a)-(b) \$529.  
(c) A and L Printers.

**Port Hedland Port Authority**

(1) Port Hedland Port Authority Cargo Statistics.

- (2) (a) \$775.  
 (b) Dissemination of Port information.  
 (c) The brochures were produced and supplied by Scott 4 Colour Print.

## Dampier Port Authority

- (1) 1999 Diary and Port Trade Statistics Brochure.

- (2) (a) Diary \$7 400; Brochure \$445.  
 (b) Purpose for Diary and Brochure, community service.  
 (c) Diary - John D Harris, Printing, Brochure, OTG Printing, Printing.

## Fremantle Port Authority

- (1) (a) Quarterly Port News brochures;  
 Quarterly Tenant Talk brochures;  
 Statement of Corporate Intent;  
 Draft Inner Harbour Port Development Plan;  
 Trade Review; and  
 Strategic Plan 1999 to 2004.

(2) (a)	Estimate	Final Cost
Port News	\$3 200 per quarterly publication	\$13 000 per annum
Tenant Talk	\$1 275 per quarterly publication	\$ 5 100 per annum
Statement of Corporate Intent	\$2 184	\$ 2 413
Port Development Plan	\$6 200	\$ 6 200
Trade Review	\$2 605	\$ 2 812
Strategic Plan	\$4 748	\$ 5 992

- (2) (b) (i) Port News is a trade news brochure distributed widely to the international and national shipping and business community and our customers.  
 (ii) Tenant Talk is an information brochure for Fremantle Port Authority tenants.  
 (iii) Trade Review is a company profile with annual trade statistics.  
 (iv) The Strategic Plan brochure and the Statement of Corporate Intent have been distributed widely to ensure that our customers and stakeholders are kept well informed about the Fremantle Port Authority's forward planning and key strategic goals.  
 (v) The draft Inner Harbour Port Development Plan was produced as a publicly available document with an invitation to the public to comment on its contents.

- (3) Acorn Design and Photoplay provide services such as art design, typesetting, scans, negative preparation and print management for different publications.

## Westrail

- (1) Westrail produced the following publications:

Newsletter to grain growers.  
 No Smoking pamphlets.  
 Country passenger timetables.

- (2) Newsletter to graingrowers:

- (a) Original and final cost - \$5 247.62  
 To provide information to grain growers about Westrail freight services.  
 (b) (i) Copy type and Design – Graphic design and printing.  
 (ii) Quills Professional Writing Services - Preparation of editorial content.  
 (iii) Northside Distributor and Finisher – Distribution and mailing.

## No Smoking pamphlets:

- (a) Original and final cost - \$1 200.00  
 (b) To provide information to passengers about Westrail's No Smoking policy on trains and at stations.  
 (c) (i) Delta's Print Pty Ltd, Printing.  
 (ii) Health Department of Western Australia, Design and photography.

## Country passenger timetables:

- (a) Original and final cost - \$18 969.00  
 (b) To provide information to passengers about scheduled services.  
 (c) Expo Document Copy Centre, Printing and folding services.

## NARROWS BRIDGE DUPLICATION, SURCHARGE EMBANKMENTS

1715. Ms MacTIERNAN to the Minister representing the Minister for Transport:

With regard to the Narrows Bridge duplication and interchange –

- (a) when were the surcharge embankments placed on the river foreshore for the approaches on the new bridge;  
 (b) when were they removed;  
 (c) who was the geo-technical engineering firm that designed the surcharge embankments;  
 (d) will the Minister release the report prepared by the consulting geo-technical engineering firm into the requirements for the surcharge embankment; and

(e) if not, why not?

Mr COWAN replied:

The Hon Minister for Transport has provided the following response:

- (a) During December 1998 and January 1999.
- (b) Removal of the surcharge component of the embankments commenced in mid December 1999 with removal of the final sections expected in August 2000.
- (c) Coffey Partners International Pty Ltd.
- (d) Yes. I hereby table the document. [See paper No 865.]
- (e) Not applicable.

GOVERNMENT RAILWAYS COMMISSION, PERFORMANCE INDICATORS

1722. Mr RIPPER to the Minister representing the Minister for Transport:

- (1) Did the Auditor General's Public Sector Performance Report No. 7 of November 1999 find that the Western Australian Government Railways Commission had a significant variation between the published and unpublished performance indicators for 1997-98?
- (2) In what way did the published performance indicators, which would have appeared in the annual report, vary from the unpublished performance indicators signed off by the Auditor General?
- (3) What was the reason for this variation?
- (4) What action has been taken to ensure that the Western Australian Government Railways Commission does not again place itself in such an embarrassing situation?

Mr COWAN replied:

The Hon Minister for Transport has provided the following response:

- (1) No. The Auditor General's Public Sector Performance Report No. 7 of November 1999 page 47 found that there was a minor difference between the published performance indicators in Westrail's Annual Report and the audited performance indicators.
- (2) The word "target" and the sentence "Prior year data is not available for AvonLink" were omitted from Westrail's 1998 Annual Report with respect to the on-time performance of the AvonLink train services. The Auditor General noted that the omissions could result in a reader construing that the 1997 figure for on-time running was an actual figure rather than a target figure.
- (3) Undetected omissions were made in Westrail's published Annual Report.

ENVIRONMENT, FLOODED GUM TREES

1747. Mr BROWN to the Minister for the Environment:

- (1) Is the Minister aware of the deterioration of flooded gums on the Swan/Helena rivers in Guildford and in the areas of the Canning/Southern River?
- (2) Has the Government examined the cause of the problem?
- (3) What is the cause of the problem?
- (4) What action is to be taken to prevent further deterioration of trees being lost?
- (5) Is any action being taken?
- (6) If not, why not?
- (7) Exactly what action is being taken?

Mrs EDWARDES replied:

- (1) Flooded gums (*Eucalyptus rudis*) throughout the South-west have been affected by insect attack causing crown decline. It is believed that the combination of lerps and leaf miners have caused considerable loss of leaves in the past twelve months. Most of these crowns are now recovering with a new flush of leaf growth.
- (2) Yes.
- (3) Lerps and leaf miner insects.
- (4) It is a natural event and no action to interfere with nature is recommended at present.



- (5) On going monitoring.
- (6) Explained by (4).
- (7) Explained in (5).

#### WESTRAIL RAILCAR DRIVERS, TERMS OF EMPLOYMENT

1748. Ms MacTIERNAN to the Minister representing the Minister for Transport:

- (1) How many Westrail railcar drivers are employed -
  - (a) under Workplace Agreements;
  - (b) under awards; and
  - (c) under Collective Enterprise Agreements?
- (2) What was the actual annual payment in 1999 to railcar drivers employed -
  - (a) under Workplace Agreements;
  - (b) under awards; and
  - (c) under Collective Enterprise Agreements?
- (3) What benefits are available to drivers under Workplace Agreements that are not available to those under awards and Collective Enterprise Agreements?

Mr COWAN replied:

The Hon Minister for Transport has provided the following response:

I presume the member's question relates to urban railcar drivers (Driver Passenger Services) and my answer is provided on that basis.

- (1)
  - (a) 39
  - (b) 0
  - (c) 85
- (2)
  - (a) \$2 039 287.50 (gross earnings)
  - (b) Nil
  - (c) \$4 087 430.19 (gross earnings)
- (3) A performance payment and access to salary packaging are available to Drivers Passenger Services on workplace agreements. These benefits are not available to such employees on a State Industrial Agreement or a Federal Certified Agreement.

#### CANNING HIGHWAY, PROPERTY RESERVATIONS

1787. Mr PENDAL to the Minister representing the Minister for Transport:

I refer to the long-standing reservation of properties along Canning Highway between the Causeway and Canning Bridge and ask –

- (a) will the Minister confirm that the reservation is for 17 metres of each property;
- (b) was the reservation intended for the ultimate widening of Canning Highway into a six-lane highway;
- (c) how many properties does the State Government own in the area outlined;
- (d) is it the case that it is now acknowledged that the Government will never need to construct a six-lane highway between the Causeway and Canning Bridge by the widening of the existing highway;
- (e) what steps can the Government take to remove the reservation and thus give some certainty to private owners; and
- (f) will the Government consider selling the properties described in (c) above?

Mr COWAN replied:

The Hon Minister for Transport has provided the following response:

- (a) The reservation allows for widening of up to 24 metres, mostly on the southern side of Canning Highway.
- (b) The reservation would allow for the future widening of Canning Highway to a six-lane highway.
- (c) The State Government owns 68 properties in the area outlined.
- (d) It is unlikely that six lanes for general traffic will ever be required over the whole length of Canning Highway between the Causeway and Canning Bridge.
- (e) There is a need for a planning study to review the future road reservation requirements and in particular to determine the extent of any widening which is required for future public transport and safety improvements along the highway.

- (f) Subject to the outcome of such a study any State Government owned properties which are declared surplus to requirements could be sold.

PAINTERS REGISTRATION BOARD, PROSECUTIONS

1931. Mr McGINTY to the Minister for Fair Trading:

- (1) How many prosecutions have the Painter's Registration Board initiated against painters for breach of the Painters Registration Act 1961 in each of the last five years, including up to 1 March 2000?
- (2) How many of those prosecutions have resulted in conviction?

Mr SHAVE replied:

I am advised:

(1)	1995	43
	1996	22
	1997	28
	1998	9
	1999	12
	Jan- Mar 2000	3

- (2) Without reviewing each prosecution file for this period, it is not possible to say how many of the prosecutions initiated in each year resulted in a conviction. However, the following statistics relate to the number of successful prosecutions recorded during each year:

	1995	31
	1996	8
	1997	16
	1998	9
	1999	9
	Jan-Mar 2000	2

PAINTERS REGISTRATION BOARD, PARTNERSHIPS

1932. Mr McGINTY to the Minister for Fair Trading:

- (1) How many qualified painters are registered with the Painter's Registration Board as individual painters?
- (2) How many partnerships of painters are registered with the Painter's Registration Board as such?
- (3) How many registered partnerships consist of only one qualified painter plus one or more other family members who assist in the business other than by painting?
- (4) Why is a family partnership of only one painter to be registered twice with the Board?
- (5) Is this merely a revenue raising measure with no commensurate benefit?

Mr SHAVE replied:

I am advised:

- (1) As at 31 December 1999 - 1980
- (2) As at 31 December 1999 - 386
- (3) Applicants for registration as a partnership are not required to specify the nature of the relationship between the partners, or the role of the partners, in order to be registered.
- (4) All partnerships are required under Section 14B of the *Painters' Registration Act 1961* to either have at least one partner of the partnership already registered as a painter or to employ a person who is a registered painter, to manage and supervise the painting that is carried out by the partnership.
- (5) Section 14B of the *Painters' Registration Act 1961* requires the painting carried out by the partnership to be managed and supervised by a registered painter, and the partners are required to cause the standards of workmanship and the materials employed in the painting to be determined by the registered person. The Act was amended in 1970 to insert section 14B. The Second Reading Speech at the time indicates this provision would help to ensure the proper management and supervision of the painting undertaken by a partnership.

AQUACULTURE, DEVELOPMENT STRATEGY

1963. Mr BROWN to the Minister for Fisheries:

- (1) Has the Government prepared a strategy for the development of aquaculture in inland/desert saline waters which addresses the issues of -
- (a) availability of project resource and funding;
- (b) environmental management, including the disposal of salt water;

- (c) access to industry support such as seed stock, food and markets; and
- (d) provision of appropriate infrastructure such as power?

- (2) If not, does the Government intend to prepare such a strategy?
- (3) If so, when?
- (4) If not, why not?

Mr HOUSE replied:

- (1)-(4) Over the past 2 years, Fisheries WA in liaison with Agriculture WA has been assisting interested landholders to assess the feasibility of using inland salt water for the production of fish, predominantly trout. The project is known as "Outback Ocean". Results from a pre-feasibility study conducted in 1998 indicated a capability to grow high quality fish in inland salt water at a number of locations across the wheatbelt. In 1999 the investigation was extended with approximately 100 farmers stocking small numbers of trout into existing saline farm dams and monitoring the growth of the fish. The next phase of the project is for farmers, in liaison with the supporting agencies, to conduct pilot production trials that extend from the hatchery-nursery across the farm to processing and marketing trials. Extension of the project into full scale commercial venture will also require investigation into environmental management and may require the approval of the Department of Environmental Protection and an aquaculture licence issued by Fisheries WA. The project has been funded from existing sources within a number of Agencies, with additional external moneys being provided by the Aquaculture Development Council and Progress Rural WA. Farmers participating in the project have been assisted in their activities by a number of State agencies including Fisheries WA, Agriculture WA, Department of Commerce and Trade, Regional Development Commissions and the Aboriginal & Torres Strait Islander Commission. Support will be ongoing in 2000/01, although expansion of the project into a commercial venture will require further economic analysis and the commitment of the participating farmers. It has also been identified in "The Salinity Strategy" as an opportunity for using saline lands more productively. In addition to the Outback Ocean project, Fisheries WA has been involved with pastoralists in the Gascoyne region interested in developing aquaculture using artesian saline bores. Technical feasibility work has been conducted and current proposed work includes market research and business plan development. To date funds and in-kind support has been provided by Fisheries WA, the Gascoyne Development Commission and through the Gascoyne Murchison Strategy. The future of the project and Government investment will depend on the outcomes of the market analysis and business planning. An Aridland Aquaculture Association has also recently formed in the Goldfields region and Fisheries WA has been providing preliminary support in the areas of licensing advice. Fisheries WA will continue to liaise with the Association and provide technical information on the feasibility of aquaculture in the more arid areas of the State on an as-needs basis.

#### WORKERS COMPENSATION, PREMIUM RATES

1986. Mr KOBELKE to the Minister for Labour Relations:

For each year from 1988-89 to 1998-99, what was the Western Australian Workers' Compensation system:-

- (a) average premium rate based on the rates gazetted by the Premium Rates Committee; and
- (b) average premium rate according to the premiums paid for the financial year?

Mrs EDWARDES replied:

Reporting Year	(a)	(b)
	Notional Average Premium Rate	Actual Average Premium Rate
	%	%
1988/89	3.46	3.02
1989/90	3.35	2.87
1990/91	3.30	2.47
1991/92	3.11	2.30
1992/93	2.81	2.01
1993/94	2.98	2.37
1994/95	2.92	2.04
1995/96	2.59	1.84
1996/97	2.50	1.84
1997/98	2.24	1.83
1998/99 <sup>^</sup>		

Notes:

<sup>^</sup> the data supporting the calculations will be available following the determination of the 2000/2001 recommended premium rates.

97/98 the wage adjustment factor to the 97/98 reporting year will be reported with the 98/99 data could marginally vary these figures.

Wages reported for the years 94/95 to 97/98 inclusive have been adjusted by the Actuary, however the wages for the preceding years are actuals only as reported by approved insurers and their reliability may be questionable.

## ROAD TRAINS, KEWDALE ROAD-FENTON STREET

2037. Ms MacTIERNAN to the Minister representing the Minister for Transport

- (1) Is Main Roads WA aware that road trains and B-Doubles are routinely turning right across oncoming traffic from Kewdale Road to Fenton Street which is an unlighted intersection?
- (2) Is Main Roads WA aware that road trains and B-Doubles are routinely turning right across oncoming traffic from Fenton Street to Kewdale Road?
- (3) Are such manoeuvres permitted under the long vehicle permits?
- (4) If yes, when were such permits granted and why were the obvious dangers ignored?
- (5) How many accidents have been recorded at that intersection in the past 12 months?

Mr COWAN replied:

The Hon Minister for Transport has provided the following response:

- (1) B-doubles can turn right from Kewdale Road to Fenton Street under general permit. Road trains can make the same right turn manoeuvre under special permit. Although the Kewdale Road and Fenton Street intersection is unsignalised, there are traffic control signals at the nearby Kewdale Road and Abernethy Road intersection which help create gaps in the oncoming traffic stream.
- (2) B-doubles can turn right from Fenton Street to Kewdale Road under general permit. Road trains are not permitted to make this manoeuvre and are restricted to left turns only from Fenton Street to Kewdale Road. The Kewdale Road and Fenton Street intersection is a T-junction and accordingly, the right turn movement from Fenton Street to Kewdale Road does not cross oncoming traffic. Traffic signals at the nearby Kewdale Road and Abernethy Road intersection and the Kewdale Road and Dowd Street intersection help to create gaps in the traffic streams which have to be crossed by the right-turning B-doubles.
- (3) Long vehicles are allowed, under general permit, to turn right from Kewdale Road to Fenton Street and to turn right from Fenton Street to Kewdale Road. However, it is important not to confuse double road trains with long vehicles. Double road trains and long vehicles have the same ("A-double") configuration, but double road trains are up to 36.5 metres long, while long vehicles are limited to a maximum length of 27.5 metres.
- (4) Permits for B-doubles in excess of 19 metres were first issued under the previous Labor Government in 1992. Permits for long vehicles to travel in this locality have been issued for several years. Special permits for road trains to turn right from Kewdale Road to Fenton Street were issued in November 1999. Special conditions apply to these permits to ensure a high level of safety for all road users at this location.
- (5) In the twelve months to the end of December 1999 a total of four crashes were reported at the intersection of Kewdale Road and Fenton Street. Only one of these crashes involved a truck and that occurred in May 1999.

## WORKPLACE AGREEMENTS, UNPAID OVERTIME

2053. Mr BROWN to the Minister for Labour Relations:

- (1) Further to question on notice No. 1712, of 2000, does the Minister understand the difference between overtime rates and penalty rates (that apply for working ordinary time, like for example shift penalties that apply when a person works afternoon or night shift) on the other?
- (2) If so, when the Minister referred to "penalty rates", is the Minister referring to penalty rates payable for working ordinary time that may fall, for example, on a weekend, public holiday or for working shift work?
- (3) If so, does the Minister understand the difference between penalty rates paid on those occasions and overtime rates for working additional hours over and above those of the normal week?
- (4) Does the Minister stand by her claim that many employees choose to work unpaid overtime as a result of directly negotiated agreements that provide a higher base salary?
- (5) What research does the Minister have to support the claim that employees have entered into Agreements to work unpaid overtime (as opposed to surrendering penalty rates) to acquire a higher base salary?

Mrs EDWARDES replied:

- (1) Yes. Although it is common for the term "penalty rates" to be used in a generic sense that covers any payment in addition to the remuneration received for standard hours.
- (2) Yes. This also referred to overtime rates.
- (3) Yes.
- (4) Yes. The higher base salary compensates for the overtime.

- (5) The rationale behind employees entering agreements which vary penalty arrangements and pay rates is to strike a pay rate that fairly compensates for the hours worked. In this context, the term "unpaid overtime" is not relevant. Research has shown that one of the basis premises of both collective and individual workplace bargaining in Australia, is the ability to cash out penalty arrangements for a higher base rate of remuneration. Many union agreements made under the current, and previous legislation at both State and federal levels, use this premise.

INDUSTRIAL RELATIONS COMMISSION, MINIMUM RATE OF PAY SUBMISSIONS

2203. Mr KOBELKE to the Minister for Labour Relations:

What are all the dates on which the Western Australian Industrial Relations Commission has made submissions to the Minister on the minimum rate of pay in accordance with Section 14 of the Minimum Conditions of the Employment Act 1993?

Mrs EDWARDES replied:

The dates on which the Western Australian Industrial Relations Commission has made recommendations to the Minister for Labour Relations on the minimum rate of pay in accordance with s.14 of the *Minimum Conditions of Employment Act 1993*, are as follows:

31 May 1994  
 31 May 1995  
 30 May 1996  
 30 May 1997  
 28 May 1998  
 31 May 1999  
 15 February 2000.

QUESTIONS WITHOUT NOTICE

HOT BRIQUETTED IRON PLANT, PROBLEMS

**754. Dr GALLOP to the Minister for Resources Development:**

I refer to the very worrying announcement by Broken Hill Proprietary Co Ltd today that it will make a decision on the future viability of its \$2.6b hot briquetted iron plant in Port Hedland.

- (1) Has the minister sought or been given a briefing from BHP on this development?
- (2) If so, can the minister provide any additional information to the House?
- (3) Will the minister join with the Opposition in expressing hope that these technical difficulties will be overcome and that the plant will continue to operate?

**Mr BARNETT replied:**

- (1)-(3) I thank the Leader of the Opposition for the question and for the positive way in which he framed it. The BHP HBI, direct reduced iron plant has been an enormous investment. The technology used by BHP has proved to have some difficulties. I stress that the process of producing direct reduced iron and then compacting it into the HBI briquettes has several stages. The first stage of the process is causing difficulties, not the subsequent stages. The first stage is running into difficulties because the material tends to be fairly sticky in nature. Although the plant can operate and produce briquettes, it requires continual closure and cleaning and then restarting. The plant operates, but it is not operating to its design or to an economic standard.

BHP has maintained constant contact with me and representatives spoke to me yesterday afternoon to inform me that they would make some public announcements, as they are required to do. I am advised that the process can be made to operate. The issue is whether it will operate economically. Technical solutions are available, but they are high-cost solutions. It has a lot to do with the temperature. It sounds somewhat ironic, but a high temperature option or a low temperature option can be used. BHP is making every effort to resolve the technical issues. I am cautiously optimistic that it will be able to do that, but we are working closely with it. I commend BHP for maintaining close dialogue with the State Government and the Department of Resources Development while BHP continues to try to get this process to perform to design capacity.

PROSTITUTION

**755. Mr MacLEAN to the Minister for Police:**

Should it be a criminal offence for an act of prostitution to take place in the presence of children?

Mr McGinty: Do you want to say something about that, Mr Speaker?

The SPEAKER: To some extent the question may be canvassing an opinion.

Mr McGinty: It is a direct request for one.

**Mr PRINCE replied:**

Clause 22 of the Prostitution Bill passed by this House, which is presently before the other place, states -

- (1) A person who takes part, whether as a prostitute or as a client, in an act of prostitution at a place where the person knows that a child is present commits an offence . . .

Penalty:

- (a) for a first offence - \$25 000;  
(b) for any subsequent offence - imprisonment for 2 years;

"Place" and some other matters are defined in the Bill. Clause 23 states -

A person who allows a child to enter or remain at a place at which the person knows or could be reasonably expected to know -

- (a) an act of prostitution is taking place . . .  
commits an offence . . .

Those are two clauses of the Prostitution Bill passed by this House which would, if enacted into law, make it a criminal offence for an act of prostitution to take place in the presence of a child. I would have thought that all members would agree that that would be good criminal law. If a sunset clause is attached to this Bill and an act which is a crime takes place at five minutes past midnight two years after the date it was enacted in criminal law, that act would cease to be an offence.

Mrs Roberts: That is ridiculous!

Mr PRINCE: That is not just absurd; it is wrong in principle. It is bad law and should not happen. By a vote of 11:7 in the Opposition's Caucus, the Labor Party has said that it wants this law, if passed, to cease to have any effect after two years. I ask the 11 members of the Labor Party who want a sunset clause to reconsider next Tuesday so that this Bill can go forward with a review but without the lunacy of its coming to an end.

FAMILY AND CHILDREN'S SERVICES, ACCESS TO FILES OF ABORIGINES

**756. Mr CARPENTER to the Minister for Family and Children's Services:**

- (1) Can the minister address concerns raised with me by representatives of Aboriginal people about whether attempts have been made to access personal and private files held within her department of Aboriginal people, including members of the stolen generation, by any parties other than the subject of the files for purposes related to native title claims?
- (2) Can the minister tell the Parliament who those other parties have been, the nature of the access sought, the methods by which that access has been sought, the basis upon which that access has been sought, and whether such access has been successful?

**Mrs van de KLASHORST replied:**

I thank the member for some notice of this question.

- (1)-(2) In recent times Family and Children's Services has received requests for files for purposes relating to litigation under native title from the Aboriginal Legal Service acting on behalf of various parties and from the Crown Solicitor's Office on behalf of the State Government. Family and Children's Services will produce files to the court if directed to do so by subpoena. The confidentiality of private information is protected by orders of the court.

FAMILY AND CHILDREN'S SERVICES, ACCESS TO FILES OF ABORIGINES

**757. Mr CARPENTER to the Minister for Family and Children's Services:**

Can the minister tell us by what power crown solicitors are seeking to access that information?

**Mrs van de KLASHORST replied:**

No. I do not know by what powers, but I can find out that information and let the member know.

C.Y. O'CONNOR COLLEGE OF TAFE

**758. Mr TRENORDEN to the Minister for Employment and Training:**

Recently I attended the opening of the new wing of the administration and student services section of the C.Y. O'Connor College of TAFE. The minister participated in the opening of that beautiful \$2m extension. It is an excellent facility in my electorate.

The SPEAKER: What about the question?

Mr TRENORDEN: It is coming up quickly. I do not ask many questions in this place.

The SPEAKER: I have given the member for Avon a lot of latitude.

Mr TRENORDEN: I wish to ask the minister a question that relates to those excellent facilities. What other facilities will be available to people in rural areas, particularly for vocational education and training in Western Australia?

**Mr BOARD replied:**

I thank the member for Avon for the question. As he does not ask very many questions in the House, obviously the college in Northam to which he referred is of great importance to him. At the moment Western Australia is experiencing an incredible expansion of vocational education and training in that the number of students has increased from 90 000 to 150 000 in only five years. That expansion is reflected in the infrastructure and the course curricula. In the past few months I have had the opportunity to open an extension to the college in Northam, the community college in Esperance and colleges in the city as well. In the past three years TAFE has spent \$90m in capital works on extensions to its colleges, \$30m of which was in regional areas. For the benefit of the member for Avon, Geraldton, Carnarvon, Albany, Port Hedland, Karratha, Broome, Derby, Kununurra, Bunbury, Manjimup, Kalgoorlie and Esperance have all had expansions and extensions to their programs, not only to their infrastructure but also to their computerisation and course development. I want to recognise what the Department of Training is doing in expanding vocational education and training.

DRABBLE, MR ROSS, CURRENT ROLE

**759. Ms MacTIERNAN to the Minister for Public Sector Management:**

The Minister did not receive notice of this precise question, but of a related matter.

- (1) Can the Minister tell us what role Mr Ross Drabble is currently performing within the public sector?
- (2) Why was he removed from his role with the south west rail project?
- (3) When was he removed from that role?
- (4) What action has the Premier taken following the Auditor General's criticism of Main Roads and Westrail for serious breaches of tendering rules in awarding more than 30 contracts with a combined value of more than \$1m to Indec Consulting; contracts for which Mr Ross Drabble was responsible?

**Mr COURT replied:**

- (1)-(4) I am trying to work out what the trick is here, because yesterday the member for Armadale gave notice of a question about Ross Drabble, today she gave notice of a different question and now she has asked a question which is different again.

Ms MacTiernan: I want to make sure you are fully aware of all the facts, because you have changed your story three times.

Mr COURT: No, the member for Armadale has changed the question three times. It is as though the question has a stutter, and we are waiting for it to finally come out. I will answer the middle question of which the member gave notice, because it covers some of the areas the member just mentioned. In fact, if I had the member's first question I could probably answer most of the other questions she asked. The middle question asked when Mr Drabble was the head of the south west area transit steering committee. Mr Drabble was not the head; that position is filled by the Director General of Transport. Mr Drabble was working on the south west metropolitan rail master plan project in addition to providing strategic transport advice on key issues associated with the proposed extension of the northern suburbs and Midland rail lines. With the project moving from the planning stage to the implementation phase the Government on 10 January gave approval to advertise the position of project director, urban rail development. Mr Drabble's work on the project concluded on 18 January 2000.

In relation to the concerns the member for Armadale had about the contract, the Commissioner for Public Sector Standards is currently considering those matters.

DRABBLE, MR ROSS, CURRENT ROLE

**760. Ms MacTIERNAN to the Minister for Public Sector Management:**

What is Mr Drabble doing now and what is he being paid?

**Mr COURT replied:**

In accordance with the provisions of the Public Sector Management Act, Mr Drabble continues to receive his pre-existing remuneration. I will find out what position he holds and notify the member.

COMMUNITY CENTRE CONSTRUCTION PROGRAM, VASSE

**761. Mr MASTERS to the Minister for Family and Children's Services:**

Can the minister provide a brief report on the construction program for community centres in my electorate of Vasse?

**Mrs van de KLASHORST replied:**

I thank the member for some notice of this question. Through the community centre construction program the Government will provide multipurpose facilities which offer a broad range of community services. These community centres operate in conjunction with local government. Last week I officially opened the Boyanup community centre. This is one of nine community centres the Government has built in four years. The State Government provides up to \$500 000 plus a district allowance where applicable, and local government puts in matching dollars and also provides the land.

Community centres play an important part in providing infrastructure to improve local community networks and increasing the wellbeing of families in a community. Over the past four years the Government has spent \$3 690 000 on the following community centres: Atwell, Secret Harbour, Wungong, South Ballajura, Ellenbrook, Australind, Manjimup, Banksia Grove and Boyanup. The Government is committed to contribute to other community centres through Family and Children's Services at Toodyay, Jurien, Fitzroy Crossing - I was there last week talking to them - Halls Creek, Waroona, Currabmine, Kununurra, Dunsborough and Busselton. It is hoped that the Dunsborough centre will be completed in 2001 with an estimated contribution of \$600 000 from Family and Children's Services. That includes the district allowance and fit out. In Busselton we are waiting for the shire to determine the most suitable site. Family and Children's Services has advised the Shire of Busselton that funding of up to \$600 000 for the proposed community centre is available. This is just another example of the Government getting on with the job of building for the future.

## GOODS AND SERVICES TAX, SCHOOL UNIFORMS AND BOOKS

**762. Mr CARPENTER to the Minister for Education:**

- (1) How much extra will the average primary school student and secondary school student who purchase school uniforms pay as a result of the imposition of a goods and services tax on uniforms?
- (2) How much extra can a primary school student expect to pay for school books as a result of the imposition of the GST?
- (3) How much extra can an upper school student in post-compulsory years doing four TEE subjects expect to pay for the purchase of books as a result of the imposition of the GST?

**Mr BARNETT replied:**

- (1)-(3) While education that relates essentially to tuition is free of the GST, expenditure associated with education does attract the GST. School uniforms are taxable at a 10 per cent GST. Any offset would be to the extent there is a reduction in the wholesale sales tax. There will be an increase in the price of school uniforms when the GST of 10 per cent applies.

Mr Brown: There is no sales tax on school uniforms now.

Mr BARNETT: Essentially, that is what I am saying: Uniforms are not exempted.

Mr Carpenter: Have you done a calculation?

Mr BARNETT: The member for Willagee can do his own calculations; they vary greatly.

Dr Gallop: You slug charges on people and don't work out what they are worth. What a Government!

Mr BARNETT: I remind the Leader of the Opposition that the GST is a federal tax not a state tax.

Dr Gallop: It is fully supported by your party.

Mr BARNETT: Yes, it is. The purchase of books, including books for post-compulsory education, and school text books attract a 10 per cent GST. However, the Federal Government has introduced a text book subsidy scheme through book sellers which will effectively allow for a rebate of 8 per cent. The effect on text books will be fairly minimal. However, uniforms will attract a 10 per cent GST.

Several members interjected.

The SPEAKER: Order! The member for Greenough will be called to order formally shortly.

## CLARKSON POLICE STATION

**763. Mr MacLEAN to the Minister for Police:**

When will the new Clarkson police station be operational?

**Mr PRINCE replied:**

I thank the member for some notice of this question. The Clarkson police station has cost \$1.5m and commences operation this month with 18 staff. It has been designed as a 24-hour station with up to 32 staff. It is well supported in its location by Warwick and Joondalup police stations, which are open 24 hours a day.

Since this Government came to power, 24 police complexes, posts and stations have been opened. Carnamah was opened in 1993, the Dunsborough police post in 1994 and from 1996 onwards - when the Government's building program really



got under way - a number of facilities have been opened, including Kwinana, Forrestfield, Leeman, Scarborough, Australind, Meekatharra, Belmont, Halls Creek, Roebourne, Kununurra, Morley, the Clarkson police post, Hillarys, Murdoch, Gosnells, Cannington district office, Mirrabooka district office, Nullagine, Bayswater and the Ballajura police post. The Rockingham facility was also opened six weeks ago at a cost of well over \$3m, and the Clarkson facility is the most recently opened. That represents a total of over \$45.7m of public money spent in the past few years. Of course, the Geraldton facility will be opened later this year.

In the last seven years of the Labor Government, nine facilities were built. Since this Government has been in office, we have spent \$24 per person in this State on police services compared to \$5 per person spent by the Labor Government. That is a 480 per cent increase.

#### GOODS AND SERVICES TAX, SCHOOL MAINTENANCE, GARDENING AND CLEANING

**764. Mr CARPENTER to the Minister for Education:**

- (1) Can the Minister tell the Parliament whether the goods and services tax will apply to payments to contractors for maintenance, gardening and cleaning at schools after 1 July?
- (2) If so, how will the payments be affected?
- (3) If not, why not?

**Mr BARNETT replied:**

- (1)-(3) I have just said that tuition in education is GST free, otherwise GST applies to the operation of schools. It is estimated that the total annual cost of GST to the government school system will be about \$7m. We will not know the final cost until it is implemented. That is a reality. This Government supports the tax reform package and recognises that the GST will have implications for the administration of schools and contracts. However, at the end of the day, this country will be substantially better off because of tax reform.

The Government appreciates that the Opposition will continue to criticise the GST. If the tax system of this country is not reformed, it will decline. Members opposite fail to recognise that if one State will benefit as a result of this reform, it will be Western Australia because of our export activity.

#### NICHOLSON AND ARMADALE ROADS, FORRESTDAL, WARNING LIGHTS

**765. Mrs HOLMES to the minister representing the Minister for Transport:**

In response to concerns raised by my constituents about road safety in Forrestdale, can the minister advise when action will be taken to install flashing warning lights at the intersection of Nicholson and Armadale Roads, Forrestdale?

**Mr OMODEI replied:**

The Minister for Transport has provided the following response -

Main Roads Western Australia plans to install flashing yellow warning signals on the approach to this section. However, all the funding in the 1999-2000 program is fully committed. The funding of the signals will be reconsidered in the latter half of this year.

#### GOODS AND SERVICES TAX, IMPACT ON SCHOOLS

**766. Mr CARPENTER to the Minister for Education:**

Will individual -

Several members interjected.

The SPEAKER: The member for Bassendean will come to order! The member for Willagee is trying to ask his question.

Mr CARPENTER: Notice of this question has been provided, but the minister answered part of it earlier.

- (1) Will individual schools be specifically compensated for the additional cost they must bear as a result of the GST?
- (2) What is the expected ongoing cost of administering the GST?

**Mr BARNETT replied:**

- (1)-(2) As I said in response to a previous question, the estimated total cost of the GST implementation package in government schools is \$7.3m.

Mr Carpenter: Is that ongoing?

Mr BARNETT: Yes. At the same time, as the member is aware, the Government is modernising all the administration and staffing systems, including installing human resource packages and so on. That will allow schools to make many more decisions; for example, if a teacher is away and a relief teacher is required, the decisions involved can now be made at the school level and a relief teacher immediately appointed. Previously that decision process went through 22 people in the education system.

Overall, the GST will add an administrative burden. In other respects, schools will be better equipped to handle administration. At the end of the day, there will be a net cost as a result of administration associated with GST. As we measure that we will ensure that no school is disadvantaged. We will know the final figure as it unfolds. We have not allocated extra funds to schools on that basis. We will monitor the situation and ensure that it is properly covered. However, I will not give schools a blank cheque for GST administration.

Several members interjected.

Mr BARNETT: Why would I? This Government has spent 8 per cent to 9 per cent of its budget every year on education, including upgrading administration and technology in schools. I expect our school principals and registrars to be able to introduce the GST. An enormous effort has gone into training to prepare registrars and principals.

Mr Carpenter: How much did you spend?

Mr BARNETT: I do not have that figure in front of me. We have had a continuous program of training and preparing schools for the introduction of the GST. It is complicated and the arrangement reached with the Australian Democrats, which brought about discriminatory rules affecting food, affects the operation of canteens. There is no doubt that that has made the situation more complicated. However, unlike members opposite, the school system is on top of the issue.

#### HARVEY BULLS FOOTBALL CLUB, GRANT

**767. Mr BRADSHAW to the Parliamentary Secretary representing the Minister for Sport:**

- (1) Has a grant from the community sporting and recreation facilities fund been made to the Harvey Bulls Football Club?
- (2) If yes, what is the size of the grant?
- (3) What is the grant for?
- (4) Is the Parliamentary Secretary also aware that the Harvey Bulls have not lost a game this year?

**Mr MARSHALL replied:**

I thank the member for some notice of this question.

- (4) I believe everyone in the Peel region is aware of the major contribution that the Harvey Bulls make to the Peel league competition.

Ms MacTiernan interjected.

Mr MARSHALL: In answer to the question -

Mr Marlborough: I can hear the chauffeur calling! Get that chauffeur for Arthur!

Mr MARSHALL: Wake up!

- (1) Yes, in 1999-2000 the community sporting and recreation facilities fund allocated money to the club.
- (2) The sum was \$70 000.
- (3) The opposition teams will have a nice clubhouse in which to change.

#### FREMANTLE ARTILLERY BARRACKS

**768. Mr McGOWAN to the Premier:**

Some notice of this question has been given. I refer to the historic Fremantle artillery barracks which house the Western Australian Army Museum and the WA University Regiment.

- (1) Has the State Government been negotiating with anyone or any organisation in relation to assisting in the disposal of this site?
- (2) If so, with whom?
- (3) What has been the substance of any such negotiations?
- (4) Is the State Government trying to assist in the disposal of the barracks?
- (5) If not, will the Government now join with the Opposition in trying to preserve these barracks for the WA Army Museum, which is the most appropriate use for this important heritage site?

**Mr COURT replied:**

Surely it would have been more appropriate for the member for Fremantle to ask this question.

Mr McGinty: I am the pacifist; he is the military man.

Mr Kierath: Not in union affairs you were not.

Mr COURT: The member for Fremantle asks the questions about the marina.

(1)-(5) No, although the Minister for Heritage and the Director of the Heritage Council have assisted the artillery barracks at the invitation of representatives of the army museum. As a consequence of the site visit by the Minister for Heritage, the army museum agreed to provide the minister with background information on its concerns. The barracks are commonwealth-owned property and subject to section 30 of the Australian Heritage Commission Act. The State Government is ensuring that the heritage significance of the barracks is retained. The barracks are on the State's register of heritage places. Any proposals for physical change to the building that may impact on its cultural heritage significance must be referred to the Heritage Council for advice.

I met with a representative from the artillery barracks this week who explained the concerns.

Mr McGowan: Do you support them?

Mr COURT: I will provide some background. The Government supported the museum's shifting to that location and provided financial support because it was appropriate to do so. It is also appropriate that the military heritage of those buildings and that site be retained. The site covers four acres of prime land and starts at the signal station with Gun House and all the other facilities behind. Gun House is an appropriate residence for the head of the defence forces, no matter which branch of the forces that person might represent. It is an incredibly well-located place for the head of the Western Australian defence forces to live. I do not know whether some form of compromise can be reached. However, I believe that the core of those buildings should be retained.

Mr McGowan: Do you want the museum to stay there?

Mr COURT: I believe it should. As I said, the Government supported its moving there in the first place.

Mr McGowan: Are you prepared to approach the Commonwealth on that basis?

Mr COURT: I am, and I gave that commitment during a briefing this week. That Fremantle area is now a museum precinct and the barracks are of great historical significance. There is some dispute with the member for Albany about the role played by those barracks. I was told that the barracks was the site of the last meal on land for those leaving for Gallipoli. However, the member for Albany says that they had their last meal on land at Albany. The museum staff say that some of the soldiers did not leave the ship in Albany, so they did have their last meal at Fremantle. The site is significant and the Government supports its retention.

#### HOMELESS YOUTH, GOVERNMENT SERVICES

##### **769. Mrs HODSON-THOMAS to the Minister for Family and Children's Services:**

In view of the recent publicity surrounding homeless young people, can the minister inform the House what services the Government is currently providing for these young people?

##### **Mrs van de KLASHORST replied:**

I thank the member for some notice of this question. The Government is both concerned for and committed to assisting homeless young people and their families. The underlying and most common reason for young people seeking supported accommodation is family conflict. The Government provides accommodation in addition to a range of other support services for young people and their families to address the underlying causes of their homelessness. Although increasing demand for services is an ongoing challenge, through the commonwealth and state supported accommodation assistance program, 118 services are funded at an annual cost of more than \$23m. Of this, \$5.8m is provided to 26 youth supported accommodation services across the State. A total of 288 beds are available for young people and eight of these services in the metropolitan area are funded to provide crisis beds. A further \$1.1m is provided to fund eight youth support services through the SAAP. Additionally, Family and Children's Services provides annual funding of nearly \$4m to the non-government sector and directly provides services for out-of-home care for young people in residential services, foster care and departmental hostels; youth support services; and youth and family counselling services.

The Commonwealth Government is also addressing the causes by funding three services in Western Australia to reconnect young people with their families and will be expanding this program throughout the year to include a further four locations. Western Australia is currently negotiating a new five-year SAAP agreement with the Commonwealth which will include an additional \$15m nationally per year and we are working to receive our share of that.

I assure the House that any child in crisis who needs accommodation will receive it. Young people under 18 who are homeless or in crisis must contact Family and Children's Services during the day or crisis care after hours and steps will be taken to reunite the young person with his or her family or, alternatively, accommodation will be found for those people who do approach crisis care and Family and Children's Services.

#### HOMELESS YOUTH, SPECIAL SCHOOL PROPOSAL

##### **770. Ms ANWYL to the Minister for Education:**

I refer to the minister's claim in July 1999 that the Government would establish a special school for homeless young people in inner city Perth and street kids in Northbridge, and ask -

(1) When will the school open or has this proposal been abandoned?

- (2) Does the minister concede that the number of homeless young people not attending any school is in fact increasing?

**Mr BARNETT replied:**

- (1)-(2) The member for Kalgoorlie is correct: About 12 months ago I advocated the establishment of a school for street kids in an inner city location and I still support that proposal. I have received various reactions from a number of agencies including the Police Service and Family and Children's Services and differences of opinion from the Education Department. I will not force that proposal upon unwilling agencies and service providers.

Ms Anwyl: So, it has been abandoned?

Mr BARNETT: No, it has not been abandoned; however, I am not going to force the issue. As the member will be aware, work is continuing to develop another Gnowangerup school. The member for Roe has been advocating a similar project in Salmon Gums. The Government is also establishing an Aboriginal school in Midland and I am still pursuing the establishment of an inner city school. However, I cannot do it if all the relevant agencies do not support the concept.

Mr Ripper: Does Family and Children's Services support you?

Mr BARNETT: There are varying views.

Dr Gallop: You didn't announce that with the support of Government behind you.

Mr BARNETT: No, I did not announce a school; I said I favoured the establishment of one.

Mr Kobelke: No, you said a school will be established.

Mr BARNETT: No, I think the member should go back and read what I said. As I said, I still strongly support establishing such a school. However, many of the agencies dealing with street kids are trying to discourage them from congregating in central areas and I am also dealing with much opposition to the idea from Northbridge business groups. I believe that an inner city school is appropriate. There is one operating in Sydney which I believe is successful and I intend to visit it.

Ms Anwyl: Will that occur in this year or not?

Mr BARNETT: At the time I spoke of it I gave no commitment on timing but I believe it is an appropriate way to go. However, to succeed it requires all agencies and providers to go along with it.

Dr Gallop: If that was one of the statements to try to beat off the "member for Applecross", it has come to nothing.

Mr BARNETT: When a minister ceases to have ideas and canvass views, that minister is no longer doing his or her job appropriately. I will continue to canvass ideas and promote concepts within education or indeed any other portfolio. I am not so precious that I will impose my views on other people.

The SPEAKER: I indicate to members that we had more than double the questions of yesterday, which reflects upon the difficulties we had yesterday.

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